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The Roots and Policies of the Republic of China-on-Taiwan's Foreign Policy of Pragmatic Diplomacy, 1988-1996.

By Martyn J. Davies

A Thesis submitted to the Department of International Relations, Faculty of Arts, University of the Witwatersrand, Johannesburg, South Africa, for the Degree of Doctor of Philosophy, February 1998

I declare that this dissertation is my own, unaided, work. It is being submitted for the degree of Doctor of Philosophy at the University of the Witwatersrand, Johannesburg, South Africa. It has not been submitted before for any degree or examination in any other university.

Martyn J. Davies.

Acknowledgements.

Preparing a doctoral thesis is not an easy task - as I discovered. But with the willing assistance of a number of key people, the task certainly became a less daunting one. At the top of list are my parents. Their financial and moral support greatly contributes to the cliché "without them, none of this would have been possible." In addition, Drs Chris Alden and Garth Shelton of the University of the Witwatersrand whose guidance and encouragement spanning my entire academic career have been invaluable to my personal progression. My dear friends in Taiwan, thank you for all your feelings and opinions which most definitely contributed to my understanding of your country.

Many thanks go to the University of the Witwatersrand and the Human Sciences Research Council for their financial support. It served to offset the burden to a large extent. To National Cheng-Chi University, Taipei, Taiwan, and Yonsei University, Seoul, South Korea, thank you for making available your research facilities - the long hours spent in their respective libraries will *not* be forgotten (if only for all the wrong reasons)!

And to Fabio Niccoli, my steadfast friend and proof reader - thanks for everything. Lastly to my brother Haydn - our academic competitiveness necessitated this work.

That's the lot.

Martyn J. Davies

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Introduction.

The rationale of this study is to examine the Republic of China (ROC)-on-Taiwan's foreign policy of *"pragmatic diplomacy"*. The thesis is designed to contribute to the understanding of the development and progression of the ROC-on-Taiwan's foreign policy development, from that of authoritarian to democratic state. This is to be viewed in the context of the international environment in which the ROC government has had to operate - one of growing political isolation. The foreign policy of pragmatic diplomacy had both domestic and international origins - domestic in the domain of Taiwan's internal political development and international in the realm of Taiwan's international political pariah status.

The principal objective of this doctoral thesis is to trace pragmatic diplomacy's political roots, examine its policies, and assess its prospects. Pragmatic diplomacy was officially adopted as a foreign policy by the ROC following the appointment of Lee Teng-hui as president in January 1988. However, rather than marking a distinct change in policy, pragmatic diplomacy was a continuance of the foreign policy track which had been started by Chiang Ching-kuo who had assumed the presidential office from his father Chiang Kai-shek in April 1975. The increasing international isolation of the ROC required a radical foreign policy response from Taipei. The ROC's expulsion from the United Nations in 1971 and subsequent incremental diplomatic de-recognition by its political allies necessitated policy reform by the KMT government. This was not forthcoming under Chiang Kai-shek. Signs of pragmatism in policy-making began to arise under the Chiang Ching-kuo administration. This trend continued and was formalised under Lee Teng-hui.

Pragmatic diplomacy was designated as an official foreign policy under the Lee Teng-hui presidency. Providing an historical background to pragmatic diplomacy, this study will pursue Taiwan's foreign policy progression and account for its development since 1949. The primary focus of the study is, however, on the period 1988 to 1996, from the official beginning of pragmatic diplomacy to the end of the process of democratic transition with the ROC-on-Taiwan's first direct presidential election in 1996. This was

the "honeymoon" period of Taiwan's move away from an authoritarian system of government. It was during this eight-year period that Taipei's foreign policy underwent a dramatic shift in focus, one which cast off the restrictions placed upon it by domestic authoritarian politics to one which became accountable to the populace under the island's democratic transformation.

For the purposes of this study, the foreign policy of the ROC will be examined from 1949 with the removal of the ROC's seat of government from the mainland to Taipei, Taiwan. This came as a direct result of the defeat of Chiang Kai-shek's Nationalist Kuomintang (KMT) forces to the Chinese Communist Party (CCP) in the Chinese civil war. Following its expulsion from the mainland by the Chinese Communists, the island of Taiwan became the refuge of the ROC government under the control of the KMT. The post World War II legal status of Taiwan had previously been set out in the November 1943 Cairo Declaration which stated that *"all territories Japan had stolen from the Chinese, such as Manchuria, Formosa [Taiwan], and the Pescadores, shall be returned to the Republic of China."* In July 1945, the heads of government of the United States (US), Great Britain, and the ROC further declared in the Potsdam Declaration that *"the terms of the Cairo Declaration shall be carried out."* This was later adhered to by the Soviet Union, France, and Japan. Shortly thereafter, Chinese troops occupied Taiwan with the territory being declared a province of China. In 1949, the government of the ROC was moved from Nanking to Taipei[1] while the CCP created a new regime, the People's Republic of China (PRC), in Beijing.[2] The result was two rival governments both claiming to be the sole legal representative of the Chinese state, each wanting to reunify the country in its own image. Since the claim to legitimacy was mutual, the "one China principle" whereby each claimed to be the rightful and legal representative of the state of China, was paramount in the internal and international politics of each regime. This was of particular importance to the ROC which was the apparent weaker regime having been exiled to Taiwan, losing the vast majority of its territory, population, and resources in the process. Beijing and Taipei held steadfast to the doctrine of a single Chinese state and as such refused to recognise each others' political existence.

[1] The ROC government officially established itself on Taiwan on December 8th 1949.

Thus the Chinese civil war did not end in 1949 with the expulsion of the KMT from the mainland - it merely continued from a distance. After withdrawing to Taiwan, Chiang Kai-shek proclaimed that one day he would, *"counterattack and recover the mainland."*[3] This position formed the rhetorical mainstay of the ROC's policy for the following three decades. Almost five decades later, this ideal has not been realised and the ROC is still rooted on Taiwan. Since this time, the ROC's reunification policy toward the PRC has shifted from one of military confrontation to one which stresses peaceful political reunification under Sun Yat-sen's ideology of the "Three Principles of the People".[4] The ROC's policy has become far less hostile over time. The tempering of ROC policy has coincided with Taiwan's economic development, industrial modernisation, and programme of political reform and democratisation. All of these factors have contributed to this change and will be emphasised in this study as having impacted upon Taiwan's foreign policy progression.

A moot point of contention which requires clarification is the term "foreign policy" in the case of the ROC. Due to both the ROC and PRC's strict adherence to the one China principle, each side has, and still continues to, regard its policy toward the other as being domestic rather than foreign in nature. This creates difficulties in defining Taipei's policy vis-à-vis the mainland. According to Wilkenfeld, foreign policy can be defined as, *"...those official actions which sovereign states initiate for the purpose of altering or creating a condition outside their territorial-sovereign boundaries."*[5] Accepting this definition, two questions are raised: firstly, what is the sovereign status of Taiwan?; and secondly, if sovereign, how far, both politically and physically, does the ROC's sovereignty extend? These thematic issues are central to the thesis. Suffice to say at this introductory stage, it is argued that the ROC's mainland (i.e. the PRC) policy was indeed a foreign and *not* a domestic policy. Since 1949, Taiwan has been

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[2] The PRC was established on October 1st 1949.

[3] "During the first year in Taiwan we are going to make preparations for attacking the Communists; during the second year we will launch our attack; in the third year we shall make a clean sweep of the Communist bandits in the mainland; and in the fourth year we will recover our mainland." Wu, H.H. Bridging the Strait - Taiwan, China, and the Prospects for Reunification, Oxford University Press, Hong Kong: 1994, p.65.

[4] They are: Nationalism, Democracy and the People's Livelihood.

[5] Wilkenfeld, J. Hopple, G.W. Rossa, P.J. and Andriole, S.J. Foreign Policy Behaviour - The Interstate Behaviour Analysis Model, Sage Publications, California: 1980, p.41.

ruled by a separate and distinct governmental authority controlled by the KMT. During this half-century period, Taiwan has possessed a different political, economic, and social structure to that which has existed on the mainland under CCP control. Therefore, in reality, and despite its own prior claims to the contrary, the ROC has operated as a distinct *de facto* independent entity. Taiwan's policy toward the mainland was thus, to all intents and purposes, a *foreign* policy. This study will consider it as such.

The study will examine the contradictions which have existed between Taiwan's *de facto* and *de jure* political existence and the gradual moves toward a circumstance of reality, away from the intangible rhetoric of the KMT. The ROC's foreign policy has struggled to adapt to Taiwan's changing international status and political isolation. This was due largely to the ROC government's adherence to an obsolete political dogma choosing to disregard international political developments which were disadvantageous to Taiwan.

The moderation of policy by the ruling KMT corresponded with Taiwan's political development toward a multi-party political system. Unique to Taiwan as an authoritarian state initiating political reform, was the emergence of a questioning of Taiwan's national identity as democratisation progressed. Regime transition in Taiwan brought into question the legitimacy of the state itself - its claim over sovereignty, the limits of its jurisdiction, and the compass of citizenship. The changing national interest of the ROC and its impact upon foreign policy-making is of central importance. During Taiwan's democratisation process, the "ensuing redistribution of political power from the mainlander elite to the native Taiwanese became inevitably entangled with an internal contest over Taiwan's international status and the island's future political relations with mainland China."[6] With its irredentist claims over the island, the PRC's Chinese nationalism is incompatible with Taiwan's political transformation.

Although possessing the legal attributes of a state, Taiwan exists as an international political anomaly, neither independent nor dependent upon a superior political entity.

At issue is the political identity of Taiwan for the competing governments in Beijing and Taipei as well as the international implications of its interpretations.[7] Taiwan continues to maintain a separate political identity and a foreign policy geared to the maintenance of this identity.

A part of the thesis is occupied by the analysis of the impact of political reform upon the state's foreign policy-making. The theoretical perspectives of Lipset, Dahl and Huntington are all relevant in assessing Taiwan's foreign policy through the lens of the island's economic development and modernisation. The change in leadership personality and its relationship to foreign policy change is dealt with by the works of Rustow and Hermann. O'Donnel and Schmitter's work on the impact of the rise of political opposition in a reforming (non-democratic) state has upon that state's foreign policy decision-making forms the third of the theoretical perspectives offered by this study in accounting for Taiwan's foreign policy transitions. The investigation of domestic factors as a determinant of foreign policy-making in the ROC form an important part of this study. The ROC's foreign policy was thus to change more between 1988 and 1996 than in the previous four-decade period. This coincided with Taiwan's political reforms which resulted in the transition toward a democratic system of government.

The bulk of the thesis' research focuses upon the period 1988-1996. The relevance of these dates lies in the accession of Lee Teng-hui as president of the ROC in January 1988 to March 1996 with Lee being directly elected to the office of president by the Taiwanese electorate. The ROC's first direct presidential reforms marked the consolidation of Taiwan's political reform programme with the island having reached true democratic status. Since 1988, Lee's foreign policy reforms have resulted in ROC politics becoming more distinct in that the generic KMT party has fractured into liberal and conservative camps, the latter forming the breakaway New Party. This and the formation of the opposition Democratic Progressive Party (DPP) has contributed to Taiwan's political transition to a multi-party democracy. Similarly, the ROC's foreign

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[6] Tien, H.M. and Chu, Y.H. *"Building Democracy in Taiwan"* in The China Quarterly, No. 148, December 1996, p.1144.

policy has had to take into account the rise of these multiple political actors. Taiwan's fragmented politics has led to a foreign policy taking into consideration the diverse policies of the various political interest groups. This has had a significant impact upon the ROC's foreign policy-making. Lee Teng-hui's foreign policy initiative of pragmatic diplomacy was thus not a partisan policy. Rather, it forms a policy collection which draws from different groups within Taiwanese political society. The influence of the various parties as well as intra-party factions on the ROC's foreign policy is to be analysed in this thesis.

Central themes and issues pursued in this study include:

- the KMT ruling party's internal change and its subsequent effect upon the ROC's foreign policy making;
- the issue of Taiwanese ethnicity and its impact upon the formation of opposition political parties and their influence over the state's foreign policy;
- the relationship between Taiwan's international political isolation and domestic political development;
- the relationship between Taiwan's political democratisation and foreign policy initiatives;
- the ROC's programme of political reforms and its impact upon its external political relations;
- the extent to which Taiwan's foreign policy has been dictated by ideology and by realism;
- the ROC's policy changes toward mainland China (the PRC) and the changing state of cross-Strait relations;
- the implications of the transition of Hong Kong to the sovereignty of the PRC and its effect upon the unification prospects of Taiwan and the PRC; and
- most pertinently, the role pragmatic diplomacy has played in Taiwan's international relations and the degree to which it has achieved its stated objectives.

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[7] Hughes, C. Taiwan and Chinese Nationalism - National Identity and Status in International Society, Routledge, London: 1997, p.ix.

The origin of this doctoral thesis dates back to 1993, the writer's first visit to Taiwan. Since this time, three further trips to Taiwan have been made, including the period March 1996 over the direct presidential elections. The interviews which were conducted at these times, oth formal and informal, have proved invaluable to this final study. The material gathered from these interviews, although often not referenced, has greatly contributed to the author's understanding of the pursued subject. Other research materials include books, journal publications, newspapers, and the press which together, provide the foundation of this study.

The structure of the thesis is broken down into the following chapters:

Chapter one - *The Foreign Policy Development of the ROC, 1949-1988*. This chapter provides the background and development of the ROC's post-1949 foreign policy. The following subjects are examined: the origin of the KMT's political exile to Taiwan from the mainland; the rise of the strategic relationship between the US and the ROC; the ROC's policy to invade the mainland and re-install Nationalist rule; the ROC's relationship with the UN and expulsion in 1971; the development of the US' relationship with the PRC and the consequent impact upon the international position of the ROC; the post-diplomatic relationship between the US and Taiwan; Taiwan's membership of international organisations and growing isolation from such bodies; the ROC's foreign policy evolution during this period (1949-1988); and cross-Strait relations and the changing nature of Taipei and Beijing's policy vis-à-vis each other. This chapter provides the basis of understanding for the rise of the policy of pragmatic diplomacy.

Chapter two - *Democratisation and Foreign Policy Making in the ROC*. Policy-making under the Chiang Kai-shek (1949-1975), Chiang Ching-kuo (1975-1986), and Lee Teng-hui administrations are looked at. The rise of a political opposition to the ruling KMT and its impact upon (foreign) policy-making is pertinent. The issues of foreign policy and domestic political reform are linked through the examination of relevant theory. The Correlation, Causation, and Interaction theories, as well as external factors, are considered in accounting for Taiwan's political reform. In

addition, the linkage between democratisation and foreign policy change is analysed in the context of Taiwan.

Chapter three - *The Foreign Policy of Pragmatic Diplomacy*. An analysis of the foreign policy of pragmatic diplomacy and its impact upon the ROC's international relations is assessed. This includes an examination of the ROC's policy toward the PRC; its relations with those states with which it maintains diplomatic relations; its substantive relations in the international community; Taiwan's post-Cold War relationship with the US; Taiwan's relations in specific geographic regions; the financial/economic component of pragmatic diplomacy; Taiwan's status in international organisations, including the UN; and recent international events affecting Taiwan's international position.

Chapter four - *Conclusion*. An assessment of pragmatic diplomacy is provided with an indication of the future direction for Taiwan's foreign policy. The chapter assesses the correlation between pragmatic diplomacy and Taiwan's diplomatic relations, membership in international organisations, and cross-Strait relations. The negative implications of pragmatic diplomacy are also determined. Subsequent recent developments in Taiwan's foreign policy from the period March 1996 to the completion date of this thesis, February 1998 are examined.

Note on Romanisation.

In this thesis, a large number of Chinese individual and place names are presented. To manage the difficulty of writing Chinese in phonetic English, the internationally favoured method of phonetic spelling of the Chinese language, the Pinyin system, has been used throughout this thesis.

Chapter 1.

The Foreign Policy Development of the ROC - 1949-1988.

1.1 Introduction.

The removal of the Republic of China government to Taiwan and the establishment of the People's Republic of China in Beijing in 1949 marked the end of the civil war between the Chinese Communists and the Nationalists only on the mainland.[1] From 1949, the civil war would continue from a distance and over time increasingly move from direct military to political competition. After its expulsion to the island of Taiwan in 1949, the ROC government regarded itself as a government in exile, separate from its original geographic base and in diplomatic competition with the PRC. Confronting a political legitimacy crisis, the ROC's foreign policy was used as a tool to maintain its international legitimacy. Recovery of the mainland from Chinese Communist Party (CCP) control and the retention of the ROC's diplomatic relations were central to maintaining its credibility as the sole representative government of China. For the following four decades, the ROC had an authoritarian political structure governing Taiwan before political reforms were instituted in the mid-1980's. It is the ROC's foreign policy during this period of authoritarian rule which is the subject of this chapter.

For the purposes of this chapter, the ROC-on-Taiwan's foreign policy can be divided into three time frames:

- 1949-1971: During this period the ROC enjoyed the upper diplomatic hand in its international competition with the PRC. It maintained its hostile policy toward the mainland and was uncompromising in its stance over exclusive diplomatic recognition with states with which it had formal relations.

[1] Zhan, J. Ending the Chinese Civil War - Power, Commerce, and Conciliation Between Beijing and Taipei. St. Martin's Press. New York: 1993, p.14.

- 1971-1979: The ROC's 1971 expulsion from the United Nations (UN) in favour of the PRC severely undermined the ROC's international legitimacy. Following this diplomatic blow, the ROC was heavily dependent upon the United States (US) for its diplomatic survival. Washington continued to recognise the Kuomintang (KMT) regime as the official representative government of China.
- 1979-1988: The United States' de-recognition of the ROC effectively sealed its diplomatic fate in the international community. Facing almost complete isolation in the international community, the ROC's foreign policy began a transition period from one characterised by dogma to one showing greater degrees of flexibility. 1988 marked the end of the Chiang family's dominance of ROC politics and the ushering in of an era of democratic reform.

The ROC's foreign policy has had to adapt over time to changing strategic realities between the larger regional powers. This foreign policy adaptation was a slow one with substantive change only occurring in the 1980's. The US' diplomatic abandonment of the ROC served as a stimulus for Taipei's foreign policy reform. Its international fate has been largely dictated by the US' China policy - be it in the ROC's favour or that of the PRC. This still remains valid today. Taipei's gradual foreign policy change corresponded with a shift in the political structure of the ROC itself. As time progressed, the ROC government structure began to lose its mainland Chinese identity and increasingly assume a Taiwanese one. The emergence of an independent existence, which had in reality existed from 1949 but been renounced, began to reflect in the ROC's foreign policy-making.[2] It is contended that the ROC's foreign policy ideals from 1949 onwards were not in accordance with its true status. It could not indefinitely maintain the fiction of claiming to represent China in the international community in the face of intense competition from the PRC. This chapter examines the ROC's growing international isolation from 1949 to 1988 and its correspondent foreign policy responses.

1.2. The ROC and the United States - A Strategic Relationship.

[2] See Klintworth, G. New Taiwan, New China - Taiwan's Changing Role in the Asia-Pacific Region, Longman, Melbourne: 1995, p.3.

The United States' involvement with the Taiwan issue began in 1943 at the Cairo Conference where it was agreed that the island would be ceded to Chinese control after the defeat of Japan and its expulsion from Taiwan at the end of the Second World War. This was achieved in autumn 1945 when the ROC government took over control after the departure of the Japanese colonial administrators. During the Chinese civil war on the mainland, the United States had provided material assistance to the Nationalist KMT forces. Despite this support, by the late 1940's the Nationalists were losing both territory and popular support to the Communist forces. In July 1948, the US ambassador to China, John Leighton Stuart stated:

> We can be sure that no amount of military advice or material from us will bring unity and peace to China unless indeed there are reforms sufficiently drastic to win back popular confidence and esteem. That these could even be attempted by those in power or that the improvements could be rapid and radical enough to reverse the prevailing attitude is scarcely to be hoped for.[3]

"An 'infinitude' of factors - corruption, incompetence, factionalism, and economic collapse - contributed to the KMT's defeat."[4] Washington appeared prepared to accept the imminent defeat of the KMT and broker an agreement with the CCP. However, a number of factors prevented the establishment of amicable relations between the US and PRC. Continued, albeit reduced, US aid to the KMT attracted resentment from the CCP. The CCP was also angered by Washington's refusal to grant the PRC official recognition following its establishment on October 1st 1949 and its assertion that the CCP had "forsworn their Chinese heritage and have publicly announced their subservience to a foreign power, Russia."[5] The CCP's continual denouncements of US "imperialism" in the region, its alliance with the Soviet Union (USSR) culminating in the signing of the treaty of Friendship, Alliance and Mutual Assistance in October 1949, the November arrest of several US diplomats on spying charges, and the seizure

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[3] United States Relations with China, Washington D.C. Department of State Publications.1949, p.277. Cited in Hickey, D. V. Taiwan's Security in the Changing International System. Lynne Rienner Publishers, Boulder: 1997, p.59-60.

[4] Fairbank, J.K. The United States and China; 4th ed. Harvard University Press, Cambridge, Massachusetts: 1980, pp.344-349.

of US-owned property in Beijing, all impacted negatively upon US-PRC relations.[6] Moreover, it was the outbreak of the Korean War in 1950 which brought US and Chinese forces into direct military contact which resulted in the severing of ties between the US and PRC which was to last for the following two decades.

After the ROC government was forced into exile to Taiwan in the late 1940's, the policy held by the Western powers was one of ambivalence toward the fate of the KMT-controlled island. The generally held view was that Taiwan would quickly fall to Chinese Communist forces. In March 1949, the CCP for the first time threatened to "liberate" Taiwan and prevent the US using the island as "a springbor r future aggression against China proper."[7] In August, Washington published a "White Paper" following the CCP's conquest of large parts of northern and southern China from the KMT. This was intended to absolve Washington from responsibility following the impending expected downfall of the ROC government.[8] A number of policy options vis-à-vis Taiwan were considered by the US at this time, amongst which were:[9]

- establishment of a UN trusteeship over Taiwan under US administration until a peace treaty was signed with Japan;
- support of a local non-Communist administration or even a Taiwanese separatist movement while discouraging the KMT from using Taiwan as a final refuge place; or
- a call for a US-sponsored plebiscite for the people of Taiwan.

At this time, US policy toward Taiwan was not a definite one with little being done to bolster the Chiang Kai-shek regime on the island. Washington had already begun to formulate a policy to "minimise damage to the US prestige and others' morale by the

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[5] United States Relations with China, Op.Cit. p.xvi.
[6] Hickey, D.V. Op.Cit. p.60.
[7] *China: US Policy since 1945*, Washington DC: Congressional Quarterly, 1980, p.149. Cited in Yu, K.H. *"Relations Between Peking, Washington, and Taipei: Maintaining the forbidden Triad or Building Fayol's Bridge"* in Issues & Studies, Vol. 23, No. 4, April 1987, p.92.
[8] Wang, Y.S. *"Foundation of the Republic of China's Foreign Policy"* in Foreign Policy of the Republic of China on Taiwan - An Unorthodox Approach, Wang, Y.S. (ed.) Praeger Publishers, New York: 1990, p.11-12.
[9] Huebner, J.W. *"The Americanisation of the Taiwan Straits"* in Asian Profile, Vol. 13, No. 3, June 1985, p.197-8. Cited in Yu, K.H. Op.Cit. p.94.

possible fall of Formosa (Taiwan) to the Chinese Communist forces."[10] In January 1950, President Harry S. Truman made a statement which foresaw the PRC absorbing Taiwan, declaring that Taiwan was a part of China and that the US would not provide military assistance to the Nationalist forces.[11] The threat of invasion of Taiwan from the CCP was a very real one and the prospects for its success were reflected in Washington's pessimistic view of the future of KMT-controlled Taiwan:

> In April 1950, a reappraisal of the situation by the Central Intelligence Agency merely confirmed an earlier prediction that the (Kuomintang) would be unable to survive a combination of internal and external threats to its existence, and that the [Chinese Communist Party] would be capable of extending its control to the island, probably before the end of 1950...the Secretary of Defence, Louis A. Johnson, reported that during June the People's Liberation Army (PLA) had increased its troop strength opposite Taiwan from "slightly more" than 40 000 to approximately 156 000, backed by a force of some 300 000 additional troops.[12]

After consolidating its control of the mainland by the end of 1949, the CCP attempted to take KMT-controlled Taiwan and gain control over what was considered a province of China. Invasion preparations were being made across the Taiwan Straits in the adjacent Fujian Province. Xinhua quoted a People's Liberation Army (PLA) spokesman as saying that *"we are going to plant the red flag in Taiwan in 1950."*[13] Chiang Kai-shek often compared the situation in Taiwan to that of Britain after Dunkirk.[14] Even after the start of the Korean War on June 25th 1950, Washington expected Taiwan to fall to the Chinese Communists:

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[10] The Department of State, *Policy Information Paper - Formosa*, Special Guidance No. 28, December 23, 1949. Cited in Wang, Y.S. Op.Cit. p.2.
[11] Harry S. Truman, *Public Papers of the Presidents of the United States: Containing the Public Messages, Speeches and Statements of the President*, 1950, Washington: Government Printing Office, 1965, p.11. Cited in Bellows, T.J. *"Taiwan's Foreign Policy in the 1970's: A Case Study of Adaptation and Viability"* in Asian Survey, July 1976, Vol. XVI, No. 7, p.594.
[12] Huebner, J.W. Op.Cit. p.197-8
[13] People's Daily, January 7th, 1950.
[14] Klintworth, K. Op.Cit. p.85.

> In late July, Acheson (US Secretary of State) was informed that the PLA had the capacity to transport 200 000 troops across the Taiwan Straits; this, combined with the limited American naval forces available for use in the Taiwan Straits due to the hostilities in Korea, made it appear "that Communist craft and military personnel might reach the coast of Formosa in sufficient numbers to jeopardise seriously" the survival of the (Chiang) regime.[15]

During the Korean War, the Truman Administration did not accept General Douglas MacArthur's proposal that the armed forces of the ROC be used in the Korean conflict. The later entrance of the PRC into the Korean War did not impact upon the US' policy stance in this regard.[16] Moreover, Washington was unwilling to sponsor a proposal by Chiang Kai-shek attempting to create an anti-Communist alliance in East Asia. Chiang regarded the US' war in Korea against "international Communism" as something of a Godsend. Shortly before, Chiang had stressed that the campaign to recover the mainland should be part of an international war against world Communism, and that the US would have to fight side by side with him in Asia.[17] Chiang had travelled to South Korea and the Philippines in August 1949 to seek their support for an establishment of a military alliance against the PRC. It failed as each country was militarily weak and their foreign policies heavily dependent upon that of the United States. "Without US support, no military alliance would provide effective deterrence to Chinese Communist aggression."[18]

However, the imminent threat of invasion of Taiwan from the mainland was postponed after an intestinal disease outbreak amongst the Chinese Communist army weakened its ranks.[19] This was extremely fortunate for Taiwan - giving it time to strengthen its

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[15] Huebner, J. Op.Cit. p.93.

[16] Crabb, C.V. *"An Assertive Congress and the Taiwan Relations Act: Policy Influences and Implications"* in Issues & Studies, Vol. XX, No.4, p.51.

[17] Chiang, however, rejected a proposal made to him by one his leading subordinates to start a major conflict with the Communist forces by invading the island of Hainan. Chiang believed that this would have violated the US' policy of neutralisation of the Taiwan Straits. Tsang, S. *"Chiang Kai-shek and the Kuomintang's Policy to Reconquer the Chinese Mainland 1949-1958"* in In the Shadow of China - Political Developments in Taiwan Since 1949, Tsang, S. (ed.) University of Hawaii Press, Honolulu: 1993, p.52.

[18] Wang, Y.S. Op.Cit. p.3.

[19] After the Korean War, between 1954 and 1958, the PRC reverted its attention to Taiwan and mounted a number of military operations against Nationalist island outposts off the mainland coast.

island defences. Of even greater fortune was the beginning of the Korean War in June 1950. Thus began a strategic reappraisal of Taiwan's value to US foreign policy in the region. Due to previous support of the KMT and obvious ideological differences, relations between the US and the CCP were at this stage antagonistic. Further, Beijing's support for the Democratic People's Republic of Korea as well as the PRC's entry into the Korean War in November 1950, led to an even further deterioration of relations. Recognition of the Beijing regime was ruled out and an economic embargo was placed upon the PRC by the US.

Taiwan began to assume a new strategic importance for Washington President Truman's decision of June 27th to place the US Seventh (Pacific) Fleet in the Taiwan Straits intervened in the pending state of war between the PRC and ROC. The move was designed to prevent Chinese Communist military aggression against the island Truman ordered the Seventh Fleet to *"neutralise"* the Taiwan Straits:[20]

> I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action, I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.[21]

US action served to prevent conflict in the Taiwan Straits, thus moderating ROC policy toward the newly-established PRC. In addition, a US Military Assistance Advisory Group was established in 1951 to provide training for the ROC's military forces. The US also provided Taiwan with large amounts of economic and military aid and assistance. "The Korean War transformed American policy from abandonment of

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For greater detail see Huang, C. Kim, W.S. Wu, S.S.G. *"Rivalry Between the ROC and the PRC: An Expected-Utility Theoretical Perspective"* in Inherited Rivalry - Conflict Across the Taiwan Straits, Cheng, T.J. Huang, C. Wu, S.S.G. (eds.) Lynne Rienner Publishers, Boulder: 1995, p.33-5.

[20] *"Statement by the President on the Situation in Korea"* in Public Papers of the President of the US: Harry S. Truman, Washington D.C. US Government Printing Office, 1965, p.492. Cited in Hickey, D.V. Op.Cit. p.60..

[21] Quoted in Zhan, J. Op.Cit. p.19.

the ROC to the defence of Taiwan."[22] US support for Taiwan gave the ROC the international legitimacy it needed to give credence to its claim to be the government of all China.

The basis of the ROC's foreign policy following the KMT's expulsion to Taiwan was its objective of recovering the mainland from CCP control. This policy envisaged a counter offensive against the mainland, the defeat of Chinese Communism and the rejuvenation of China under the ROC Nationalist flag.[23] The KMT even amended the constitution in order to pursue this ideal by adopting the "Temporary Provisions Effective during the Period of Communist Rebellion" on April 18th 1948. These provisions enabled Chiang to enforce martial law on the island, preventing the emergence of a political opposition to the KMT and mobilising Taiwan's resources toward an attempt at recovering the mainland from CCP control. Chiang sought to turn Taiwan into the base for his "revolutionary" struggle for the whole of China.[24] In defining the KMT as a "revolutionary party", Chiang stated:

> ...our Party is a also a revolutionary party, shouldering the responsibilities of struggling against the Communists, recovering the Mainland, and saving life and freedom for our people. ...our Party should strengthen the organisation, maintain strict discipline, arouse revolutionary spirit, and accumulate revolutionary strength in order to stage a life-and-death struggle with the Communist bandits.[25]

In his first public speech after retreating to Taiwan in 1949, Chiang said that the KMT had three tasks: *"First get rid of the Communist bandits on the mainland; second, rebuild the ROC; third, maintain world peace."*[26] His dream of recovering the mainland became "an article of faith" for the KMT from 1949 until his death in 1975.

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[22] Kuan, J.C. A Review of US-ROC Relations, 1949-1978, Asia and World Institute, Taipei: 1980, p.10.
[23] Klintworth, G. Op.Cit. p.83.
[24] Tsang, S. Op.Cit. p.70.
[25] Cheng, H.S. Party-Military Relations in the PRC and Taiwan: Paradoxes of Control, Westview Press, Boulder: 1990, p.136.
[26] Quoted in Zhan, J. Op.Cit. p.18.

Although this policy remained official, it lost its sense of urgency after Chiang died.[27] Chiang rejected Beijing's proposals for negotiation and declared that there was *"absolutely no possibility of any compromise"* with the CCP regime since *"the Chinese Government (ROC) has already had too many painful experiences in negotiating with the Communists."*[28] Claiming to represent the sole legal government of China, for the KMT the notion of "one China" was sacrosanct. Chiang Kai-shek declared that the one China principle would not be compromised: *"I believe that the conspiracy for "two Chinas" can produce only negligible effects on the free world as a whole."*[29] Inspiring the ROC's confidence was the US' support for its strong anti-Communist stance.

Policy decision-making within the US government was split between those which advocated a strategic relationship with the PRC as a counter to the USSR and staunch anti-Communist elements within the administration which sought to avoid contact with the PRC regime. China policy was widely debated in the US government. In October 1949, figures within the US State Department and the American embassy in Moscow recommended the US recognise the PRC regime so as to facilitate a move by Mao's government away from an alliance with Moscow in favour of a more independent stance not dissimilar to Tito's Yugoslavia.[30] Distance between the two Communist regimes would serve American interests. Secretary of State, Dean Acheson, even favoured the continuation of trade in non-strategic goods with the PRC and opposed aiding Chiang's regime on Taiwan, despite its strategic importance in the region.[31] The Truman administration decided on exploiting *"any rifts between the Chinese Communists and the USSR"* but would not end material support for the ROC regime on Taiwan. American domestic crusades against Communism during the McCarthy period no doubt bolstered the position of anti-PRC groups within the US government. Policy-makers could not be seen as being "soft" on the PRC Communist regime. In

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[27] Klintworth, G. Op.Cit. p.81.
[28] Chiu, H.D. (ed.) China and the Question of Taiwan: Documents and Analysis, Praeger, New York: 1973, p.275.
[29] Keum, H.Y. *"China's Unification Policy and Taiwan Independence Movement"*, paper presented at the conference on The Future of China and Northeast Asia, Institute for Far Eastern Studies, Kyungnam University, Seoul, Republic of Korea, May 22-3, 1997, p.4.
[30] Gaddis, J.L. Strategies of Containment - A Critical Appraisal of Postwar American National Security Policy, Oxford University Press, New York: 1982, p.68.
[31] Ibid. p.68.

June 1957, Secretary of State, John Foster Dulles, put an end to policy debate with a firm reconfirmation of US support for Chiang and opposition to recognising the PRC regime or admitting it into the UN.[32]

A US National Security Council study completed in 1953 had indicated that through aiding the Chinese nationalists on Taiwan, the US would indirectly be able to increase the stresses under which the Moscow-Beijing axis operated. According to Dulles, there were, *"some 400 000 Communist Chinese troops stationed opposite Formosa guarding against invasion"* in December 1953. *"This was another of the measures we liked to pursue on the theory of exerting maximum strain causing the Chinese Communists to demand more from Russia and thereby placing additional stress on Russian-Chinese relations."*[33] Thus US support for Taiwan was not "just a matter of ideological rigidity or political expediency; it was also a calculated effort to split a hostile alliance."[34]

The strategic importance of Taiwan to the United States as a staunch anti-Communist ally and a staging post for US military forces in the region ultimately resulted in the two countries signing the Mutual Defence Treaty on December 2nd 1954. This followed the PRC's military offensive against ROC-controlled territory in September of that year and which led to the eight month-long conflict which came to be known as the First Straits Crisis.[35] The conflict had aroused a "crisis mentality" in Washington with President Eisenhower's military advisers stressing the need for the usage of nuclear weapons to deter the irredentist claims of the China Communists. Stepping back from a declaration of war, the defence treaty with Taiwan was signed along with a Congressional resolution implicitly protecting Taiwan's offshore islands.[36] At the same time, Chiang told US Secretary of State, John Foster Dulles, that he did not wish to drag the US into a war with the Chinese Communists. He intended to retake the mainland using his own forces and would only request American arms and economic

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[32] Dulles, San Francisco speech, June 28, 1957. Ibid. p.194.
[33] Ibid. p.194.
[34] Ibid. p.194.
[35] On September 3rd 1954, PRC coastal artillery began shelling the ROC-held island of Quemoy.
[36] Whitting, A.S. *"Forecasting Chinese Foreign Policy: IR Theory vs. the Fortune Cookie"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford: 1994, p.509.

and technical support, not direct military assistance. Chiang also stressed that he would not attack unless he was certain of success and gave Dulles a verbal guarantee whereby he would not attack the mainland without prior consultation with the US.[37] This indicated that Chiang had no immediate desire to seriously consider an attempt at retaking the mainland by force, despite his public rhetoric to the contrary. At this time, the ROC's military forces were incapable of mounting a full-scale attack against the mainland. The military reality at the time was that the ROC's forces were unable to even defend Taiwan against a possible PRC attack without US support. Being aware of this, Washington was not too concerned of a full-scale ROC offensive against the mainland taking place.

In order to secure the Mutual Defence Treaty with the US, Chiang formally committed himself in writing not to invade nor launch large-scale attacks against the Chinese mainland without first consulting with the US.[38] Although a defensive treaty, it also served to restrict any military adventurism by the KMT thus limiting the ROC's ability, however real or not, to recapture the mainland. Domestically, Chiang's promise to consult with the Americans was kept secret, even from his own senior subordinates. To Chiang, giving up the idea of recovering the mainland would have meant the government losing its claim to legitimacy over the mainland.[39] The KMT government was cognisant of the international climate "t believed that the British Commonwealth was leading a campaign in the UN to promote a Taiwanese identity, separate from mainland China. This was regarded as an attempt to settle the Taiwan question by detaching it from China for ever.[40] If successful, this would deprive the KMT of all hope of recovering the mainland. Considering this, Chiang would not give up the ROC's claim to sovereignty over the mainland. This claim, however fictitious, and the ROC's own international legitimacy, were inextricably linked. Although Chiang gave up the initiative to invade the mainland, for which he did not have the available

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[37] Tsang, S. Op.Cit. p.53.

[38] Chiang sent a telegram to this effect to the US on January 29th 1955. See Ibid. p.53.

[39] After the end of the Straits crisis, Chiang continued to tell his senior subordinates to prepare in general terms to retake the mainland by force, if and when support from the people on the mainland was forthcoming. Ibid. p.54.

[40] Chiang's belief that the Commonwealth was attempting to seat the PRC in the UN at the ROC's expense arose following "Operation Oracle", a joint British-New Zealand effort to defuse the First Taiwan Straits Crisis (1954-5) which took the matter to the Security Council as a situation which was likely to endanger regional and international peace. Tsang, S. Op.Cit. p.10-11,and Ibid. p.57.

resources anyway, he never gave up the hope of one day recapturing it. This was necessary to maintain the public facade in order to *"boost morale and keep hope alive."*[41]

To counter the threat to the ROC posed by the Chinese Communists, possibly with Soviet support, the Eisenhower Administration pledged US support to Taiwan. The Mutual Defence Treaty did not, however, automatically commit the US to use its armed forces in the defence of Taiwan in the event of a conflict. Rather, America's course of action remained discretionary.[42] Nevertheless, the US-ROC defence pact reflected the importance with which Washington regarded Taiwan as an anti-Communist ally in East Asia. The original Truman Doctrine announced in March 1947 was formulated to counter the Soviet threat in Europe and the Mediterranean. After the Korean War, the containment strategy was extended to East Asia. "Containing" Chinese Communism became as important as containing Soviet expansionism. Taiwan formed a vital link in America's "Communist containment chain" along with Japan and South Korea - an "unsinkable aircraft carrier" of sorts in the Western Pacific.[43] The US thus came to regard the ROC as "vital to Free World Security in East Asia".[44]

Chiang's disinclination to become embroiled in a major conflict with the PRC was evident during the Second Straits Crisis beginning in August 1958.[45] Despite the intensity of the fighting, the ROC would not give up the offshore islands it held control over. This was not just for military reasons but political ones too.[46] The islands had their own political value and any concessions given to the mainland, even in the face of heavy military pressure, would undermine the status of the ROC. Notwithstanding heavy fighting with Communist forces and the superior performance of its own armed

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[41] Statement made by Chiang to US Secretary of State Dulles. Reported in Ibid. p.54.
[42] Crabb, C.V. Op.Cit. p.51.
[43] The US had signed defence agreements with both Japan (1952) and South Korea (1954). Carpenter, W.M. and Gibert, S.P. *"The Republic of China: A Strategic Appraisal for the Decade Ahead"* in Issues & Studies, Vol. XVII, No. 12, p.16.
[44] Ibid. p.16.
[45] On August 23rd 1958, the PRC began a massive artillery barrage of Quemoy. On October 25th, PRC Defence Minister Peng Dehuai announced an "even-day" cease-fire - i.e. the PRC would not shell Quemoy on even-numbered days. See Cheng, T.J. Huang, C. Wu, S.S.G. Op.Cit. p.232.
[46] The islands of Quemoy and Matsu, strategically located off the mainland coast, offered the first line of defence in the event of a mainland attack and served as good observation posts of PRC military movements.

forces, the ROC did *not* seek to escalate the conflict.[47] Rather Chiang was persuaded by Dulles to issue a joint communiqué declaring:

> The Government of the Republic of China considers the restoration of freedom to its people on the mainland its sacred mission. It believes that the foundation of this mission resides in the minds and the hearts of the Chinese people and that the principal means of successfully achieving its mission is the implementation of Dr Sun Yat-sen's three people's principles and not the use of force.[48]

This was Chiang's first public concession on the use of force in retaking the mainland. While being a concession to the US, it also reflected a less belligerent stance on the part of the ROC vis-à-vis the mainland. By the late 1950's, Chiang had tempered his policy toward the mainland, instead laying greater emphasis on economic development in order to make Taiwan more attractive so as to appeal to people on the mainland:[49] "Both party and government leaders were outwardly committed to the goal of making Taiwan a model province that would serve as the base for the recovery of the mainland."[50] The KMT's failure to maintain control over the mainland reinforced its nation-building efforts on Taiwan. Chiang's mission to convert Taiwan into an economically strong island bastion so as to be able to launch a counter-offensive against the mainland became the *raison d'être* for the KMT.[51] Thus the ROC had, in effect, adapted its policy approach of recapturing the mainland from one of military means to political means.[52] During the 1950's Chiang himself asserted that the recovery of the mainland would require seventy percent political work and thirty percent military effort.[53] This change in policy came about following US pressure to adopt a less bellicose approach to the mainland. Another contributing factor to the

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[47] The Nationalist airforce claimed twenty-nine enemy aircraft shot down for the loss of only one of its own. No attempt was made to aerial bomb mainland targets. Tsang, S. Op.Cit. p.55.
[48] Sun Yat-sen, the founder of the Chinese Republic, established important goals for the modernisation of the Chinese nation. These were political democracy, national independence, and economic development. Ibid. p.55.
[49] Ibid. p.55.
[50] Lu, Y.L. Op.Cit. p.114.
[51] President Chiang Kai-shek's Last Testament, China Yearbook 1975, China Publishing Co. Taipei, 1975.
[52] Tsang, S. Op.Cit. p.55.

change was the ROC's realisation of its own military inability to recover the mainland from Communist control through the use of force.

The prospect of it being able to achieve this end-goal became even more remote after the PRC announced the completion of an atomic installation in 1964.[54] For the ROC it was more pragmatic to adopt a less belligerent approach so as to procure a security alliance with the US. A strategic relationship with the US would help to deter an invasion from the mainland as well as to limit the ROC's international isolation. With the US underwriting its security, Taiwan was able to concentrate upon its economic development.

Taiwan became something of a client state of the US, receiving large amounts of foreign aid as well as diplomatic support in the international community. Washington maintained a vigorous campaign to retain the ROC's seat in the UN until its expulsion in 1971. Regular high-level exchange visits were indicative of the relations that existed between the two sides with every American president from Truman to Nixon asserting the importance of Taiwan's security to the US.[55] The ROC was one of the ten largest recipients of US military armaments and training from 1950 to 1978.[56] US support focused on defensive rather than offensive equipment. ROC forces were incapable of mounting a large-scale attack against the PRC.[57] The PRC possessed a far superior military capability in comparison to the ROC's forces. Even by the end of the 1950's, Chiang's forces would have not been able to withstand a concerted PRC invasion without US support. Although constrained by the Mutual Defence Treaty which stipulated that it could not launch a large scale attack against the mainland without

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[53] Ibid. p.68.
[54] Gurtov, M. *"Taiwan: Looking to the Mainland"* in Asian Survey, No. 8, January 1968, p.16-20.
[55] Carpenter, W.M. and Gibert, S.P. Op.Cit. p.16.
[56] The US Military Assistance and Advisory Group, formed in January 1951, acted to train the ROC's military forces as well as to advise on organisational and command structures. With US assistance, by the late 1950's the ROC's armed forces had been transformed from loose ineffective groupings into better organised and more technically competent defensive units including an airforce and coastal navy. Ibid. p.64.
[57] Logistically, ROC forces were able to launch an amphibian operation using a maximum of eighteen thousand soldiers against the mainland - inadequate for a full-scale assault. They also did not possess bomber aircraft nor naval escorts to support such an offensive. The US also limited the ROC's supply of war materials. During the 1950's, the armed forces did not possess more than ninety days' supply of ammunition. *"Review of US Policy towards Formosa & ROC"*, (1958), White House Office: Special Assistance to NSC Policy Papers, Eisenhower Papers, cited in Ibid. p.64.

prior consultation with the US, the primary reason for the ROC not mounting an invasion of the mainland was that it simply did not possess the resources to succeed in such a conflict As such, ROC forces were limited to conducting minor operations including reconnaissance missions and commando raids along the mainland coast.[58]

Despite Taipei's official policy of wanting to seize the mainland from the Communists, such an objective was unrealisable given the ROC's limited military capabilities. This attests to the feigned nature of the ROC's foreign policy approach to the PRC during this period. This inflexible policy would only dissipate following the death of Chiang in 1975. With Chiang Ching-kuo. As KMT chairman and ROC president, policy began to shift toward a more conciliatory rather than military solution to the mainland issue. The slogan *"reconquering"* was gradually replaced with *"reunification."* In 1979, a government official claimed to be the first advocate of a reunification through non-military means: *"In March 1979, I made a report to the Central Standing Committee on the new relations with mainland China...we should talk about unification instead of reconquering the mainland. Unification would be a long term goal."*[59] However, in the late 1960's, Chiang K.S. was still espousing the use of force against the mainland and overthrow of the "bandit regime" in Beijing.[60] The ROC had no ability to retake the mainland therefore rendering its official policy merely superficial rhetoric.[61] The ROC, although having the desire, had no intention of invading as long as its military was incapable of mounting a successful invasion. It would not acquire military superiority over the PRC to enable such an offensive.

1.3 The ROC and the United Nations.

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[58] Yu, K.H. Op.Cit. p.93.

[59] Cited in Wu, J.J. Taiwan's Democratization - Forces Behind the New Momentum, Oxford University Press, New York: 1995, p.144.

[60] In 1967 Chiang told the Australian Prime Minister, Harold Holt, that Taiwan had a duty to attack and occupy bases in the mainland so as to rally support for the overthrow of Communism. Klintworth, G. *"Australia's Taiwan Policy 1942-1992"* in Australian Foreign Policy Papers, Australian National University, 1993, p.48.

[61] An opportunity for the ROC to attack the mainland arose in the 1960's during the Cultural Revolution which had thrown the PRC into domestic turmoil. It was reported in the Washington Post in 1966 that, *"For the first time since... 1949, even the most sober specialists are speculating on the possibility that...Mao... could be overthrown by an opposition that has, from all accounts, grown significantly within recent months. Should this come to pass, it might plunge China into a chaos reminiscent of the 1920's, when the country was torn by rival warlords and political factions."* *China and US Far East Policy, 1945-1967*, Congressional Quarterly, Washington D.C: 1967, p.199.

Despite losing the majority of its territory and its prestige following its expulsion to Taiwan in 1949, the ROC did not lose its international diplomatic status. Under the leadership of the US, the Western world refused to grant diplomatic recognition to the PRC although it was in *de facto* control of China.[62] Another reason was the uncompromising attitude of Beijing itself. The PRC even adopted a hostile attitude toward the West and the international community in general.[63] Several nations which offered the PRC diplomatic recognition were rebuffed.[64] Upon its establishment in 1949, the PRC made it clear that the new government would adopt a one China policy under which there would be no acceptance of recognition by any state which still recognised the ROC.[65] However, following the Cultural Revolution and the PRC's international efforts to win recognition and isolate Taiwan, the ROC's international status as representative of all China became untenable.

The trend toward international recognition of the PRC became visible from 1970. This coincided with the PRC's return to the diplomatic world scene and its attempts to increase its international relations after its 1969 Ninth Party Congress.[66] This policy change followed the Cultural Revolution, a period during which the PRC had all but withdrawn from the international political arena. The domestic turmoil in the PRC experienced during the Cultural Revolution had spilled over into Beijing's foreign relations. In 1967, all PRC ambassadors, barring Egypt, were recalled to Beijing. The PRC's dogmatic foreign policy had been of political benefit to the ROC. However, after 1969, the PRC's foreign policy was no longer dictated by revolutionary ideology but inclined towards a more pragmatic stance - one designed to improve its international image and assist its domestic economic reform programme. This removed

[62] Lee, A.K. *"Taiwan's Mainland Policies: Causes of Changes"* in The Journal of East Asian Affairs, Vol. X, No. 2, Summer/Fall 1996, p.363.
[63] Copper, J.F. *"Taiwan's Diplomatic Isolation: How Serious a Problem?"* in The Journal of East Asian Affairs, Vol. IV, No. 1, Winter/Spring 1992, p.203-4.
[64] These states included Pakistan, Ceylon, Afghanistan, Norway, Finland, United Kingdom, the Netherlands, and Israel. Lee, A.K. Op.Cit. pp.363-4.
[65] Hughes, C. Taiwan and Chinese Nationalism - National Identity and Status in International Society, Routledge, London: 1997, p.16.
[66] Bellows, T. J. Op.Cit. p.596.

the diplomatic wall between mainland China and the non-Communist states at the expense of the ROC.[67]

The ROC now faced a serious challenge to its international legitimacy as the legal representative of the Chinese government. Beijing was gaining diplomatic ground and it was only a matter of time before it was elected to replace the ROC in the UN Security Council. Within a one-year period, the PRC established relations with fourteen states. The ROC did not help its own cause by continuing its practice of "not living together with the Communist regime under the same sky."[68] Taipei severed official relations with states which had chosen to establish formal ties with Beijing. The ROC rejected the "dual recognition" options which were later proposed by Mali, Surinam and Libya in the early 1980's.[69] This uncompromising stance made diplomatic relations a zero-sum option - states would have formal relations with one, but not both Chinese Governments.

The ROC failed to respond to the rapidly changing international environment and so limit its increasing isolation. The ROC adhered to its hard-line approach to diplomatic relations. Taipei was not tolerant of states with which it had relations also establishing relations with the PRC. The ROC would sever relations after that state announced its intention to recognise the PRC. The ROC's uncompromising position claiming that it was the sole legitimate government of China, despite exercising no physical control over the bulk of Chinese territory, was obstructing an expansion of its diplomatic relations. As long as this fictitious claim continued, the ROC would be unable to maintain diplomatic recognition from a significant number of states in the face of growing competition from the PRC.

In November 1949, a month after its establishment, the PRC had protested to the president of the General Assembly repudiating the ROC's membership of the organisation. The question of China's representation was first proposed in the Security Council in December by the Soviet Union but had not been placed on the agenda. It

[67] Wang, Y.S. Op.Cit. p.7.
[68] Ibid. p.8.

was decided that a special meeting be convened to study the issue. The Soviet delegation withdrew in protest and only returned in August 1950. The issue was transferred to the General Assembly at its 1950-1 session.[70] From 1951 to 1960, known as the "moratorium period", the US proposed each year that consideration of the issue of China's representation be postp :ned.[71] The US proposal was accepted by the General Assembly at every session until 1960.[72] The rapid increase of new member states into the UN from the late 1950's led the US to use the "important question device" in an attempt to prevent the PRC from gaining membership into the UN through a simple majority vote in the General Assembly. An "important question" required a two-thirds majority in the General Assembly.

Numerous resolutions calling for a change in representation of the China seat were subsequently defeated in the UN. General Assembly resolutions of 1966, 1967, 1968, and 1969 had been defeated by 57-46, 58-45, 58-44, and 56-48 respectively.[73] Continual erosion of the ROC's international status led to its ultimate removal from the UN. World opinion had become "increasingly favourable to the full admission of the PRC into the community of nations - at the expense of the ROC."[74] On October 25th 1971, the UN General Assembly passed Resolution No. 2758 proposed by Albania and voted to admit the PRC into the organisation by a vote of seventy-five to thirty-five with seventeen abstentions. It was further decided to seat representatives of the PRC and a motion was presented to "expel forthwith the representatives of Chiang Kai-shek from the place which they unlawfully occupy at the United Nations."[75]

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[69] Chao, C.M. *"Taiwan's Identity Crisis and Cross-Strait Exchanges"* in Issues & Studies, Vol. 30, No. 4, April 1994, p.5-6.

[70] The General Assembly passed Resolution 396 in December 1950 recommending that whenever two authorities claim to be the government entitled to represent a member state, the question should be considered in the light of the purpose and principles of the UN Charter and the circumstances of each case, and that the attitude adopted by the General Assembly should be taken into account in other UN organs and in the specialised agencies. Chou, D.S. *"The ROC and the UN in Historical Perspective"* in Sino-American Relations, Vol. XXI, No. 2, Summer 1995, p.45.

[71] *"The Republic of China, The United Nations and Non-violence"* in Sino-American Relations, Vol. XXI, No. 3, Autumn 1995, p.24-5.

[72] Stoessinger, J.G. The United Nations and the Superpowers, Random House, New York: 1966, p.26-9.

[73] Lin, B.J. *"The Republic of China and Africa: A Case of Positive Adaptation"* in Yu, S.W. (ed.) Foreign Policy of the ROC on Taiwan - An Unorthodox Approach, Praeger, New York: 1990, p.150.

[74] Geldenhuys, D. Isolated States - A Comparative Analysis, Jonathan Ball Publishers, Johannesburg: 1990, p.122-3.

[75] Appleton, S.L. Op.Cit. p.32.

Requiring a two-thirds majority, this motion failed by a four vote margin, 55-59, with 15 abstentions. In response, ROC Foreign Minister Chou Shu-kai criticised the Assembly for its *"flagrant violation of the [UN] Charter"* and announced that his government *"would not take part in any further proceedings of the General Assembly."*[76]

Despite the fact that the ROC had the power of veto over important questions of the UN, this power was bypassed on the grounds that the question was one of procedure and not one of substance over which the veto was not applicable.[77] The ROC's position was undermined by the fact that Kissinger was visiting the PRC during this time preparing the way toward President Nixon's trip the following year. It was held in the General Assembly that a state with a population one-fifth of the world's total deserved to be a member of the UN. It was undeniably a fiction for the ROC to claim to represent the Chinese population on the mainland after over two decades of absence from the territory. Thus with the ROC's withdrawal from the UN, the PRC assumed the positions formerly occupied by the ROC.[78] A commentator has stated that Chiang's decision to withdraw from the UN was later considered to have been a diplomatic mistake directly resulting in the ROC's international isolation.[79] However, what was a greater blunder was Chiang's lack of earlier efforts to achieve dual recognition and dual membership for the ROC and the PRC in the UN. One China policy rigidity prevented any initiative being taken toward this.

During this time, a wave of de-recognition befell the ROC. By 1972, the ROC had diplomatic ties with forty-one states, down from the 1970 figure of sixty-eight. Canada's announcement to terminate relations in October 1970 ushered in a period of domino de-recognition for the ROC. Canada was the first non-Communist state since France in 1964 to recognise the PRC. Shortly thereafter thirteen states established

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[76] Bellows, T.J. Op.Cit. p.593.
[77] Lew, Y.T.D. Op.Cit. p.25.
[78] General Assembly Resolution 396 (V) of 14th December 1950 made provision for the other departments of the UN to recognise the representation of the PRC. Thus the ROC lost its membership in all of the UN's sixteen specialised agencies. Wu, H.H. Bridging the Strait - Taiwan, China, and the Prospects for Reunification, Oxford University Press, New York: 1994, p.184.
[79] Phillip M. Chen, President, Cross-Strait Interflow Prospect Foundation, Taipei, interview, January 1998.

formal ties with the PRC.[80] In September 1972, Japan recognised the PRC. Tokyo had been Taipei's most important ally in East Asia (dating from their 1952 peace treaty) and had supported the ROC in the UN and other international organisations. In October, the Federal Republic of Germany, Taiwan's largest European trading partner, established relations with the PRC. With such prominent states severing relations with Taiwan, the diplomatic status of the ROC was becoming increasingly threatened. In Asia, Australia and New Zealand (December 1972), Malaysia (May 1974), the Philippines (June 1975), and Thailand (July 1975) all established formal relations with the PRC.[81] Under the influence of the US, these states only established relations with the PRC following Washington's rapprochement with Beijing from 1972.

Besides retaining its substantive, non-formal ties with Indonesia and Singapore, these diplomatic losses led to a weakening of the ROC's relations with the Association of South East Asian Relations (ASEAN).[82] In the 1970's, the ASEAN member states adopted an approach more accommodating to the PRC as well as to the Communist state of Vietnam. This followed the 1975 Communist victories in Indochina and the withdrawal of US forces, Sino-American and Sino-Japanese rapprochement in the early 1970's, and the PRC's move toward economic liberalisation in the latter part of the decade.[83] With the exception of South Korea, the entire Asian region became a diplomatic vacuum for the ROC. However, with increasing regional economic links, a number of unofficial visits by prominent political figures were made to and from Taiwan. In 1981, ROC premier, Sun Yu-suan, visited Indonesia to promote trade and investment between the two countries. Singaporean Prime Minister, Lee Kuan-yew, made over twenty (mostly unpublicised) visits to Taiwan for similar purposes. S. Laurel, former vice-president and foreign minister of the Philippines, made a number of

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[80] These states were Equatorial Guinea (13/10/70), Italy (06/11/70), Ethiopia (24/11/70), Chile (15/01/71), Nigeria (10/02/71), Cameroon (26/03/71), Kuwait (27/03/71), San Marino (06/05/71), Austria (28/05/71), Libya (11/06/71), Sierra Leone (29/07/71), Turkey (05/08/71), and Iran (17/08/71).
Wang, Y.S. Op.Cit, p.7-8.

[81] See Glenn, W. *"Taiwan's reaction to the Marcos trip"* in Far Eastern Economic Review, June 27, 1975, p.19-20.

[82] Indonesia and Singapore followed a policy of diplomatic equidistance from the PRC and ROC, having formal relations with neither. Both were to recognise the PRC in 1990.

[83] See Lee, K.H. *"The Republic of China and Southeast Asia: More than Economy"* in Wang, Y.S. (ed.) Foreign Policy of the Republic of China on Taiwan - An Unorthodox Approach, Praeger, New York: 1990, p.80.

"private" visits to Taiwan during the 1980's. Malaysian Prime Minister Mahathir Mohamad has also made trips to Taiwan on at least two occasions.[84] Such regular contacts, albeit unofficial, indicated Taipei's willingness to show greater flexibility in its international dealings. This was an attempt to seek solace from international isolation following the loss of relations with the US.

The ROC had received the support of fifteen African states in the General Assembly vote to unseat it from the UN in favour of the PRC. However, following its UN departure, by 1975, just nine states had diplomatic ties with Taiwan. By 1988, this number had decreased to just three.[85] Prior to 1971, the ROC had enjoyed diplomatic support in Latin America as these states were largely anti-Communist and followed Washington's lead in conducting their foreign relations toward Taipei and Beijing.[86] With the exception of Cuba (after its 1960 revolution), the ROC had relations with most of the Latin American states.[87] However, between 1971 and 1988, sixteen states shifted their relations to Beijing. The US was a "pivotal" diplomatic ally of Taiwan whereby formal relations with the US served as a guarantee of diplomatic ties with regional states which aligned themselves to the foreign policy of the US. Taiwan lost a number of diplomatic partners in South America after the US decided to shift its relations to the PRC. The establishment of formal relations with the US "removed an important obstacle to the expansion of [Beijing's] diplomatic relationships, in that Washington no longer urged its allies and clients to withhold recognition from the People's Republic."[88] As a result, in the 1970's no fewer than seventy-two countries established diplomatic relations with the PRC, bringing the total to 124. This came largely at the ROC's expense.[89]

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[84] Ibid, p.85.
[85] These were South Africa, Malawi, and Swaziland.
[86] Wang, Y.S. *"The Republic of China's Relations with Latin America"* in Wang, Y.S. (ed.) Foreign Policy of the Republic of China on Taiwan - An Unorthodox Approach, Praeger, New York: 1990, p.155-6.
[87] On 5th October 1949 following the establishment of the PRC government in Beijing, eleven Latin American states issued a joint statement pledging that *"their governments would continue their recognition of the Government of the ROC on Taiwan as the sole legal government representing the whole China."* These states were: Argentina, Bolivia, Chile, Colombia, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, and Panama. Ibid, p.156.
[88] Harding, H. *"China's Co-operative Behaviour"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford: 1994, p.395.
[89] Ibid, p.395.

Exclusion from the UN came as a severe blow to the ROC and was a harbinger of the ROC's ultimate state of isolation in the international community following the US' subsequent de-recognition in January 1979. The corresponding rise in power of the PRC came at the ROC's diplomatic expense. This changing power configuration resulted in the ROC becoming a political pariah state. The number of countries having diplomatic relations with the ROC dropped from fifty-nine in 1971 to twenty-two in 1978. Between 1971 and 1976, the ROC was, however, able to establish new diplomatic relations with nine states. All but one of these were small island nations in the Caribbean and South Pacific. The most prominent was South Africa, an international pariah in its own right, with which Taipei established relations in April 1976. Taiwan's isolation was such that its most important diplomatic ally was another pariah state. They shared a common isolation and a strong anti-Communist stance. Each thus sought political solace in each others' company. Former ROC Prime Minister Sun visited South Africa in March 1980 and Lee Teng-hui visited Pretoria in September 1984 when he was ROC vice president.

The only politically significant states with which the ROC was able to retain relations were South Africa, South Korea, and Saudi Arabia. The ROC's expulsion from the UN and subsequent de-recognition by the US severely detracted from its claim to international legitimacy. The ROC was facing something of an identity crisis with the vast majority of states recognising the PRC as the sole legitimate government representing China and that Taiwan was part of that China. The ROC became an international legal anomaly - possessing the criterion for sovereign statehood but lacking recognition from the large majority of states to support it.[90]

According to the Montevideo Convention on the Rights and Duties of States of 1933, for a state to exist as a juristic person in international law, it should possess the following qualifications: (1) a permanent population; (2) a defined territory; (3) a

[90]See Chou, D.S. *"The International Status of the Republic of China"* in Issues & Studies, Vol. XX, No. 5, May 1984.

government; and (4) a capacity to enter into relations with other states.[91] However, despite the objectivity of these criteria, recognition of a state has become more of a political issue than a legal one. Recognition has been defined as "the authoritative decision by one participant in expressing its willingness to accept another body politic as a state, as a full participant in the world processes of authority, for multiple purposes."[92] "Recognition of the state does not create the state. It simply gives to a *de facto* state international status."[93] With there being a lack of congruity between law and politics with respect to recognition of states, membership in international organisations such as the UN often becomes a matter of politics, with admission and expulsion being determined without serious reference to objective factors.[94] The ROC does not, however, satisfy the requirement of "a defined territory" as set out in the Montevideo Convention. Although it made claims to sovereignty over the Chinese mainland, the ROC government did not exercise effective control over it. This weakened its claims to being the sole representative government of the whole Chinese state. Similarly, the PRC government does not exercise control over Taiwan and thus does not possess complete control over the territory which it claims.

After World War II and the withdrawal of the occupying Japanese, Taiwan's legal status was left in a state of uncertainty. The Cairo Declaration of November 26th 1943 signed by US President Franklin D. Roosevelt, Prime Minister Winston Churchill of Great Britain and Chiang K.S. declared that "all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa [Taiwan], and the Pescadores, shall be returned to the Republic of China." On November 30th, Marshall Stalin of the USSR approved "the communiqué and all its contents" at the Teheran Conference.[95] On July 26th 1945, the US, Great Britain and ROC governments further declared in the

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[91] Akehurst, M. A Modern Introduction to International Law. George Allen & Unwin, London: 1978, p.57.
[92] McDougal, M. and Reisman, W.M. International Law in Contemporary Perspective: The Public Order of the World Community. The Foundation Press, New York: 1981, p.303.
[93] Wulfsohn v Russian Socialist Federated Soviet Republic. Cited in Lee, T.B. *"Quasi-Diplomatic Relations of the Republic of China: Their Development and Status in International Law"* in Issues & Studies, Vol. 24, No. 7, July 1988, p.105.
[94] Davis, M.C. *"Toward Modern Concepts of Sovereignty and Statehood"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations. Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.23.

Potsdam Proclamation that "the terms of the Cairo Declaration shall be carried out." This was agreed to by the USSR on August 8th and by France on August 11th, 1945. Japan accepted the provisions of the proclamation on September 2nd. On October 26th, the ROC government took over Taiwan from the Japanese and the following day announced that the island had become a province of China. Provincial delegates were duly elected to representative Taiwan and participate in the ROC Constitutional National Assembly .

President Truman stated in January 1950 that Taiwan "was surrendered to Chiang Kai-shek, and for the past four years, the United States and the other Allied Powers have accepted the exercise of Chinese authority over the island." Following the outbreak of the Korean War, Truman said that "the determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations."[96]

On September 8th 1951 the Treaty of Peace with Japan was signed in San Francisco by the Allied powers but without Chinese participation.[97] Article 2(b) thereof stipulated that "Japan renounces all rights, title and claim to Formosa and the Pescadores."[98] No provision was made for which state would succeed Japan in exercising sovereignty over Taiwan. In April 1952 Japan signed a peace treaty with the ROC which stated that "Japan has renounced all right, title and claim to Taiwan and P'eng-hu." As for territory, the two governments made an exchange of notes which accompanied the treaty which provided that "the terms of the present Treaty shall, in respect of the Republic of China, be applicable to all territories which are now, or which may

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[95] Chiu, H. *"The International Legal Status of Taiwan"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.3-4.
[96] Kuijper, H. *"Is Taiwan a Part of China?"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.13.
[97] Neither the ROC nor PRC was invited to attend the San Francisco Conference. The US had planned to invite the ROC but this raised strong objection from Britain and other countries which recognised the PRC as the representative government of China. The compromise was that neither government would be invited and after the conclusion of the conference, Japan would conclude a bilateral peace treaty of similar content with either the ROC or the PRC. Chiu, H. Op.Cit. p.4-5.
[98] Kuijper, H. Op.Cit. p.13.

hereafter be, under the control of its Government."[99] This did not make clear provision for which state would succeed Japan in exercising sovereignty over Taiwan.

US Secretary of State Dulles stated Washington's position in a press conference on December 1st 1954; "Technical sovereignty over Formosa [Taiwan] and the Pescadores has never been settled" and that "the future title is not determined by the Japanese peace treaty, nor is it determined by the peace treaty which was concluded between the Republic of China and Japan."[100] The transfer of Taiwan from Japan to China by the peace treaties lacked explicit provisions which left the island in a state of legal ambiguity.

International law commentators have raised the legal argument that the ROC may hav acquired *de jure* sovereignty over Taiwan through prescription. American F.P Morello says that:

> Except for the claims of Red China, it can be said that the occupation of Formosa [Taiwan] by the Nationalist [ROC] government has been undisturbed...the possession of Formosa by the National government has been steadily maintained by an assertion of right. It follows that if the principle of prescription, as interpreted and applied within the framework of international law, is to be accepted in the case of China, then there can be no lawyer's doubts as to the legitimacy of Nationalist China's title to Formosa.[101]

Arthur Dean, an American legal theorist, has asserted that:

> Nationalist China may have already acquired legal title to Formosa and the Pescadores by occupation or possibly by subjugation...Nationalist China has certainly satisfied the requirement of effective control, and such of its

[99] Chiu, H. Op.Cit. p.5.
[100] Ibid. p.6
[101] Morello, F.P. The International Legal Status of Formosa. Martinus Nijhoff Publishers. The Hague: 1966, p.92.

governmental acts as are known to me, as for example, making Formosa a Province of China, clearly indicate an intention and will to act as a sovereign.[102]

Complicating the ROC legal status on Taiwan was its policy of adhering to the one China policy. Despite its claims to sovereignty over the mainland ringing hollow in the greater international community of states, the ROC showed little flexibility on this position The one China policy became sacrosanct to the KMT. ROC Premier Chiang C.K. asserted that Nationalist China would *"...never give up her sacred task of recovering the mainland."*[103] Any revision of this dogmatic position would bring the KMT's political legitimacy into question. The notion of recovering the mainland from Communist control had formed the mainstay of the ROC's post-1949 foreign policy. Taiwan was to be the base from which the recovery would be launched. Any deviation from this stated goal would have undermined KMT rule by severing its links to the mainland, thus making its claims to represent the people on the mainland untenable.[104]

The challenge facing Chiang C.K. was to strike a policy balance between the growing domestic demands for reform, the demands of Chinese nationalism, and the reality of Taipei's international isolation.[105] However, despite lip-service to the contrary, the ideal of recovering the mainland faded to become just that - an ideal. Economic development became the priority objective for both the party and state. The KMT's main preoccupation was the advancement of the ROC into the ranks of developed nations.[106]

Yet the KMT would not officially relax its commitment to recovering the mainland. *"We shall never abandon our principle of anti-Communism and our determination*

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[102] Dean, A. *"International Law and Current Problems in the Far East"* in American Society of International Law, Proceedings of the 49th Annual Meeting, American Society of International Law, Washington D.C.: 1955, p.86, 95-7.
[103] The China Post, December 16, 1978.
[104] Wu, J. Taiwan's Democratization - Forces Behind the New Momentum, Oxford University Press, New York: 1995, p.145.
[105] Hughes, C. Op.Cit, p.46.
[106] Lu, Y.L *"Political Modernization in the ROC - The Kuomintang and the Inhibited Political Center"* in Myers, R.H. (ed.) Two Societies - The Republic of China and the People's Republic of China After Forty Years, Hoover Institution Press, Stanford, California: 1991, p.125.

upon national recovery."[107] In Taiwan, advocating independence for the island was tantamount to treason and was an issue not open to political discussion or debate.[108] This would have given credence to Taiwan as a separate political body, distinct from the mainland. Therefore the ROC government on Taiwan became an uncertain political entity - operating as a *de facto* independent state but enjoying little *de jure* recognition. Taiwan could not be regarded as a state entity as its government did not claim to be such. Some impartial observers described it as being one of a *"consolidated de facto government in a civil war situation."*[109] Since diplomatic competition with the PRC intensified in the early 1970's, the KMT's continual claim to Chinese sovereignty made it difficult for the international community to regard Taiwan as anything other than Chinese territory, with the PRC being the representative government of that territory. Thus Taiwan as a political actor, at least by its own rhetoric, was not sovereign nor independent, but acted as such in both cases.

1.4. The United States' De-recognition.

The greatest sacrifice that the KMT regime had to pay for its adherence to the one China policy was the loss of relations with its main ally, the United States.[110] On December 15th 1978, President Jimmy Carter announced the US' intention to shift official recognition from the ROC and establish relations with the PRC: *"As of January 1st 1979, the US will recognise the People's Republic of China....[and] terminate diplomatic relations with the Republic of China".*[111] In addition, *"The American people and the people of Taiwan will maintain commercial, cultural, and other relations without government representation and without diplomatic relations."*[112] The US announced that it would withdraw all military personnel from

[107] Chiang C.K., cited in Liu, K.S. *"Where there's a will there's a way"* in Free China Review, XXIV, No. 10, October 1974, p.16.
[108] Hickey, D.V. *"America's Two-point Policy and the Future of Taiwan"* in Asian Survey, Vol. XXVIII, No. 8, August 1988, p.890.
[109] Hughes, C. Op.Cit, p.18.
[110] Ibid. p.19.
[111] New York Times, December 16, 1978, p.8.
[112] Department of State Bulletin 79, no. 2022, January 1979, p.25. Cited in Chou, D.S. *"ROC-US Political Relations as Seen from the Implementation of the Taiwan Relations Act"* in Issues & Studies, Vol. 24, No. 11, November 1988, p 13.

Taiwan by April 1979 and the Mutual Defence Treaty would be terminated with effect from January 1st 1980.

The US de-recognition of the KMT government was the ultimate determinant of the ROC's international fate. The extension of official relations to the PRC marked the end of the "normalisation" process in US-PRC relations - thirty years after the CCP had gained control of the mainland. Normalisation of relations was due to strategic reasons and coincided with the deterioration of PRC-Soviet relations. During an August 14th 1969 National Security Council meeting, President Richard Nixon announced that the US, *"could not allow China to be smashed"* (by the USSR).[113] This heralded a major shift in the US' China policy - one that would necessitate a revision of US-ROC relations.[114] As described by Secretary of State Henry Kissinger: *"It was a major event in American foreign policy when a President declared that we had a strategic interest in the survival of a major Communist country, long an enemy, and with which we had no contact."*[115]

The precursor to the US' recognition of the PRC was Kissinger's two trips to the PRC in 1971. In July 1971, Nixon announced that Kissinger had met with PRC Prime Minister Zhou Enlai and had arranged for the President to visit China in the coming year to *"seek the normalisation of relations"*. This announcement drew large amounts of criticism from the ROC with its ambassador to the US, James Shen, referring to Nixon's planned visit to Beijing as *"a shabby deal."*[116] Nixon's subsequent visit to China in February 1972 resulted in the publication of the Shanghai Communiqué subscribed to by the President and Zhou Enlai. The US had begun a policy of accommodation toward the PRC. The Shanghai Communiqué of February 27th 1972 reaffirmed the "one China" principle which both Beijing and Taipei agreed upon, thus

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[113] Kissinger, H. The White House Years. Little, Brown and Company, Boston: 1979, p.183.
[114] Beginning from July 1969, the US government gradually eased its restrictions against the PRC in areas as trade, tourism, science and technology and cultural exchanges. Liu, C.K. *"Taipei-Washington-Peking Relations"* in Issues & Studies, Vol. 22, No. 7, July 1986, p.18.
[115] Ibid, p.183.
[116] Many actions of anti-Americanism followed the announcement with numerous violent incidents directed at American institutions in Taiwan. An explosion occurred in the Taipei office of the Bank of America as well as a number of windows at the US consulate being broken by stone-throwers. Appleton, S.L. *"Taiwan: The Year it Finally Happened"* in Asian Survey, Vol. XII, No. 1, January 1972, p.33-4.

ending, at least formally, America's Cold War China policy.[117] The communiqué also signalled Washington's desire to begin reducing its commitments to the ROC:

> The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all US forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension diminishes.[118]

The US accordingly began to reduce its military presence on Taiwan. The number of US servicemen at the time stood at two thousand, less than half that of mid-1963 levels prior to the Vietnam build-up. Two squadrons of fighter aircraft were also removed in 1974 and 1975.[119] Further reduction in the US commitment occurred with the October 1974 US Congressional repeal of the Formosa Resolution following President Gerald Ford's request for its nullification. This resolution dated from January 29th 1955 at a time when Quemoy and Matsu, Taiwan's off-shore islands under ROC control, were under heavy bombardment from the mainland and eight weeks after the signing of the Mutual Defence Treaty of December 2nd 1954.[120] The Formosa Resolution gave the US responsibility to determine whether a PRC attack on Quemoy or Matsu was related to the defence of Taiwan and to respond accordingly.[121] Although the resolution did not impact upon the US' defence responsibilities under the Mutual Defence Treaty, its repeal was a sign of America's growing reluctance to support the ROC at the expense of its larger strategic interests with the PRC. Hinged largely upon US recognition, the ROC's diplomatic status was appearing increasingly

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[117] Thompson, T. *"Taiwan's Ambiguous Identity"* in Asian Survey, Vol. XVI, No. 7, July 1976, p.612.
[118] Department of State Bulletin, LXVI: 1708, March 20, 1972, p.437-8.
[119] The withdrawal was based on an "understanding" reached between the ROC and the US in November 1972. Bellows, T.J. *"Taiwan's Foreign Policy in the 1970's: A Case Study of Adaptation and Viability"* in Asian Survey, July 1976, Vol. XVI, No. 7, p.594.
[120] Ibid, p.595.
[121] Ibid, p.595.

threatened. The diplomatic trends of the 1970's were discouraging and were the harbinger of the US' announcement of its cancellation of formal relations with the ROC in December 1978. In June 1977, it was announced that Secretary of State Cyrus Vance would visit Beijing in August. This followed his June 29th address to the Asia Society outlining the terms upon which the US government hoped to normalise relations with the PRC. In addition, US ambassador to the ROC, Leonard Unger would be recalled to Washington for "consultations". The ROC responded to these ominous signs of pending de-recognition through Foreign Minister Shen Chang-huan's statement of July 1st 1977 in which he expressed *"...most vigorous disagreement"* with US China policy as reflected in Vance's speech.[122]

The manner in which the final establishment of relations with the PRC at the expense of the ROC took place drew much debate and controversy in the US. In establishing relations with the PRC, Washington had acquiesced to three pre-conditions stipulated by Beijing: the cancellation of relations with the ROC; the termination of the Mutual Defence Treaty of 1954; and the withdrawal of US forces and installations from Taiwan. The Carter Administration accepted these conditions without receiving a guarantee of Taiwan's security from Beijing. Critics in the US Congress felt that Carter had not sufficiently provided for the future security of the ROC on Taiwan. Since the ambassadorial level "Warsaw talks" held between the US and the CCP in 1955, Washington had insisted on Beijing renouncing the use of force against Taiwan. During the normalisation of relations negotiations, Beijing refused to accept a unilateral declaration of support for Taiwan's security by the US.[123] Carter did not accept the recommendation from the US Joint Chiefs of Staff that the US insist upon a formal guarantee from the PRC not to use force to bring about a reunification with Taiwan.[124]

Washington's cancellation of the 1954 Treaty with the ROC needs to be viewed against the background of the US' re-examination of its overseas responsibilities after

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[122] Garver, J.W. *"Taiwan's Russian Option: Image and Reality"* in Asian Survey, Vol. XVIII, No. 7, July 1978, p.752.
[123] Chou, D.S. *"The Role of the US President and Congress in American Foreign Policy-Making, with Special reference to the Making and Implementation of the Taiwan Relations Act"* in Issues & Studies, Vol. XX, No.3, March 1984, p.50.

the Vietnam War. Defence commitments deemed not "truly vital" to the security of the US were abandoned - for example, America's obligations under the South East Asia Treaty Organisation (SEATO).[125] The US' commitment to providing for the defence of Taiwan was another example. Thus the exclusion of security provisions toward Taiwan in the TRA reflected the "post-Vietnam War syndrome" in American foreign policy.[126] However, even from the 1960's, opinion polls reflected a sharp reduction in the American public's sentiment toward US involvement in hostilities in the Taiwan Straits.[127] President Kennedy reportedly had *"no patience with the fiction that Taiwan represented all of China, but he was unwilling to assume the domestic political liabilities that would have been involved in shifting political recognition, or even allowing Peking's admission to the United Nations."*[128]

US foreign policy towards Taiwan was thus the determinant of the ROC's international status. Prior to Washington's establishment of relations with Beijing, its policy toward the PRC did not correspond with that of other regional powers in Asia. America's security policy in East Asia was skewed toward the defence of Taiwan. This was anomalous to other states having relations with the PRC, rather than with the ROC. Thus the cancellation of the Mutual Defence Treaty was delayed recognition of the evolved power relations in the region. The US, however, needed to formulate an alternative arrangement to replace the treaty, one which was commensurate with formal relations with the PRC government as the "official" representative of China.

Carter raised the concern of Taiwan's future security by expressing his *"conviction"* that the people of Taiwan would *"face a peaceful and prosperous future"*. This statement was emphasised by Vance as evidencing the US' interest in the security of Taiwan. It was felt that such rhetoric along with the US' political relationship with the PRC would be sufficient to deter Chinese Communist aggression against Taiwan.[129]

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[124] Carpenter, W.M. and Gibert, S.P. Op.Cit. p.17.
[125] Crabb, C.V. Op.Cit. p.52.
[126] Ibid. p.57.
[127] Steele, A.T. The American People and China. McGraw Hill, New York: 1966, p.104-6. Cited in Ibid. p.52.
[128] Gaddis, J.L. Op.Cit. p.230.
[129] Chou, D.S. *"The Role of..."* Op.Cit. p.51.

On January 1st 1979, as a gesture of goodwill, Beijing ended its bombardment of the ROC-controlled territory of Quemoy and other offshore islands.[130]

However, many in the US government charged that the Carter Administration had left Taiwan vulnerable to a military threat from the PRC. After Beijing's insistence on an end to arms sales to Taiwan, the Carter Administration declared a one-year moratorium on military sales to Taipei. This raised the question of future sales. The moratorium was only lifted in January 1980 after the Soviet invasion of Afghanistan. US Senator John Glenn, Chairman of the Subcommittee on East Asian and Pacific Affairs of the Foreign Relations Committee, described the normalisation agreement as leaving a *"nagging doubt"* over the PRC's (possible military) intentions toward Taiwan.[131] Henry Kissinger concurred by saying, *"It (the recognition) has a danger that we are not honouring our commitments."*[132] The US Congress, although largely supportive of the principle of recognition shifting to the PRCC, wanted to safeguard the future security interests of Taiwan. In addition, it wanted to limit the perceived international damage to the US' credibility as a defence partner. George Bush described the de-recognition of the ROC as *"...diminishing US credibility around the world."*[133] This was echoed by Senator Dennis DeConcini who stated that Carter's actions toward Taiwan had *"denuded"* America's credibility and that it may invite opponents to test Washington's resolve.[134] Senator Frank Church, Chairman of the Foreign Relations Committee, expressed Congress' concerns: *"the Congress...will lay out the American expectation that no force will be used in the future against Taiwan."*[135]

In establishing relations with the PRC, Carter had failed to adhere to the Dole-Stone Amendment to the Security Assistance Authorisation Act (1979) which required "prior

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[130] According to Byron S.J. Wang, the PRC and ROC had negotiated during the 1950's, *"agreements reached on guidelines for civilian air routes and military patrols over the Taiwan Straits airspace, and on the peculiar arrangement of alternate-day shelling to and from Quemoy."* Wang, B.S.J. *"Taiwan's International Status Today"* in The China Quarterly, No. 99, September 1984, p.470.
[131] US Congress, Senate, *Taiwan Hearings* before the Committee on Foreign Relations on S.245, 96th Congress, 1979, p.11. Cited in Chou, D.S. *"The Role of..."* Op.Cit. p.52.
[132] Tsai, W.P. *"Thoughts on an historic Event: Carter's Decision to Sever Diplomatic Ties with ROC and to Abrogate the Mutual Defence Treaty"* in Issues & Studies, Vol. XV, No. 1, January 1979, p.3.
[133] Ibid, p.24.
[134] Chou, D.S. *"The Role of..."* Op.Cit. p.52.

consultation" between the Executive and the Senate on any proposed policy changes affecting the US-ROC Mutual Defence Treaty. Congress was to be included in this "prior consultation".[136] President Carter only informed Congressional members of the decision which had been made (without consultation) three hours before the news was made public. The closed manner in which the issue was conducted served to remove Congress from the decision-making process. Concerns over Taiwan's security, America's international credibility, and wanting to protect US business interests in Taiwan, the US Congress sought to dilute Carter's de-recognition of the ROC on unfavourable terms by promulgating legislation to govern the US' new relationship with the territory. Through doing so, Congress was also asserting its role in foreign policy-making which had been undermined by Carter's China initiative.

On January 26th 1979, Carter submitted the Taiwan Omnibus Bill designed to govern future US-Taiwan relations to Congress. This bill was purely administrative and made no mention of Taiwan's security. Rather it dealt with such issues as the establishment of an unofficial American Institute in Taiwan (AIT) and the benefits entitled to employees; the AIT would be under the jurisdiction of the Secretary of State; and laws applying to foreign nations could also apply to Taiwan.[137] In addition, reference would no longer be made to the ROC but rather to "the people on Taiwan."[138] The Carter Administration opposed the usage of the phrases "Taiwan authorities" or "Taiwan government".[139] The AIT was formally opened in Taipei on April 10th and was in effect a surrogate government agency designed to conduct informal relations with Taiwan in accordance with US law.[140] The ROC also set up an equivalent private body, the Co-

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[135] Congressional Quarterly, Weekly Report, Vol. 37, February 3 1979, p.207.
[136] The original amendment was jointly proposed on July 18th 1978 by Senators Robert Dole and Richard Stone together with eighteen senators from the Republican and Democratic parties. The Senate adopted it unanimously with a vote of 94-0. The Dole-Stone Amendment was adopted as "a sense of the Congress" mandate, being not legally binding on the president but it was generally expected by Congress that no policy change on the China issue would occur without prior consultation between the executive and itself. Downen, R.L. The Taiwan Pawn in the China Game: Congress to the Rescue, The Centre for Strategic and International Studies, Georgetown University, Washington D C: 1979, p.32. Cited in Issues & Studies, Vol. 24, No. 11, November 1988, p.14.
[137] Ibid, p.51.
[138] Taiwan Relations Act, Public Law 96-8, 96th Congress, April 10, 1979.
[139] Carpenter, W.M. and Gibert, S.P. Op.Cit, p.19.
[140] Kau, H.M.Y. *"The ROC's New Foreign Policy Strategy"* in Taiwan - Beyond the Economic Miracle, Simon, D.F. and Kau, M.Y.M. (eds.), M.E. Sharpe. New York: 1992, p.242.

ordination Council for North American Affairs (CCNAA) in the US to manage its relations with Washington.

The status accorded to the ROC after the retraction of diplomatic relations was an ambiguous one. The US' refusal to recognise Taiwan as a state increased its international isolation. No clear definition was made of what Taiwan constituted as a political entity. US Senator Church criticised the proposed legislation as being, *"...woefully inadequate to the task, ambiguous in language, and uncertain in tone."*[141] Consequent amendments were forwarded from Congress members which sought to revise the Omnibus Bill to cater for the security of Taiwan.[142] The challenge facing Congress was to formulate a bill which allowed for some measure of security for Taiwan while remaining consistent with the normalisation of relations with the PRC.[143]

The original Omnibus Bill was adapted into the "Taiwan Relations Act" (TRA) and became US law on April 10th 1979. The TRA did not offer Taiwan the same degree of commitment that the Mutual Defence Treaty had and did not directly link the security of the US with that of Taiwan. The TRA was a product of compromise between the Executive arm of government and Congress and clarified the uncertainties and ambiguities of the previous bill, although the international status of Taiwan was still unclear. The new act made provision for continued (defensive) arms sales to Taiwan *"as necessary to enable Taiwan to maintain a sufficient self-defence capability"*, the amount of which would be jointly determined by the President and Congress.[144] If a threat was to arise to Taiwan, the President was directed to *"promptly inform"*

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[141] Chou, D.S. *"The Role of..."* Op.Cit. p.52.

[142] Amendments included those from: Edward M. Kennedy and Alan Cranson sponsoring a resolution in which the US would regard an attack against Taiwan as a danger to regional peace and stability; Jacob K. Javits calling for formal language committing the US to the defence of Taiwan in the event of a PRC attack; Gordon Humphrey's submission proposed elevating the US office in Taiwan to the status of a "liaison office"; Robert Dole's amendment called for the bill to refer to "Taiwan" instead of "the people on Taiwan"; Robert J. Lagomarsino introduced an amendment requiring the president to consider withdrawing recognition from Beijing in case of a threat to Taiwan's security; Gerald B. Solomon calling for consular relations between Washington and Taipei; and George Hansen's proposal deleting the requirement that the US office in Taiwan be non-governmental. These amendments were all defeated and were not incorporated in the final draft. See Ibid. pp.53-6.

[143] This point was made by Leonard Woodstock, US Ambassador-designate to Beijing testifying to the Senate Foreign Relations Committee. Congressional Quarterly. Op.Cit. p.52.

[144] Taiwan Relations Act, Op.Cit. Section 3 (a).

Congress so that *"appropriate action"* by the US in response to the danger could be formulated.[145] The TRA set out the US' economic, political and strategic interests in Taiwan as well as expressing Washington's concern for Taiwan's security.[146] Although not possessing the "moral force"[147] of the 1954 Mutual Defence Treaty, the act allowed the US a degree of flexibility in any future encounter with the PRC vis-à-vis Taiwan. Of importance to Taiwan's international standing was the TRA's judicial recognition of Taiwan as a state, entitled to the benefits of the Foreign Sovereign Immunities Act in several US court cases involving Taiwan or Taiwanese interests. The TRA also ensured that some forty-six treaties in existence between the US and the ROC prior to the de-recognition (excluding the defence treaty) remained in force. This can be interpreted as the US treating the KMT government, and not the PRC government in Beijing, as being the effective administrator of Taiwan. Under the TRA, Taiwan was, for the purposes of US domestic law, treated as a sovereign state.[148] However, its international personality was left uncertain.

The question of continued arms sales to Taiwan drew criticism from the PRC. The Carter Administration had pledged to Beijing that it would sell only carefully selected defensive weapons to Taipei so as to prevent this negatively impacting upon US-PRC relations. Although Washington stated that the PRC had tacitly agreed not to oppose continued US arms sales to Taiwan, this view differed greatly from Beijing's actual position and consequent rhetoric. Beijing held that, *"After the normalisation (of relations), continued sales of arms to Taiwan by the United States would not conform to the principles of the normalisation."*[149] At a press conference on December 16th 1978, PRC Premier Hua Guofeng voiced his strong opposition to US sales of arms to Taiwan.[150] This opposition and the PRC's use of violent force in its conflict with Vietnam in '979, did little to assure members of Congress of Beijing's commitment to a peaceful settlement across the Taiwan Straits. On January 5th 1979, Deng Xiaoping stated: *"...We shall try to solve the question (Taiwan's return to the motherland) by peaceful means. But whether or not this can be done is a very complex question. We*

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[145] Ibid. Section 3 (c).
[146] Chou, D.S. *"The Role of..."* Op.Cit. p.57.
[147] Chou, D.S. *"ROC-US Political..."* Op.Cit. p.18.
[148] Klintworth, G. Op.Cit. p.64-5.
[149] Peking Review 21, No. 51, December 22, 1978, p.11.

cannot commit ourselves to using no other than peaceful means to achieve the reunification of the motherland. We cannot tie our hands on this matter."[151] But bowing to PRC pressure and wanting to build upon relations with Beijing, the US implemented a strict standard of "selectivity" and "defensiveness" in its arms sales to Taiwan.[152] Taiwan's inability to purchase state of the art weaponry from the US reduced its military capability and left it more vulnerable to a possible offensive from the PRC: "The Carter Administration denied or deferred decisions on several more sophisticated defence weapons needed to update Taiwan's ageing arsenal..."[153] Furthermore, the TRA drew strong criticism from Beijing which regarded the US as attempting to *"arbitrarily impose a country's domestic law on international relations and to use a domestic law to unilaterally negate its international commitments."* It described the TRA as constituting *"a violation of the sovereignty of another country and an interference in another country's internal affairs; it is unjustifiable in international law."*[154] Deng Xiaoping even described the TRA as coming close to *"nullifying the normalisation"* of relations between the US and PRC.[155]

There were definite hopes in Beijing that the heavy political blows of de-recognition and normalisation would destabilise Taiwan's political system and that Washington might even pressurise the KMT to enter into a dialogue with the PRC.[156] For the PRC, Washington had recognised Beijing's claim of sovereignty over Taiwan but in terms of the TRA, it was restricted in the exercise of this right to non-coercive measures.[157] Through the TRA, the US was able to reduce the PRC's capacity to exert pressure

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[150] Tsai, W.P. Op.Cit. p.3.
[151] People's Daily, January 6th 1979, p.1.
[152] After the resumption of arms sales in January 1980, the Administration approved only six of eighteen defence items requested by Taiwan. These amounted to a value of US$287 million. Requested items included advanced air and sea systems for usage in the Taiwan Straits. It should be noted that Congress played no part in this decision, it was merely informed of the Executive's decision. Chou, D.S. *"The Role of..."* Op.Cit. p.61.
[153] Downen, R.L. The Tattered China Card: Reality or Illusion in United Strategy? Washington DC: Council for Social and Economic Studies, 1984, p.75-6.
[154] Xiang, H. *"On Sino-US Relations"* in Foreign Affairs, Vol. 60, No. 1, Fall 1981, p.45.
[155] New York Times, April 20, 1979.
[156] Kindermann, G.K. *"Washington Between Beijing and Taipei: The Restructured Triangle 1978-1980"* in Asian Survey, Vol. XX, No. 5, May 1980, p.465.
[157] Section 2 (b) 3 and 4 of the TRA assert: (3) to make clear that the United States' decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means; (4) to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States.

upon Taiwan by way of forceful means. This unilateral commitment restricted the US' policy options in the event of hostility across the Taiwan Straits - that of risking a future conflict with the PRC or losing credibility by abandoning Taiwan. By offering concessions of sovereignty to Beijing, albeit limited ones in the realm of military action over Taiwan, part of its juristic territory, the TRA acted to shelve the Taiwan issue for sometime in the future.

1.5. The US and Taiwan's International Status in the 1980's.

On January 20th 1981, the Reagan Administration took office. It was expected that Reagan would modify the US' China policy - one which was more favourably inclined toward Taiwan. Reagan was explicitly anti-PRC to the point of considering the restoration of relations with the KMT government in Taipei. Conservative factions within the Republican party were "nostalgic for the bipolar atmosphere in which Taiwan had been a symbol of anti-Communism."[158] The Carter Administration had placed the strategic relationship with the PRC above the implementation of the TRA. This contributed to Taiwan's isolation. Reagan's previous statements seemingly indicated that the new administration's policy would be more sympathetic to the ROC. In April 1978 as a potential Republican presidential candidate, Reagan criticised those in Washington who called for immediate recognition of the PRC while reaffirming his belief that the US should abide by its commitments to Taiwan.[159] On Carter's subsequent cancellation of diplomatic relations with the ROC, Reagan stated: *"In characterising this sudden act of betrayal of a long-time friend...our allies have been dealt a shabby, needless blow."* On the US' commitments to Taiwan:

> The fundamental decency of the American people will be reflected by the action of their elected representatives as they enact clear and concrete measures to

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[158] Tow, W.T. *"China and the International Strategic System"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford: 1994, p.137.
[159] In an address to the Chinese National Association of industry and Commerce (CNAIC), Taipei, April 21st 1978. *"This friendship and mutual trust goes back a long way. Our ties are strong. They bind us, but could they be broken? I am afraid that the answer is yes, they could - under certain circumstances. But should they be broken and must they be broken? The answer in both cases is, no, of course not."* Auw, D.C.L. *"Commitment, Policy Legacy and Policy Options: The US-ROC Relations Under Reagan"* in Issues & Studies, Vol. XVIII, No. 3, March 1982, p.9-10.

> assure Taiwan's safety and continued prosperity in conditions of freedom and independence - based on the incontrovertible right of self-determination.[160]

The dilemma facing the Reagan Administration was to rebuild confidence in the US-Taiwan relationship while maintaining its progressive relations with the PRC. Although Reagan sought to upgrade the US' substantive ties with Taiwan through proper implementation of the TRA which reaffirmed the US' commitment to Taiwan's security, no major policy changes came about with the change to Republican government.[161] Constrained by strategic concerns in maintaining positive relations with Beijing, the Reagan Administration's China policy came to resemble that of its predecessor. Secretary of State Alexander Haig and other White House officials convinced Reagan of Beijing's strategic importance to the US over the improvement of ties with Taipei. Thus the Reagan Administration's China policy was a continuation from the previous Carter Administration's:

> Building a strong and lasting relationship with China has been an important foreign policy goal of four consecutive American administrations. Such a relationship is vital to our long-term national security interests and contributes to stability in East Asia. It is in the national interests of the United States that this important strategic relationship can be advanced.[162]

Washington's policy of accommodation toward the PRC at the expense of Taiwan came about after concerted pressure from Beijing. Objecting to Reagan's stated desire to continue arms sales to Taiwan,[163] the PRC warned of a *"retrogression"* in

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[160] Address by Reagan to the *"World Challenges, 1979"* Seminar, at the Pepperdine University, Malibu, California, January 12th 1979, p.12. Cited in Ibid. p.11-12.

[161] According to Secretary of State Alexander Haig Jr: *"At the President's personal direction, guidelines were adopted for Taiwanese contacts with the Administration that observed the understand: ng with [Communist] China but eliminated the hints of ostracism that had occurred under Carter. Very strong assurances of American friendship and support, including personal assurances from the President, were conveyed to the Taiwanese"*. Haig, A.M. Caveat: Realism, Reagan and Foreign Policy, Macmillan, New York: 1984, p.200.

[162] Tan Q.S. The Making of US China Policy from Normalisation to the Post-Cold War Era, Lynne Rienner Publishers, Boulder: 1992, p.101.

[163] On December 11th 1981, and January 11th 1982, Reagan announced the sale of military spare parts to Taiwan and the extension of the joint production of F-5E jet aircraft between Taiwan and the Northrop Corporation. However, the US denied Taipei's request for advanced fighter aircraft as it was

Washington-Beijing relations unless the US clarified its position on Taiwan.[164] In July 1981, the PRC warned US Ambassador to Beijing, Arthur W. Hummel, Jr., that if arms sales continued, it would take unspecified strong action *"with grave consequences for the strategic situation."*[165] In the following month, the PRC postponed indefinitely the planned visit to the US of Liu Hua-Ching, deputy chief of staff of the PLA.[166] The sale of military equipment to Taiwan threatened to damage the relationship between the two states. Beijing denounced the TRA as *"illegal"* and as the greatest *"obstacle"* to a fully normalised relationship between itself and Washington.[167] Echoing the fear of jeopardising the "broader strategic interests" were a number of prominent American officials from the former Carter Administration including US National Security Adviser Zbigniew Brzezinski and Richard Holbrooke.[168]

In October 1981, PRC Foreign Minister Huang Hua petitioned Washington to set a date by which it would end its arms sales to Taiwan. This was intended to increase pressure on the US to bring about an ultimatum thus narrowing Washington's policy options vis-à-vis Taiwan. The Reagan Administration responded by dispatching Assistant Secretary of State John Holdridge to Beijing in an attempt to resolve the dispute. Accommodating the PRC and not wanting to risk political damage in the 1984 election, the US sought to resolve the issue.[169] In April 1982, Reagan stated that the US had made an *"appreciation of the new situation"* and Vice President George Bush went to Beijing to conduct negotiations, the result of which was the signing of the US-PRC Joint Communiqué on August 17th 1982. The communiqué was designed to resolve the controversy over future arms sales to Taiwan. Beijing affirmed that its policy toward Taiwan was to *"...strive for a peaceful solution to the Taiwan problem."* While The US asserted:

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concluded that no military need for such a capability was needed. Chou, D.S. *"ROC-US Political..."* Op.Cit, p.19.

[164] Made to Secretary of State Alexander Haig during his visit to the PRC in June 1981. See The New York Times, June 5, 1981, pp.1-6.

[165] Haig, A.M. Op.Cit. p.209. Cited in Chou, D.S. *"ROC-US Political..."* Op.Cit. p.34.

[166] Chou, D.S. Op.Cit. p.34.

[167] Beijing Review, September 7th and 14th 1981.

[168] Auw, D.C.L. Op.Cit. p.21-2.

[169] Haig, A.M. Op.Cit. p.195, 211-4.

> ...the United States government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and [Communist] China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution.[170]

During the course of negotiations leading up to the Joint Communiqué, Washington conveyed six points of policy intent to Taipei. It pledged.[171]

(i) Not to set a date for ending arms sales to Taipei;
(ii) Not to hold prior consultations with Beijing on arms sales to Taipei;
(iii) Not to play any mediatory role between Taipei and Beijing;
(iv) Not to revise the TRA;
(v) Not to exert pressure on Taipei to enter into negotiations with Beijing; and
(vi) Not to alter the US' position regarding sovereignty over Taiwan.

It was held that the 1982 communiqué contradicted the TRA in that it set to reduce arms sales to Taiwan and limit such sales to a specific period.[172] In September, the Senate Subcommittee on Separation of Powers of the Committee on the Judiciary held hearings on the sale of arms to Taiwan. It was concluded that the communiqué ran counter to the TRA.[173] Rather than solving the arms sales dispute, the communiqué fuelled discontent on both sides. This stemmed from different interpretations of the document by Washington and Beijing. Holdridge stated that the US' commitment to reduce arms sales to Taipei was predicated upon the PRC's pursuance of a peaceful approach toward Taiwan.[174] This is reflected in the six assurances Washington had

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[170] See The New York Times, August 18, 1982.
[171] Lin, B.J. *"Taipei-Washington Relations: Moving Toward Institutionalisation"* in Issues & Studies, Vol. 24, No. 11, November 1988, p.50.
[172] Senator Glenn charged that the communiqué *"does undermine the spirit and intent"* of the TRA. US Congress, Senate, *US Policy Toward China and Taiwan*, Hearings before the Committee on Foreign Relations, 97th Congress, Second Session, 1982, p.3. Cited in Chou, D.S. "The Role of..." Op.Cit. p.62.
[173] Ibid. p.63.
[174] The New York Times, August 18, 1982.

offered to Taiwan. Beijing denied an agreement had been made on a linkage between its approach toward Taiwan and ensuing US' arms sales to the island. In accordance with the "one China" principle, Beijing regarded this as interference by the US into its internal affairs.[175] It should be noted that US arms sales to Taiwan continued into the 1980's on the basis of an indexing system.[176] New military hardware was sold to Taipei along with technology transfers taking place. Despite protests from Beijing, Washington responded by saying that the 1982 communiqué was a separate issue and that there was no need to re-interpret or re-negotiate it.[177] Although coming as a serious blow to Taipei, the communiqué turned out to be more cosmetic than substantive.[178]

1.6. The ROC and Membership of International Organisations

The TRA also provided for the US not to support the exclusion of Taiwan from continued membership in any international financial institutions or international organisations.[179] However, this did not prevent the ROC from being expelled in order to pave the way for the PRC's entry into the International Monetary Fund (IMF) and World Bank in a move that the Carter Administration acquiesced to.[180] The ROC was also replaced in the International Atomic Energy Agency in 1981. By the mid-1980's, the ROC had been removed from most international organisations. An exception was the Asian Development bank (ADB). In February 1983, Beijing expressed its intention to join the ADB but demanded the prior ejection of the ROC. The US State Department responded by warning that the ROC's expulsion would have an adverse impact on America's continued support of the ADB.[181] Congress responded to Beijing's challenge to the TRA by passing an amendment to the IMF appropriations bill on November 17th 1983, stipulating:

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[175] People's Daily, August 17, 1982.
[176] Inflation was taken into account when calculating annual arms sales figures. The 1979 fiscal year figure of $598 million was converted to $830 million in 1983 dollar terms. The US made provision to reduce annual sales by $20 million but, presumably, allowances for inflation would be taken into account for the future. Chou, D.S. *"ROC-US Politi..."* Op.Cit. p.57.
[177] Ibid. p.38.
[178] Yu, T. *"The Reagan Administration's Management of the Taipei-Washington-Peking Triangular Relationship"* in Issues & Studies, Vol. 23, No. 11, November 1987, p.86.
[179] See TRA, Section 4 [d].
[180] Chou, D.S. *"The Role of the..."* Op.Cit. p.64.

It is the sense of Congress that:

(a) Taiwan, ROC, should remain a full member of the Asian Development Bank, and that its status within that body should remain unaltered no matter how the issue of the PRC's application for membership is disposed of.
(b) The President and the Secretary of State should express support of Taiwan, ROC, making it clear that the United States will not countenance attempts to expel Taiwan...from the ADB.[182]

Despite strong protest from Beijing, the Reagan Administration supported the ROC's membership of the ADB. By using its resources to counter its international isolation, Taipei needed to adopt a more flexible interpretation of the one China principle. This was evident in the ROC's involvement in such international bodies as the ADB in which Taiwan could be represented as something other than a state. Symbolic concessions included representation under a different name such as "Chinese, Taipei" which the ROC accepted in May 1985 for ADB membership. Previously in 1984, the Taiwan business community was granted membership of the Pacific Basin Economic Council (PBEC) under the name "Chinese Member Committee of PBEC in Taipei.[183] Thus in relation to Taiwan's membership of international organisations, the TRA has been selectively upheld by US governments. Without concerted US support, the ROC has been unsuccessful in defending its positions in the face of PRC pressure.

1.7. Taiwan - A Strategic Sacrifice.

Since the late 1960's and into the 1970's, momentous changes were occurring in the international system which foreshadowed the US and the PRC establishing diplomatic relations. The PRC's internal and external policies shifted from dogma to a more pragmatic stance. This followed the ending of the tumultuous Cultural Revolution during the 1960's and the death of Mao Zedong in 1976. The Sino-Soviet relationship

[181] Chou, D.S. "*ROC-US Political...*" Op.Cit. p.38.
[182] Chou, D.S. "*The Role of the...*" Op.Cit. p.64-5.
[183] Hughes, C. Op.Cit. p.49.

had also broken down - ideological cleavages, personal differences between the Chinese and Soviet leaderships, Moscow's unwillingness to assist Beijing in its quest for nuclear weapons, the Soviets failure to provide economic assistance to the PRC, and the resurgence of deep national suspicions and rivalries, all led to the disintegration of the Sino-Soviet alliance.[184] Beijing later described the USSR's increased force deployment in East Asia as being *"...mainly aimed at the United States, and at the same time has the aim of surrounding China militarily...."*[185] Such strategic thinking resulted in the Nixon Administration seeking to establish a rapprochement with Beijing in order to utilise the PRC as a geopolitical counterweight against Moscow. Weary of the security threat from the USSR, Beijing accepted a tacit strategic alliance with Washington.

The establishment of relations between the US and the PRC reflected a shift in Washington's policy - one in favour of Beijing in order to counter the Soviet Union. Washington-Moscow relations had deteriorated further during the 1960's and into the 1970's. The Soviet military incursion into Czechoslovakia, Moscow's support for Cuba's involvement in Angola, its backing of Vietnam in Indochina, and later the Soviet invasion of Afghanistan, all contributed to US-Soviet tension.[186] After the Soviets' invasion of Afghanistan, the Carter Administration abandoned its "even handed" policy toward both Moscow and Beijing in favour of the latter. The "China card" assumed a new importance in Washington's effort to build an anti-Soviet united front in Asia.[187] Therefore "parallel strategic interests"[188] between the US and the PRC acted to negate official relations between Washington and Taipei. From the global perspective of American foreign policy, Brzezinski described the US' normalisation of relations with Beijing as being *"...a very major change in world affairs, a strategic shift of historic proportions."* He added that as a result of this shift, Taiwan would become *"less and less important"* if an expected *"closer and more co-operative*

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[184] Crabb, C.V. Op.Cit. p.50.
[185] *"Journal Views Prospects for Asia-Pacific Region"* Foreign Broadcast Information Service, Daily Report: China, December 13, 1985, A.3. Cited in Yu, T. Op.Cit. p.90.
[186] Auw. D.C.L. Op.Cit. p.14.
[187] Ibid. p.9.
[188] Ibid. p.19.

relationship with China" were to become the *"enduring consequence"* of normalisation.[189]

Thus a new strategic relationship based on convenience was developing between the PRC and the US. Through the recognition of the PRC over the ROC, the US placed global strategic interests above the national interests of the ROC. When Moscow and Washington were in a state of Cold War, Taipei was able to maintain a close relationship with the US based upon strategic similitude. But with rapprochement between the US and Communist China, the ROC's strategic significance was undermined. This ultimately resulted in the severance of diplomatic ties between the US and Taipei. Taiwan became a complicating factor in the formulation of the US' China policy and its move toward alliance building with the PRC. In talks with President Reagan in April 1984, Deng Xiaoping said: *"Taiwan remains a crucial problem in Sino-US relations. It is hoped that the American leaders and government will consider the national feelings of the Chinese people."*[190] For the PRC, national sentiment over Taiwan was of major concern, even when compared with the danger of Soviet expansionism. Beijing was unwilling to upgrade its strategic relationship with the US at the expense of undermining the one China principle. For this reason, the US could not rely upon the notion of "strategic interest" in its dealings with the PRC over Taiwan. In April 1983, Secretary of State George Shultz stated that the Taiwan issue would make *"frustrations and problems"* in the bilateral US-PRC relationship inevitable.[191]

The TRA was a concession to strategic thinking and elevated geopolitics over America's anti-Communist rhetoric.[192] The US' China policy from 1971 was dictated by realism. The international fate of the ROC was thus determined by US policy within the three-way relationship between Washington, Beijing, and Taipei. Occupying the pivotal position in this ' 'angular relationship, the US has been in a position to influence the outcome of the competitive relations between the ROC and PRC - US

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[189] Kindermann, G.K. Op.Cit. p.463.
[190] People's Daily, April 29, 1984, p.2. Cited in Yeh, P.T. *"An Analysis of Reagan's Visit to Mainland China"* in Issues & Studies, Vol. XX, No. 7, July 1984, p.71.
[191] Nations, R. *"A Tilt Toward Tokyo"* in Far Eastern Economic Review, April 21, 1983, p.37.
[192] See Cohen, M.J. *"One China or Two?"* in World Policy Journal, Vol. IV, No. 4, Fall 1987, p.642.

support determining the international standing of each, particularly the ROC. Nixon's visit to Beijing implicitly acknowledged the PRC as the *legitimate* Chinese state and was a move in the direction of recognition. This acknowledgement of legitimacy followed automatically from the visit, despite there being no formal relations. With the US' shift in policy in the early 1970's toward China from one of seclusion to one of constructive engagement, the PRC was in a stronger position to influence other countries for diplomatic recognition over that of the ROC.[193] This was in evidence with the PRC's ascension to the UN after the removal of the ROC in October 1971. With US support, the KMT government was able to maintain its *de jure* position as the official representative of the Chinese state for over two decades after its banishment from mainland China to Taiwan. While claiming sovereignty over the whole of China, the ROC exercised control over less than one percent of Chinese territory and a population of just one-sixtieth the total. This was an anomalous state of affairs and was unsustainable in the long run.

Thus change in the ROC's international standing resulted mainly from change in US foreign policy. Since 1971, America's progressively weakening commitment instilled a sense of isolation and crisis within the ROC government. After its exit from the UN, and with its later de-recognition by the US, the ROC's political isolation led to it being described as an "international orphan" state. After diplomatic de-recognition by the US, the ROC became a pariah state - one whose diplomatic viability was becoming increasingly threatened.

1.8. The ROC's Economic Foreign Policy.

It is important to emphasise that economic needs are fundamental sources of a state's foreign policy[194] - even more so in the case of Taiwan. Limited in the political realm but growing in stature in economic terms, the ROC was able to use its economic and financial influence to further its political objectives. Taiwan's rapid economic development from an agrarian economy in the 1950's to an industrialising economy by

[193] Overholt, W.H. *"President Nixon's Trip to China and its Consequences"* in Asian Survey, Vol. XIII, No. 7, July 1973, p.711.

the 1970's was regarded by many Third World states as a model for their own development. Over the three decades from 1950 to 1980, the ROC's GNP increased over one thousand percent; the economic growth rate averaging 7,3 percent in the 1950's, 9,1 percent in the 1960's and peaking at 12,8 percent in the 1970's.[195] Such impressive economic progress led a number of Third World states to try and replicate the ROC's economic success. After an August 1961 visit to the ROC, Dahomean Minister of Labour and Public Functions said that he had been *"vividly struck by what the Chinese in Formosa have accomplished"* and he believed that *"African states would be interested in visiting this country, which could serve as an example for them."*[196]

With ever increasing international political isolation, the ROC sought to improve its international status through economic relations with such Third World states. Through the offering of economic incentives, ROC foreign policy-makers attempted to encourage states to upgrade relations with the ROC and thus move away from the PRC camp. Taiwan strove to "realise political and diplomatic objectives through the utilisation of the ROC's economic potential and economic relations within the international community."[197] In an address to the Legislative Yuan on 29th September 1972, Chiang C.K. declared the ROC's foreign policy strategies as being: to strengthen existing diplomatic relations; to encourage foreign trade and investment in Taiwan; and to pursue "all-out' diplomacy which stresses economic, technical, cultural, and educational interaction with various countries.[198] Economic diplomacy took the form of foreign aid, trade, and investment. During the mid-1970's, Taiwan increased its substantive dealings with Central and Latin American as well as Middle Eastern countries. Entirely dependent on imports for its supply of crude oil, the Middle Eastern states were important trade partners of the ROC and thus a stable political relationship

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[194] Legg, K.R. and Morrison, J.F. *"The Formulation of Foreign Policy Objectives"* in Perspectives on World Politics, (eds.) Little, R. and Smith, M. Routledge, London: 1991, p.62.
[195] Hsu, I. C.Y. China Without Mao, Oxford University Press, New York: 1982, p.173.
[196] Slawecki, L.M.S. *"The Two Chinas in Africa"* in Foreign Affairs, Vol. 41, January 1963, p.407.
[197] Wou, W. *"New Trends in the Republic of China's External Economic Policy"* in Asian Survey, Vol. XXI, No. 6, June 1981, p.646.
[198] See Ho, K.L. *"New Directions in Taiwan-Southeast Asia Relations: Economics, Politics, and Security"* in Pacific Focus, Vol. X, No. 1, Spring 1995, p.83.

with these states was of diplomatic importance.[199] A number of the ROC's diplomatic partners were in the Americas where many states in the region had followed US policy in recognising Taiwan. A number of South American states followed suit in de-recognising the ROC after Washington's decision to do so.[200]

Numerous foreign aid efforts were also launched in a number of African states, not important in economic terms but rather for their political support in the UN. During the colonial period, Africa had long been neglected by the ROC in its foreign policy. However, with the rapid increase in the number of independent states arising, the region gained relevance in Taipei's foreign policy-making in terms of their voting on China's representation in the UN. Their increasing voting power was too important for the ROC to ignore. By the end of 1963, the ROC had formal relations with fourteen African countries, the majority from the Francophone group. This was due to these states' following of French foreign policy which was one of the major powers that continued to maintain formal relations with the ROC. France can be considered as a "pivotal" diplomatic partner of Taiwan. During this period, Taiwan's foremost diplomatic allies were France and the US due to other states' respective following of the foreign policy lead set by Paris and Washington. The diplomatic relationship with France was of great assistance to the ROC's position in Africa with the majority of the Francophone grouping of states recognising the ROC. After France's de-recognition of the ROC in January 1964, a number of these African states shifted their diplomatic relations to the PRC.[201] Taiwan had lost a pivotal diplomatic partner - the loss of which resulted in other states breaking off relations with Taipei.

To compete with the PRC for diplomatic recognition in Africa, the ROC launched an agricultural development programme in an attempt to buttress its relations in the region. Initiated in 1959, Taiwan's International Technical Co-operation Programme

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[199] In 1973, Taiwan exported only 1,7% and imported 3,6% of its exports and imports from the Middle East. By 1983, the figures stood at 6% of total exports and 18,1% of imports. Werner, R.A. *"Taiwan's Trade Flows - The Underpinning of Political Legitimacy"* in Asian Survey, Vol. XXV, No. 11, November 1985, p.1104.

[200] These were Colombia (7th February 1980) and Ecuador (2nd January 1980).

[201] In 1964, a number of African states followed France's lead by establishing formal relations with Beijing. These were: Congo (22nd February), Central African Republic (29th September), Benin (12th November), Dahomey (12th November), and Mauritania (19th July 1965).

was started in Africa and later expanded to other parts of the world. Through this programme, the ROC offered largely agricultural aid to Third World countries to promote the ROC's foreign relations.[202] The aid was dispensed in two ways: ROC technic.. missions were despatched to foreign states to render assistance, and foreign technicians were invited to undergo training and attend seminars in Taiwan.[203] Designed to shore-up the ROC's sagging international position, it was no coincidence that it was launched at a time when the ROC was losing support in the UN. The appearance of Taiwanese delegates in Africa during this period was described by the People's Daily, the official mouthpiece of the PRC government, as *"an extremely dangerous conspiracy."*[204]

In the 1960 UN General Assembly annual vote on China's representative membership, the ROC lost two votes, dropping to forty-two, while the PRC gained five, up to thirty-four.[205] The diplomatic strategy formulated to retain support among UN member states was through economic assistance. Through the rendering of economic and technical support, the ROC's overseas aid programmes were meant to accrue political results. The ROC's maintenance of its seat in the UN can be partly attributable to its overseas aid programme, at least up until its ousting from the organisation in October 1971. However, the importance of this should not be overstated. Rather, more pertinent to the ROC's retention of UN membership was the diplomatic incompetence of the PRC during the Cultural Revolution of the 1960's. Thus Third World states'

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[202] The ROC pursued its agricultural support programmes through: (a) Sending agricultural specialists to Third World countries to make a general survey of their agricultural situation so as to determine how assistance to each individual country can be rendered most effectively within the means of the ROC; (b) Inviting responsible officials and agricultural technicians of developing countries to Taiwan to observe its actual economic activity in general and agricultural development in particular; (c) Dispatching agricultural and other related technical missions to Third World countries to help develop their agriculture; (d) Offering fellowships for agricultural technicians of developing countries to attend seminars of agricultural techniques in Taiwan. The Committee of International Technical Co-operation, International Technical Co-operation Programme of the ROC, Taipei: Secretariat Committee of International Technical Co-operation, February 1982, p.11-14. Cited in Wang, Y.S. *"The Republic of China's Technical Co-operation Programmes with the Third World"* in Issues & Studies, Vol. XIX, No. 5, May 1983, p.69.

[203] Geldenhuys, D. Op.Cit. p.420.

[204] People's Daily, 8 February, 1960. Cited in Snow, P. *"China and Africa: Consensus and Camouflage"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford: 1994, p.293-4.

[205] Bellows, T.J. Op.Cit. p.600.

recognition of the ROC was "not so much a support of Taipei's foreign policy as it was a disapproval of Beijing's foreign policy."[206]

The ROC's removal from the UN due to lack of support in the General Assembly brought into serious question the effectiveness of its foreign aid programme as an instrument of foreign policy. The ROC's foreign assistance reached a peak in 1972 when over eight hundred technicians were posted abroad.[207] Shortly thereafter, with many states withdrawing their diplomatic relations from the ROC, Taipei's foreign aid dropped significantly. Nevertheless, selected economic assistance to developing states continued to be used as a diplomatic tool by the ROC and formed an integral part of its foreign policy strategy.

Despite this policy's apparent failure (i.e. not preventing the ROC's expulsion from the UN), this economic diplomacy continues today. The reason for this is that economic assistance is the only foreign policy tool available to Taiwan. It attempts to consolidate its foreign relations by bringing pressure to bear upon certain developing states' economies. The majority of states having formal relations with the ROC are small developing countries in desperate need of foreign economic and financial assistance. Political relations with a number of states, no matter how insignificant their international standing, acted as the ROC's diplomatic life-support system, serving as a minimum requirement necessary for the maintenance of international legitimacy.[208] The promise of financial aid packages, generous loans or technical assistance has often been the decisive factor enticing many developing states to switch formal recognition to Taipei.[209] The ROC's position in the international community has thus been, since the 1970's, largely dependent upon its economic prowess. The ROC's *"diplomatic disabilities have [however] not been able to put a real brake on Taiwan's economic growth."*[210] Economic interaction thus safeguards the ROC's political continuity.

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[206] Lin ,B.J. Op.Cit. p.147.
[207] Klein, D.W. *"The Political Economy of Taiwan's International Commercial Links"* in Taiwan - Beyond the Economic Miracle, Simon, D.F. and Kau, M.Y.M. (eds.), M.E. Sharpe, New York: 1992, p.270.
[208] See Bellows, T.J. Op.Cit. p.601.
[209] Hickey, D.V. Taiwan's Security in... Op.Cit. p.104.
[210] Wu, Y.L. *"The ROC's Future Role in International and Regional Economic Co-operation"* in Asian Outlook, Vol. 25, No. 3, March-April 1990, p.4.

Whether states with which Taipei has diplomatic relations will maintain their political commitments to the ROC will be examined in the final chapter.

1.9. Taipei and Washington - The Basis of Foreign Policy.

Despite attempts to upgrade its relations within the Third World, the main foreign policy goal of the ROC during the 1970's was to build upon its relationship with the US. Most of the ROC's diplomatic resources were directed toward this purpose, often in neglect of its other diplomatic relationships. Continued American recognition was important to maintain a respectable degree of international credibility. Without US support, it was doubted whether the ROC would be able to retain its international personality and would have to succumb to the PRC's pressure for reunification. Stressing reliance upon the US, Chiang C.K. enunciated the cornerstone of the ROC's foreign policy as being: *"We shall do our utmost to maintain bilateral relations with friendly countries and especially to strengthen our alliance with the US."*[211] The US was the only country amongst Taiwan's ten major trading partners with which the ROC had diplomatic relations.[212] Taiwan opened two new consulates in the US during 1973-4 (Atlanta and Kansas) and re-opened its previous consulate in Portland.[213] These not only promoted commercial ties but also served to promote Taiwan's international personality. Moreover, the ROC government sought to reduce the trade surplus which it enjoyed over the US in order to prevent trade frictions arising and which would attract American criticism.[214] Taiwanese business was encouraged to place orders with US companies, despite possible cost advantages elsewhere. A number of "Buy American" missions were sent to the US with the objective of large volume purchases of American goods.[215]

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[211] See Liu, K.S. Op.Cit. p.16.
[212] According to a 1973 ranking, the ROC's top ten trading partners were the US, Japan, West Germany, Hong Kong, Indonesia, Australia, Canada, United Kingdom, Singapore and the Netherlands. Bellows, T.J. Op.Cit. p.606.
[213] Ibid. p.600.
[214] From 1968 onwards, the ROC enjoyed large surpluses in its trade with the US. The average trade surplus per annum from 1968 to 1978 was US$755 million.
[215] Bellows, T.J. Op.Cit. p.600.

Fearing diplomatic abandonment, the ROC was sensitive to any perceived US government action which signalled a downgrading of relations with itself. An example of this was provided after the death of Chiang Kai-shek on April 5th 1975. Discussions between Taipei and Washington over the status of the attending American delegation to President Chiang's funeral lasted for a week. Domestic support for the ROC within the US combined with the ROC government's serious concern over this matter, resulted in US Vice President Rockefeller leading the US delegat. ..[216] The death of Chiang twenty-five years after the founding of the PRC highlighted the implausibility of the ROC's claim of sovereignty over the mainland.

Chiang's death and the subsequent passing away of the elder generation of KMT rulers initiated a period of limited change during which the ROC's foreign policy started to become less dogmatic. The ROC's domestic political situation had restricted change in its policy approach toward the PRC. Senior mainland-born KMT figures held an uncompromising attitude to the cause of recovering the mainland. A more flexible official policy toward the PRC was not realisable as long as they continued to dominate the ROC's political institutions.[217] Political reform during the Chiang C.K. era, who had assumed post of premier in 1972 and later became the sixth president of the ROC in March 1978, and his impact upon the ROC's foreign policy-making will be discussed in greater detail in the following chapter.

1.10. The ROC and Communist Bloc Rapprochement.

It was in the face of the progressively weakening American commitment that the ROC considered a dramatic reorientation in its foreign relations - a strategic r ve toward an association with the Soviet Union.[218] Increasing Taipei-Moscow cont was motivated by the ROC's increasing isolation and need to fill the emerging vacuum stemming from declining US support.[219] For the ROC, a strategic-type alliance with

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[216] Ibid. p.595.
[217] Wu, H.H. Op.Cit. p.87.
[218] See *"The man is an island"* in Far Eastern Economic Review, October 14, 1972, p.16.
[219] It is of interest to note that Chiang Kai-shek's son and later successor, Chiang Ching-kuo, had had a large amount of experience with the Soviets in the 1930's and 1940's and had graduated from the Central Tolmatchev Military and Political Institute in Leningrad and had lived in the USSR for twelve years. Tsang S. Op.Cit. p.60.

the USSR resulted from a belief that it would deter the US from extending full recognition to the PRC, or at least ensure that normalisation of relations between Washington and Beijing be carried out on terms more favourable to the ROC.[220] Greater contact with Moscow may also have promoted broader *de facto* recognition for the ROC in the international community. This was Taipei's "Soviet card". From Moscow's perspective, a "Taiwan option" could be used as a bargaining chip if future negotiations were to take place with the PRC. For the USSR, the KMT regime on Taiwan was useful in that it acted to restrict improved relations between the US and the PRC.[221] Rumours also existed of a Soviet desire to obtain naval port facilities on Taiwan or the Pescadores Islands.[222] By the ROC's reckoning, a fear of the Soviet navy making use of Taiwanese naval bases would make the US unwilling to accede to the PRC's demands regarding Taiwan. This would serve to relieve growing pressure from Beijing toward Taiwan, the ROC's ultimate objective.[223]

Despite the ROC's strong anti-Communist leanings, by the late 1960's and from the early 1970's growing contacts were taking place between Moscow and Taipei. In May 1969, former ROC Deputy Minister of Education Ku Yu-shin, visited Moscow. The following month a ROC delegation travelled to Moscow after a conference in Bulgaria. In 1971 and 1974, Soviet correspondent and reported KGB agent, Victor Louis, visited Taiwan and held informal talks with ROC Foreign Minister Chou. Chou had stated that in the event of the US offering concessions to the PRC or withdrawing from the West Pacific, *"The free nations of Asia would begin turning towards the Soviet Union."* Following the ROC's departure from the UN, Chou expressed the ROC's intention to trade with states within the Communist bloc.[224] Such trade was already on the increase between Taiwan and East European Communist states -

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[220] For greater detail see Garver, J.W. Op.Cit. p.758.
[221] Hughes, C. Op.Cit. p.17.
[222] An article entitled *"Free Chinese in Hong Kong See Entente With Russia as Safety Valve for ROC"* published in the Taiwanese English language China News by its Hong Kong correspondent, asserted that *"a port city in strategic Taiwan might be used as anchorage for the powerful Soviet fleet in the Pacific"* or that *"some kind of naval and airbase ... be made available"* in Taiwan for the USSR. It is of interest to note that in May 1973, two Soviet warships for the first time passed through the Taiwan Straits and circumnavigated Taiwan. This took place two days before a US delegation was to arrive in Beijing to open a US Liaison Office. Cited in Ibid. p.754-7.
[223] Ibid. p.759.

conducted through a third country, usually Hong Kong or Singapore. Thus something of a substantive relationship was emerging between Moscow and Taipei.

Politically, however, the ROC decided not to seek the upgrading of these ties. The diplomatic costs involved would not have justified such a relationship. Ideological concerns were an obvious factor. The ROC had always been avowedly anti-Communist. Chiang C.K. had stated that, *"No matter what direction the international situation may take, we shall always remain in the capitalist camp diplomatically. We shall never make any contacts with Communist nations."*[225] The ROC relied a great deal upon popular opinion in the US for international support and to prevent the US government from "abandoning" Taiwan.[226] Rapprochement with the USSR would not only undermine its anti-Communist principles but seriously harm its support base within the US - its principal ally. For this reason, the ROC's "Soviet card" was more effective through its non-use rather than its implementation. Taipei did not want this strategic option to become public knowledge but rather to be silently understood by decision-makers in Washington.[227] This it was. During talks on the normalisation of relations, President Carter hinted to the PRC envoy in Washington that a major reason behind continued US arms sales to Taiwan was to prevent a Taiwan-Soviet connection that would be contrary to the interest of both China and America.[228]

The ROC's foreign policy flirtation with the Soviet Union and its satellite states did not last. Its diplomatic dependence upon the US did not allow it to pursue a policy of Communist rapprochement. Deemed too diplomatically expensive, Taipei simply could not afford to alienate Washington. Chou, who had favoured open ties with the USSR, was to be replaced as foreign minister by Shen Chang-huan in May 1972. This was taken as a rejection of the proposed upgrading of relations with the USSR. It was reported that Chiang had been strongly opposed to Chou's proposals. Chou became a Minister Without Portfolio and only assumed his former political standing after the

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[224] *"We are anti-Communist. Without affecting our fundamental policy, our philosophy, we will have to try to explore what we could do with countries which are not hostile to us."* Garver, J.W. Op.Cit. p.765.
[225] Principles of foreign policy outlined in Liu, K.S. Op.Cit. p.16.
[226] Garver, J.W. Op.Cit. p.764-5.
[227] Ibid. p.765.
[228] See International Herald Tribune, December 18, 1978.

death of Chiang in 1975. Thus talk of a strategic alliance with the USSR within ROC political circles was a short-lived affair. The ROC's foreign policy was heavily American-centred. It was restricted in that it could not develop ties with the Soviet bloc for ideological, strategic, as well as practical reasons, for fear of losing US support. Being its major diplomatic sponsor, ties with the US were of paramount importance. International isolation gave the ROC little diplomatic manoeuvrability leading it to become heavily dependent for political and strategic support on the US. This American-centric foreign policy would exacerbate the diplomatic blow the ROC received with the US severance of relations at the end of the decade.

1.11. Re-Working the ROC-United States Relationship.

The US' establishment of diplomatic relations with the PRC in January 1979 and its cancellation of formal ties with Taipei came as a severe diplomatic blow for Taiwan. It left the ROC having diplomatic relations with only twenty-one states. On January 1st, the day the US shifted recognition, Taiwan allowed its citizens to travel abroad for the first time since 1949. This was an attempt to offset the disadvantages of diplomatic isolation.[229] Prior notification by the US to ROC President Chiang C.K. was made just seven hours before the White House made the announcement public. Brzezinski responded to this by saying, *"I would say that they were given probably more than six years notice. After all President Nixon...in the Shanghai Communiqué foreshadowed this."*[230] This statement indicated the imminence of US withdrawal of recognition which existed throughout the 1970's. Chiang's official statement on the de-recognition was made on December 16th:

> The decision by the United States to establish diplomatic relations with the Chinese Communist regime has not only seriously damaged the rights and interests of the Government and the people of the ROC, but also has tremendous impact upon the entire free world. For all the consequences that

[229] Wu, H.H. Op.Cit. p.163.
[230] Kindermann, G.K. Op.Cit. p.460.

might arise as a result of this move, the Government of the United States alone should bear the full responsibilities.[231]

In his address to the KMT at the Third Plenary Session of the Eleventh Central Committee meeting on December 18th, Chiang was even more forthright. Quoting an American friend, Chiang stated, *"Ever since the founding of the American Republic, America had never severed its diplomatic relations with a friendly country. Now it has done that to the ROC. Shame on the United States."* Further, he described the de-recognition as *"...an unwise, horrible move. I believe the United States will someday regret having done this."*[232]

The new relationship between the US and ROC did not begin well. Taipei had lost a month-long diplomatic battle to have Washington continue its contacts with the ROC on the basis of diminished government-to-government relations - i.e. through diplomatic liaison offices.[233] The ROC's animosity over the de-recognition was reflected through a number of anti-American demonstrations taking place in Taiwan. The enacting of the TRA did, however, go some way in reassuring Taipei of future relations, albeit unofficial, with the US. After a number of years, some measure of confidence had been restored between Taipei and Washington. In a 1981 interview with the US News & World Report, Chiang C.K. indicated that mutual trust was gradually being restored and that he expected this trend to continue.[234] This was in line with growing economic interactions between Taiwan and the US.[235] In the year following de-recognition, US-Taiwan two-way trade increased by twenty percent.[236] By the mid-1980's, rapid expansion of trade had made Taiwan the US' fifth largest trading partner in 1984 with American corporations also investing large amounts on

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[231] See Tsai, W.P. Op.Cit. Appendix. p.14-16 for the full text of President Chiang C.K.'s statement.
[232] Ibid. p.16.
[233] Goshko, J.M. *"Taiwan Abandons Demand for State-to-State US Tie"* in International Herald Tribune, February 14, 1979.
[234] US News & World Report, October 5, 1981, p.91. Cited in Auw, D.C.L. Op.Cit. p.23.
[235] After the passage of the TRA, several Congressional hearings took place focusing attention on the "state of the Taiwanese economy and of US-Taiwan economic and commercial relations." Emerson, J.T. *"The Taiwan Relations Act: Legislative Rerecognition of the Republic of China"* in Issues & Studies, Vol. 24, No. 11, November 1988, p.64.
[236] Total trade stood at US$9.03 billion in 1979 and had increased to US$11.23 billion by 1980. Chang, K.Y. *"Partnership in Transition: A Review of Recent Taipei-Washington Relations"* in Asian Survey, Vol. XXI, No. 6, June 1981, p.620.

the island.[237] Lack of diplomatic ties had no obvious detrimental effect upon the economic relations between the two.

In November 1982, Taipei announced the recall of Tsai Wei-ping, the chief ROC representative at the Co-ordinating Council of North American Affairs (Taiwan's representative office) and replaced him with Frederick Chien, then senior Vice Foreign Minister. Chien was among the "best and brightest" of the KMT elite.[238] In the 1980's, the dogma which had characterised Taiwan's foreign policy-making over the past three decades began to show signs of weakening. An increasing willingness to compromise characterised the ROC's foreign policy making. At the 1984 Los Angeles Olympics, Taiwan agreed to participate under the title "Chinese Taipei" rather than insisting on the "Republic of China" as it had done in the past.[239] Such a move was evidence of Taipei's realisation that without an element of compromise in its foreign policy, it would be further isolated from world affairs. For Taipei, "facing the challenge of retaining membership in the International Olympic Committee became more important than retaining a name."[240] This formula allowed Taiwan to be able to participate in international events previously denied it by its own unwillingness to compromise. Despite protesting the PRC's entry into the ADB in March 1986, the ROC did not withdraw from the organisation. In May 1985 it had accepted a name change to "Taipei, China". This followed a prior ROC statement asserting that it would not change its official title as the PRC had demanded.[241] ROC diplomats, Frederick Chen for example, even began to refer to the PRC by name, by so doing conferring upon it the international legitimacy which the ROC had previously denied.[242]

Following de-recognition by the US, between 1979 and 1987 the ROC lost official relations with Bolivia, Colombia, Ivory Coast, Lesotho, and Nicaragua. It was, however, able to establish relations with a number of micro-states, Dominica, Nauru,

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[237] Hickey, D.V. *"US Economic, Political and Strategic Interests in Taiwan: The Ties That Bind"* in Issues & Studies, Vol. 22, No. 11, November 1986, p.61-2.
[238] Chang, P. *"Taiwan in 1982: Diplomatic Setback Abroad and Demands for Reforms at Home"* in Asian Survey, Vol. XXIII, No. 1, January 1983, p.40.
[239] Su, C. *"International Relations of the Republic of China During the 1990's"* in Issues & Studies, Vol. 29, No. 9, September 1993, p.2.
[240] Wu, H.H. Op.Cit. p.182.
[241] See Free China Weekly, June 13, 1982, p.1.
[242] Yu, K.H. Op.Cit. p.101.

Saint Christopher and Nevis, Saint Lucia, Saint Vincent, the Solomon Islands, and Tuvalu. The number of states with which the ROC had relations stabilised in the lower twenties during this period.[243] By 1987, Taiwan retained membership in only eight governmental organisations and had diplomatic ties with only twenty-two states. Its diplomatic future was looking increasingly bleak.

1.12. The ROC's Policy Towards the PRC.

On January 1st 1979, immediately following its establishment of diplomatic relations with the US, the PRC announced a cease-fire across the Straits, abandoned its slogan "Liberation of Taiwan" and expressed its desire for a peaceful unification. Concentrating upon its own domestic reform programme, the PRC sought a peaceful and stable external environment. As Deng Xiaoping stated: *"Our external policy...is to seek a peaceful environment to realise the four modernisations."*[244] Thus a less hostile stance toward Taiwan was a natural consequence of the PRC's own changing domestic and diplomatic situation. Beijing proposed to Taiwan the establishment of the "three links" (mail, trade and transportation) and "four exchanges" (relatives and tourists, academic groups, cultural groups and sports representatives). This was a reaffirmation of Deng's statement of December 15th 1978 that the PRC would seek a "third united front" between the KMT and the CCP to achieve unification with Taiwan.[245] These intended exchanges were designed to pave the way toward an eventual reunification.[246] Beijing's initiatives posed a dilemma for the KMT. Despite not denouncing its Communist ideology, the PRC's reform effort through its adoption of "socialism with ...ese characteristics" was in effect a replica of the KMT's development strategy which had been in practice since the early 1950's. With this being so, should the KMT

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[243] Su, C. Op.Cit. p.3.
[244] Hsieh, F.S. *"Chiefs, Staffers, Indians and Others: How Was Taiwan's Mainland China Policy Made?"* in Inherited Rivalry - Conflict Across the Taiwan Straits, Cheng, T.J. Huang, C. Wu, S.S.G. (eds.) Lynne Rienner Publishers. Boulder: 1995. p.141.
[245] Keum, H.Y. Op.Cit. p.6.
[246] Chang, P. *"Beijing's Policy Toward Taiwan: An Elite Conflict Model"* in Inherited Rivalry - Conflict Across the Taiwan Straits. Cheng, T.J. Huang, C. Wu, S.S.G. (eds.) Lynne Rienner Publishers, Boulder: 1995, p.67.

maintain its staunch anti-Communist stance and its strict political control over Taiwan it claimed was required to prevent a Communist invasion?[247]

Rejecting Beijing's overtures and maintaining a rigid stance in its policy toward the PRC, ROC Premier Sun Yun-suan issued a declaration entitled "On Recent Chinese Communist United Front at Home and Abroad" charging the CCP of seeking to soften US support of Taiwan and weaken Taipei's determination to fight against the Communists. He countered by saying that the CCP should (1) forsake Marxism-Leninism and give up world revolution; (2) abolish Communist dictatorship and safeguard the rights and freedom of the people; and (3) disband the people's communes and return properties to the people.[248] This was the ROC's first expression of its position toward the resolution of the Chinese reunification issue. In an interview with a Japanese journalist, Sun stated that China should be reunified on the basis of freedom and democracy, not under the *"Chinese Communists' totalitarian tyranny."*[249]

Being in the strategically superior position following the US' de-recognition of the ROC, Beijing continued its conciliatory track toward Taiwan with the chairman of the National People's Congress (NPC), Marshal Ye Jianying on September 30th 1981, making a nine-point proposal seeking to persuade the KMT to enter into negotiations with the CCP. In addition to the "three links and four exchanges", the proposal offered Taiwan *"a high degree of autonomy as a Special Administrative Region"*, allowed the island to keep its socio-economic system and economic and cultural relations with foreign countries, as well as inviting KMT officials and *"representative personage of various circles in Taiwan"* for joint leadership in the administration of China.[250] Song

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[247] Gold, T.B. *"Taiwan's Quest for Identity in the Shadow of China"* in Tsang, S. (ed.) In the Shadow of China - Political Developments in Taiwan Since 1949, University of Hawaii Press, Honolulu: 1993, p.181.

[248] The manifesto of the Twelfth National Congress of the KMT in 1981 stated the party's unyielding opposition to Communism and declared its determination to unify China under Sun Yat-sen's Three Principles of the People: *"We know that to talk peace with the enemy amounts to inviting our own collapse and that to compromise with the enemy is the same as destroying ourselves."* Foreign Broadcast Information Service, Daily Report: China, April 9, 1981, V.3. Cited in Leng, T.K. The Taiwan-China Connection - Democracy and Development Across the Taiwan Straits, Westview Press, Boulder: 1996, p.46.

[249] Wu, H.H. Op.Cit. p.89.

[250] Leng, T.K. Op.Cit. p.67-8.

Chuyu, an ROC government spokesman, said of Ye's proposal that it was *"...essentially a continuation of their united front propaganda and contains nothing new. The intention is to subjugate the free Chinese in Taiwan, Penghu, Jinmen and Mazu (Matsu) under Communist rule."* Song also stated that to reunify China *"under the Three Principles of the People is the fundamental policy of the ROC."*[251]

The reunification policy pursued under the Three Principles of the People was formally announced at the KMT's Twelfth Party Congress in March 1981 and replaced the "fantasy of recovering the mainland by force."[252] In November 1981, PRC Communist Party leader Hu Yaobang extended an invitation to Chiang C.K. to visit the mainland. Beijing also toned down its rhetoric over the use of armed force against Taiwan. Although not renouncing the use of force, its approach moved beyond threats of "liberating Taiwan by force" to "using peaceful means to liberate Taiwan."[253] In an address to the Central Standing Committee of the KMT on October 7th, Chiang C.K. responded by reviewing the *"bitter lessons"* of previous examples of KMT-CCP co-operation and concluded that, *"to the Communists, peace talks are another form of warfare....To talk peace with the Chinese Communists is to invite death."*[254] *"Our solemn mission is to carry out the Three Principles of the People and unify China. We must courageously carry on the struggle to its victorious end."*[255] This policy was elevated to the status of an ideology of unquestionable national value.[256] The Three Principles held out the promise to pro-unification groups on Taiwan that unification

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[251] Liu, K.S. *"No Unification the Communist Way"* in Free China Review, Vol. 31, No. 11, November 1981, p.20.
[252] Zhan, J. Op.Cit. p.85.
[253] The phrase "liberate Taiwan" was explicitly stated in the preamble of the Constitution of the PRC adopted on 5th March 1978. However, Deng stated in 1979 that *"we no longer use the phrase 'liberate Taiwan' and so long as Taiwan returns to the embrace of the motherland, we will respect Taiwan's reality and its current system."* Chao, C.M. *"China's Policy Towards Taiwan"* in Pacific Review, Vol. 3, No. 2, 1990, p.125. See also Foreign Affairs Report, Foreign Relations and Diplomatic Administration, ROC Foreign Ministry, Taipei. See Free China Journal, April 9, 1993. Excerpted from Klintworth, G. Op.Cit. p.174.
[254] This was in reference to two previous KMT-CCP collaborations on the mainland (1924-1927 and 1937-1945) that ultimately resulted in the KMT nationalists defeat in 1949. Wu, Y.S. *"Economic Reform, Cross-Straits Relations, and the Politics of Issue Linkage"* in Inherited Rivalry - Conflict Across the Taiwan Straits, Cheng, T.J. Huang, C. Wu, S.S.G. (eds.) Lynne Rienner Publishers, Boulder: 1995, p.126.
[255] Tsai, C.Y. *"Unification the Free Chinese Way"* in Free China Review, Vol. 31, No. 11, p.19.
[256] Tai, H.C. *"The Kuomintang and Modernisation in Taiwan"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford: 1994, p.424.

would be possible once democracy and a free market system had emerged on the mainland.[257]

Sun Yat-Sen's ideology of the Three Principles, although not entirely adhered to by the ROC government, had an important influence upon the political development of Taiwan. Sun's commitment to the establishment of democracy attracted criticism of the ROC regime from dissenters who pointed out the gap which existed between the government's democratic rhetoric and the existing political reality. The KMT's own ideology was used to criticise it.

Despite Chiang Ching-kuo's policy of Taiwanisation of the KMT following his accession as premier in 1972, the party was still largely controlled by an ageing ex-mainland conservative elite.[258] Chiang, in his seventies and suffering from ill health, was increasingly unable to manage the day-to-day affairs of state. Decision-making at the top was slowed down and Chiang's eventual succession became a topical issue.[259] Conservative elements in the party leadership would not give up the ideal of recovering the mainland from the Communists. During this period, the ROC's foreign policy was largely static with no major foreign policy initiatives being made. As long as the old KMT leaders who had been elected to their posts on the mainland prior to 1949 remained in power, the ROC's uncompromising policy toward the mainland would not change.

Taking advantage of its superior international position vis-à-vis the ROC, the PRC made further unification initiatives to Taiwan. In an interview on June 26th 1983, Deng Xiaoping offered to allow Taiwan to (1) acquire military equipment from abroad; (2) retain independent law-making powers without interference from the mainland; (3)

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[257] Clough, R.N. *"The Enduring Influence of the Republic of China on Taiwan Today"* in The China Quarterly, No. 148, December 1996, p.1056.

[258] Chiang appointed young Taiwanese, as opposed to former mainlanders, into the political bureaucracy. Some of these new, well-educated Taiwanese occupied top positions in the KMT in the post-Chiang era. Lu, Y.L. Op.Cit. p.116.

[259] Due to the advanced age of the KMT leadership who had been elected to their positions on the mainland in 1947, the KMT was forced to "reinterpret" parliamentary rules so as to lower the number of legislators required for a quorum. This posed a serious problem as time necessitated that general elections be held to the central legislative body and to the National Assembly. Chang, P. *"Taiwan in 1982..."* Op.Cit. p.42-3.

issue passports and visas; and (4) use its own flag and the name "China, Taipei."[260] This went further than any previous proposal in offering reunification concessions to Taiwan. Following the Sino-British agreement on Hong Kong in September 1984, PRC Premier Zhao Ziyang affirmed the formula of "one country, two systems" in the case of Taiwan:[261]

> After the country is reunified, Taiwan, as a special administrative region of Mainland China, can retain much of its own character and keep its social system and life style unchanged. The existing party, government and military set-ups in Taiwan can also remain unchanged. The central government will send no representatives or troops to station in Taiwan. Using the name of "Taiwan, China," Taiwan may also continue its external economic and cultural exchanges, and foreign investments in Taiwan will be fully protected. Of course, the People's Republic of China alone is to represent China in the international arena. In a word, neither party will swallow up the other.[262]

Chiang criticised the "one country, two systems" proposal as a *"united front conspiracy."*[263] If the ROC were to accept the formula, the KMT government would in effect be downgraded to a provincial authority with Taiwan losing its identity and international personality.[264] With the ROC claiming to be the legitimate government of China, it believed that accepting Beijing's terms of reunification would be tantamount to affirming the legitimacy of the opposition Beijing regime. Through this claim of having jurisdiction over the whole of China (of which Taiwan was a province), the ROC justified its authoritarian rule over the native Taiwanese who comprised eighty-five percent of the island's population. By negotiating with the "Communist bandits" on the mainland, the Taipei government would undermine its own power base on Taiwan.[265] The 1984 Sino-British agreement attracted domestic criticism against the

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[260] Chang, P. Op.Cit. p.68.
[261] The ROC was opposed to the Sino-British declaration on Hong Kong with Premier Yu Kuo-hwa declaring that Taipei would not recognise it as the KMT government, being the legitimate Chinese government, should represent China in talks with Britain.
[262] New York Times, 17th January 1984.
[263] In an October 9th 1984 speech on the eve of ROC national day.
[264] Emerson, J.T. *"An American View of One Country, Two Systems"* in Issues & Studies, Vol. 24, No. 9, September 1988, p.48.
[265] Chang, P. Op.Cit. p.69.

government from the privately-owned press in Taiwan. Criticism was aimed at the government's intractable policy toward the mainland. With the KMT asserting that the agreement was invalid as the CCP was not in a legal position to sign the document, detractors criticised the KMT's stance as being *"awkward"* because, *"on the one hand, the KMT authorities claim that they had sovereignty over Hong Kong, but in reality, there is nothing it can do on the issue of Hong Kong."*[266]

From the early 1980's, the ROC reacted to Beijing's overtures with the "Three No's" policy in its dealing with the mainland: no negotiation, no contact and no compromise with the PRC.[267] It was ironic that while telling its people that Taiwan was an integral part of China, the KMT forbade all contact with the mainland.[268] The Three No's was the ROC's defensive response to the PRC's united front tactics. It signalled the ROC's contention for sovereignty and legitimacy as the sole Chinese government.[269] For the ROC reciprocating the PRC's initiatives would mean *"...recognising their legal status, that means destroying the legitimate basis for our own existence."*[270] According to Taipei, the Three No's policy was adjustable in that if the PRC renounced the use of force, treated the ROC as an equal, and stopped trying to isolate it in the international community, Taipei would "gradually alter its Three No's Policy and further expand the contacts between the two sides of the Taiwan Strait."[271] Even in the absence of the PRC offering these concessions, the Three No's policy was unsustainable.

1.13. Growing Pragmatism and the PRC.

By the 1980's, the ROC had tempered its policy toward the mainland. Taiwan's approach of "resolute contention" was being gradually replaced by a more moderate policy. The new policy was characterised by an abandonment of wanting to "reconquer the mainland by force." Instead, reunification was to be achieved through Sun Yat-

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[266] Zhan, J. Op.Cit. p.104-5.
[267] The "Three No's" policy was announced by Chiang C.K. on 4th April 1979 in response to Deng's proposal for reunification.
[268] Gold, T.B. Op.Cit. p.172.
[269] Wu, H.H. Op.Cit. p.112.
[270] Quoted in Zhan, J. Op.Cit. p.68.
[271] The China Times, July 30, 1988, p.2.

sen's Three Principles of the People.[272] Internal and external factors were to account for the ROC's policy modifications. The reasons behind the ROC's policy modification will be increasingly addressed in the following chapters.

Although officially adhering to the Three No's, signs of reciprocation to the PRC's peace overtures from Taipei began in June 1982 with the publication of an article in the political journal *Voice of Free China*. The article proposed that "reunification can be conducted in three stages: (a) reform on both sides; (b) contacts and exchanges; and (c) talks and negotiations."[273] Such an approach contradicted the government's Three No's policy. It was reported that the publisher of the journal was one of Chiang C.K.'s sons.[274]

Despite the ROC's proclaimed policy of the Three No's, unofficial contact across the Straits took place on an ever increasing basis. The rhetoric of the Three No's had become softened by the mid-1980's with increasing interaction between Taiwan and the mainland. Clandestine trade, trips by ROC citizens to the mainland, and limited academic and journalist exchanges took place - these occurring despite official bans by the ROC government. Indirect trade had increased from US$300 million in 1980 to US$1,5 billion by 1987.[275]

By the early 1980's, the maturing Taiwanese economy was experiencing three developmental problems.[276] Firstly, domestic factors including rising labour costs and shortages, an appreciating currency in line with large foreign exchange reserves, and growing environmental concerns all detracted from the economy's competitiveness. Secondly, Taiwanese businesses began to face increasing competition from Southeast Asian countries. Thirdly, protectionist tariffs and quotas were being placed on

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[272] Zhan, J. Op.Cit. p.34.
[273] *"Who Is the Major Actor in China's Reunification Movement?"* in Voice of Free China, June 1982, p.8. Cited in Ibid. p.86.
[274] Ibid. p.86.
[275] See Hernandez, C.G. *"Towards a Credible International Role for Taiwan"* in Sino-American Relations, Vol. XXI, No. 1, Spring 1995, p.52.
[276] Hsiao, H.H.M. *"The Taiwan-China Connection: Economic, Social and Cultural Exchanges Under Political Rivalry"* paper presented at the conference on The Future of China and Northeast Asia, Institute for Far Eastern Studies, Kyungnam University, Seoul, Republic of Korea, May 22-3, 1997, p.3.

Taiwanese exports by the industrialised economies. To counter declining international competitiveness, Taiwanese business began to relocate to the mainland.[277] With lower production costs and larger export quotas available, Taiwanese small and medium size business took advantage of conditions on the mainland in the face of international competition and protectionism. Taiwanese business was also attracted by investment incentives offered by the PRC.[278] The mainland offered an attractive investment destination including cheap labour, large domestic market, large export quotas to industrial nations, tax incentives and open economic areas. Furthermore, Taiwan and the mainland enjoyed a common language, culture and business environment.[279] In light of the growing reality of business ties increasing with the mainland, the K' adopted a new unofficial policy of "no contact, no encouragement, no interference. ' The result was, as labelled by the Taiwanese press, "semi-legalised" trade with the mainland.[281]

The reasons for Taiwan's adoption of a less dogmatic stance toward the PRC and increasing willingness to engage it were numerous. Firstly, the passing of Chiang Kai-shek and Mao Zedong in the mid-1970's, the chief protagonists of the Chinese civil war, left greater room for compromise.[282] Both sides were no longer constrained by their respective ideologies toward each other. With the ascension to power of Chiang C.K. and Deng Xiaoping respectively, the policies of each government became less rigid and made rapprochement possible. The PRC's adoption of more pragmatic policies under Deng acted to make the ROC respond in a similar way. Secondly, by the

[277] According to an ROC Board of Foreign Trade research report, the lifting of direct trade bans with the mainland would promote Taiwan's competitiveness with other newly industrialised Asian countries. Commercial Times, October 10, 1988, p.6. Excerpted from Wu, H.H. Op.Cit. p.174-5.
[278] In 1978, the PRC had begun to encourage indirect trade with Taiwan through Hong Kong and Macao. In 1980, Beijing removed the export tax on products sold to Taiwan and the import duties on Taiwanese goods. In July 1988, the PRC instituted the Regulations Encouraging Taiwan Compatriots to Invest on the Mainland. These regulations provided preferential treatment to Taiwanese investors over foreign and overseas Chinese investment. Taiwanese business was offered tax holidays, duty-free imports, land-use rights transfer and inheritance of properties, permission to purchase bonds, and special areas designated for Taiwanese investments. Wu, Y.S. Op.Cit. p.118.
[279] Kuo, C.T. *"The Political Economy of Taiwan's Investment in China"* in Inherited Rivalry - Conflict Across the Taiwan Straits, Cheng, T.J. Huang, C. Wu, S.S.G. (eds.) Lynne Rienner Publishers, Boulder: 1995, p.164.
[279] Chang, P. Op.Cit. p.126.
[280] Zhan, J. Op.Cit. p.115.
[281] Ibid. p.115.
[282] Chiang died in 1975 and Mao in 1976. Klintworth, G. Op.Cit. p.171.

mid-1980's, the PRC was becoming a regional economic player offering many economic opportunities for Taiwanese companies. The Taiwan economic environment had matured to the point that it had outgrown the physical and political dimensions of its island base. Seeking to maintain its competitiveness, business was ready to expand to the mainland in search of investment opportunities, new markets, lower labour costs, and fewer environmental regulations. Thirdly, in dealing with Beijing, by the mid-1980's the ROC was more confident given the strength of its military forces vis-à-vis the PLA across the Straits.[283]

Despite the growing economic contact between Taiwan and the mainland, Taipei did not formulate a coherent economic policy toward the PRC. Its policies were reactive to circumstances, with the state "chasing" economic interactions instead of "governing" them: "The ROC government tried to prevent these developments at the outset, and later to slow them down, but had no success."[284] The KMT government partially legitimised the developing situation rather than acting as a guide to Taiwanese business.[285] The KMT legalised the growing illicit indirect trade in March 1984, but only on exports to the mainland.[286] Restrictions on imports were gradually lifted, though not to promote economic contact, but rather to attain some measure of control over the growing economic flow across the Straits. This was an attempt by the ROC to safeguard its national security in the face of an increasing dependence on the mainland as an economic market. With the increasing proliferation of political reform in Taiwan leading to the progression of democratisation, the ROC government was no longer able to maintain its centralised control over the business sector.[287]

The ROC's Three No's policy was further eroded when a China Airlines' (CAL) cargo aircraft (Taiwan's national carrier) flew to Guangzhou when its pilot defected in May 1986 and which led to the first formal talks between the two sides since 1949. To

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[283] Ibid. p.172.
[284] Chao, C. *"David and Goliath: A Comparison of Reunification Policies Between Mainland China and Taiwan"* in Issues & Studies. Vol. 30. No. 7. July 1994. p.39.
[285] Leng, T.S. Op.Cit. p.127.
[286] Taipei announced in March 1984 that the ban on the imports of 1 157 agricultural commodities from Hong Kong and Macao was no longer in force.
[287] Phillip M. Chen, President, Cross-Strait Interflow Prospect Foundation, Taipei, interview, January 1998.

secure the release of the plane and its crew, the ROC government authorised CAL representatives to negotiate with officials from the PRC's Civil Aviation Administration in Hong Kong, a move that reportedly came about as a result of a directive from President Chiang. The ROC public's reaction to this first occurrence of official contact with the PRC authorities as a sign of a new flexibility in its approach toward the mainland, was a positive one. The adverse consequences that the government had feared, failed to materialise.[288] Despite this official contact, Taipei denied that this contact signalled a change of its Three No's policy.[289] However, the implications of this first direct contact across the Straits were significant. A public debate ensued over the Three No's policy questioning the KMT government's adherence to it: *"We believe that [these talks] have intensified our people's demands and expectations regarding the flexible employment of the Three No's policy."*[290] The CAL negotiations acted as a precedent for direct contact between the two sides should such an occurrence take place at a later date. In addition, it was a triumph for the reformist faction within the government which had been calling for a greater degree of flexibility in the ROC's policy approach toward the PRC. Thus the CAL case served to reinforce Taipei's increasingly flexible approach toward the mainland toward the end of the 1980's.[291] In March 1986, Chiang C.K. himself, addressing the KMT's Third Plenum of the Twelfth Congress, stated that, *"the times are changing, the environment is changing and the trend is changing."*[292] This hinted at a change in the ROC's policy toward the mainland. This coincided with growing public dissatisfaction in Taiwan with the ROC government's Three No's policy.[293]

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[288] Chang, P. Op.Cit. p.69-70.

[289] Taipei resolved that the talks *"do not hold any political portents and have nothing to do with the set policy of the ROC. Any wider interpretation or speculation (regarding these talks) is completely unwarranted."* The KMT Central Committee issued an internal document which stated that *"the Three No's Policy was, is, and will not be changed."* Free China Journal, May 26 1986, p.2. Excerpted from Wu, H.H. Op.Cit. p.195.

[290] In an editorial of the United Daily News: *"Can this precedent be applied to similar cases hereafter? Like CAL, there are many private organisations in our country; what is the limitation of contacts of these organisations with their counterparts in the mainland? It is understandable that CAL's talks with the CAAC were based on humanitarian grounds; however, there are numerous areas of such humanitarian concerns such as split families, broken marriages, and the death and birth of relatives existing between the two sides of the Taiwan Strait. How will the government tackle these kinds of problems in the future?"* United Daily News, May 1, 1986, p.2.

[291] See Wu, H.H. Op.Cit. p.196.

[292] Guo, X.Z. and Zhang, C.Q. *"40 Years of Change in KMT-CCP Relations"* in Taiwan Studies, Vol. 4, No. 4, 1988, p.6.

[293] In May 1986, a research organisation interviewed about one thousand university professors on their views on the Three No's policy toward the mainland. The survey's results were that 44.7 percent

On November 2nd 1987, Taipei announced the official lifting of the four-decade long blanket travel ban on ROC citizens travelling to the mainland by allowing retired servicemen to return to the mainland to visit their relatives.[294] The ROC insisted that this change in policy was made for humanitarian reasons in that it allowed for veteran soldiers to visit their native land. However, domestic political motivations were also an important factor.[295] This concession resulted in large numbers of ROC citizens travelling to the mainland. With increasing contact, the fear in Taiwanese people's minds which had accumulated over three decades of separation, began to dissipate.[296] Responding to the PRC's incentives, travel and trade increased from "a small trickle into an irresistible torrent."[297] In 1988, 145 800 people from Taiwan visited the mainland, a tenfold increase over the previous year.[298] Trade increased to US$2,7 billion, an eighty-seven percent increase over the year before.[299] These growing contacts placed heavy political pressure upon the KMT and were to induce significant change in the government's mainland policy.[300] The PRC's good neighbour approach forced the ROC to review its policy. The relationship between Taiwan and the mainland shifted from one of confrontation to one of moderation. Peaceful coexistence replaced military confrontation across the Taiwan Straits. Interactions between other divided nations, East and West Germany and North and South Korea, must also have

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disapproved, 28,3 percent thought it to be all right, and 11,7 percent thought it was correct. Zhan, J. Op.Cit. p.101.

[294] This relaxation in policy was made largely for humanitarian reasons. In the mid-1980's, many retired soldiers (who had followed Chiang Kai-shek to Taiwan) publicly protested for the KMT to allow them to visit their homeland. The November 1987 announcement allowed for ageing veteran soldiers to return to the mainland to visit their relatives. See Chang, P. Op.Cit. p.69-71.

[295] The linkage between Taiwan's domestic political situation and the ROC's foreign policy-making will be examined in Chapter 2.

[296] It was reported that by 1985, twenty thousand Taiwanese had visited the mainland without official permission by travelling via third countries. Sanford, D.C. *"An Assessment of Taiwan's Flexible Diplomacy"* in One Culture, Many Systems - Politics in the Reunification of China, McMillen, D.H. and DeGolyer, M.E. (eds.) The Chinese University Press, Hong Kong: 1993, p.220.

[297] On May 18th 1987, the ROC government issued a trade policy statement which affirmed that trade would not be encouraged with the Chinese Communists, but added that, *"once the ROC-made products are exported to a foreign country or area, the ROC Government is not concerned about whether the goods will be re-exported by foreign traders to another place."* Huang, C. and Wu, S.S.G. (eds.) Op.Cit. p.241.
Jia, Q.G. *"Toward the Center: Implications of Integration and Democratization for Taiwan's Mainland Policy"* in Journal of Northeast Asian Studies, Spring 1994, Vol. XIII, No. 1, p.53.

[298] Fujian Statistical Yearbook. 1990, p.333.

[299] Chung, C. *"Trade Across the Straits"* in Free China Review, January 1991.

[300] Chang, P. Op.Cit. p.70-71.

played a role in encouraging Taipei to pursue a more constructive approach toward the mainland.

The changes during the 1980's in Taipei's policy toward the mainland were in response to Beijing's peace offensive toward Taiwan. The increasing pressure the PRC was exerting on Taiwan through its "one country, two systems" approach along with its growing international stature, forced Taiwan to respond to Beijing's initiatives.[301] A greater degree of liberalisation took place in the ROC's policy-making toward the mainland during Chiang C.K.'s presidency. Chiang had begun a programme of domestic political reform and began a process of liberalisation of interactions with the mainland. Chiang had removed the ideological constraints which had featured in the ROC's policy toward the PRC. It should be noted, however, that this policy change was not proactive but belatedly made in recognition of developments that had already occurred between the mainland and Taiwan. Therefore policy change served to "ratify reality" rather than "direct and steer the course of interactions."[302] Although the centrepiece of the ROC's official mainland policy, the Three No's, remained rhetorically unchanged, developments across the Straits were ushering in a new era in Taiwan's policy toward the PRC which were making this policy redundant.[303] This policy change was to later be continued and reinforced by Lee Teng-hui and would form the centrepiece of the ROC's official policy of pragmatic diplomacy.

1.14. Conclusion.

From 1949 the ROC KMT government's legitimacy was based upon the rather dubious notion of its claim to represent the government of all China. Without this claim being continued, no matter how fictitious, the KMT government's legitimacy could be challenged rather easily. Questions as to the government's legitimacy would have had to be confronted.[304] Thus the central tenet of the ROC's foreign policy

[301] Lee, A.K. *"Taiwan's Mainland Policies: Causes of Change"* in The Journal of East Asian Affairs, Vol. X, No. 2, Summer/Fall 1996, p.337.
[302] Wu, S.S.G. and Huang, C. *"The ROC-PRC Rivalry and International Relations Studies"* in Inherited Rivalry - Conflict Across the Taiwan Straits, Cheng, T.J. Huang, C. Wu, S.S.G. (eds.) Lynne Rienner Publishers, Boulder: 1995, p.218.
[303] Leng, T.K. Op.Cit. p.46.
[304] Tsang, S. Op.Cit. p.71.

following its banishment to Taiwan was the recovery of the mainland despite this objective being logistically impossible.

It is proposed that that since 1949, the ROC sought to consolidate its power on Taiwan with the ideal of "recovering" the mainland from the Communists being an unattainable one - rhetorically committed to recapturing the homeland but realistically rooted on Taiwan. During this time, the KMT maintained this claim while ensuring its political future through focusing on national economic development. The KMT's main stated foreign policy objective of recovering the mainland from the Communists was a fiction which obscured what was, in effect, its primary objective of the national development of Taiwan. It could maintain such a claim as long as it had support from the US and maintained recognition as the sole representative government of China in the international community. Contributing to the ROC's ability to sustain itself on Taiwan after its flight from the Chinese mainland was the United States. The support offered by the US, the ROC's major benefactor, was to determine the political, economic and military fate of the exiled ROC regime over the following decades. Without this support, the ROC would not have been able to maintain its independence from the Communist regime on the mainland.

This, however, was becoming increasingly difficult in the face of the PRC's increasing political and economic clout. The ROC's international fate was one of incremental isolation. In accordance with the one China principle, the number of states with which the ROC had diplomatic relations declined as the PRC's increased at Taipei's expense. The cost of dogmatically adhering to the one China principle, no matter how unrealistic, was the loss of diplomatic relations. This culminated in the ROC's expulsion from the UN in 1971, leaving its claim to represent all China no longer viable. The ROC was left as a "political anachronism swimming against the tide of history."[305]

[305] Geldenhuys, D. Op.Cit. p.93.

The gradual long-term international erosion of the KMT's nationalist mythology contributed to calls for new initiatives in foreign policy.[306] Between larger power competition, Taiwan was strategically vulnerable. The ROC had become an obstacle to Washington's pursuit of a strategic relationship with Beijing.[307] Nixon's 1971 visit to Beijing foreshadowed the US' ultimate diplomatic de-recognition of the ROC in 1979. As the ROC's international isolation increased so its foreign policy gradually began to shift from idealism to showing signs of pragmatism. Realism gradually gained ground in the ROC's foreign policy decision-making. Such was the extent of the ROC's international isolation that a strategic flirtation with the USSR became a foreign policy option in the 1970's. Following the diplomatic shock of losing relations with the US, the ROC began to adopt a more pragmatic approach towards the PRC. 1979 marked a watershed in relations across the Taiwan Straits. *Rapprochement* replaced hostility.[308] The ROC tempered its hostile approach toward Beijing in the face of its growing substantive relationship with the PRC. In its relations with the mainland and the international community, the one China principle was applied with increasing flexibility. However, a complete revision of the ROC's foreign policy was not possible until the passing of Chiang C.K. in January 1988. It is this relationship between the ROC's domestic politics and its foreign policy-making to which the following chapter turns.

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[306] Hughes, C. Op.Cit. p.34.
[307] Klintworth, G. Op.Cit. p.63.
[308] Wu, H.H. Op.Cit. p.6.

Chapter 2.

Democratisation and Foreign Policy Making in the ROC.

2.1. Introduction.

For several decades following the KMT's expulsion from the mainland and the establishment of the ROC on Taiwan in 1949, the island's identity was determined by the KMT and like the KMT, became attached to that of the mainland. Taiwan was used by the KMT as a base from which to promote itself in the international arena and to launch a counter-offensive against the Chinese Communists and retake the mainland. This formed the basis of the ROC's foreign policy - maintenance of its international credibility in the face of the diminishing likelihood that it would be able to regain its former position as the government of all China rather than just the government of Taiwan off China's coast. As long as the ROC was dominated by a small ex-mainlander elite, and which had little political accountability to the populace of Taiwan, the fiction of the KMT being representative of all China could be maintained. Thus from 1949, the status of Taiwan was a paradox. For all practical purposes, it was an independent state. However, its government held that it was not. The KMT's claim to be the *de jure* government of all China was stronger than the reality of it ruling over Taiwan as a *de facto* state. Moves toward political pluralisation changed this. With democratisation came political accountability which acted to sever the fictional political link between Taiwan and the mainland.

Progress toward democratisation in Taiwan had numerous difficulties to overcome. Taiwan was a society which had no prior experience with democratic structures of government. Rather, it inherited a history of imperial control, colonial administration and single-party authoritarian rule.[1] Taiwan lacked the necessary infrastructure of a democratic system - an independent press, judiciary and civil society. After 1949, the KMT placed Taiwan under authoritarian rule with martial law enforced for almost four

decades. Such conditions made it very difficult for a political opposition to emerge to challenge the KMT. Underlying these factors was the sub-ethnic cleavage which existed between mainland and Taiwanese groups on the island. As the mainland elite dominated the political structure, democratisation that broadened political participation inevitably led to the transfer of power to the Taiwanese group.[2] This policy of *Taiwanisation* resulted in a process of indigenisation of the political power structure emerging. Since the KMT Nationalist government claimed itself to be the only legitimate representative of the Chinese people, political pluralisation undermined the legitimacy of the KMT's rule and at the same time brought into question the legitimacy of the state itself. Unlike most democratising authoritarian states, political reform in Taiwan brought with it a questioning of the state's national interest and identity. Democratisation resulted in an identity crisis emerging on the island which has had a profound impact upon the way Taiwan regards itself and projects itself in the international arena. The emerging challenge posed by the opposition as well as from international pressure compelled the KMT elite to adopt democratic reforms.[3] External pressure did, however, also act in the opposite way to restrict political developments on Taiwan. Threats from the PRC against Taiwanese independence has constrained and prevented the logical conclusion of the ROC's political reforms - i.e. that of political independence of the island separate to the Chinese mainland - from emerging. Thus the political evolution of Taiwan has been "decisively affected by the system of international incentives and constraints."[4]

Democratisation refers to the process whereby the rules of citizenship are applied to political institutions previously governed by other principles (for example, coercive control), expanded to include persons not previously enjoying such rights and

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[1] Tien, H.M. and Chu, Y.H. *"Taiwan's Domestic Political Reforms, Institutional Change and Power Realignment"* in Klintworth, G. (ed.) Taiwan in the Asia-Pacific in the 1990's, Allen & Unwin, St Leonards: 1994, p.2.
[2] Ibid. p.2-3.
[3] Ibid. p.7.
[4] Huntington, S.P. and Moore, C.H. *"Conclusion: Authoritarianism, Democracy, and One-Party Politics"* in Authoritarian Politics in Modern Society - The Dynamics of Established One-Party Systems, Basic Books Inc., New York: 1970, p.511.

obligations and extended to govern issues of citizen participation.[5] According to O'Donnell and Schmitter, political liberalisation is the process of making effective certain rights that protect both individuals and social groups from illegal acts committed by the state or third parties.[6] Institutionalisation of democracy in a state can thus be defined as a political system in which political parties compete for popular votes for the purpose of influencing policies under a certain set of rules. The necessary features of democracy include political freedoms, universal suffrage, and free and fair elections.[7]

The ROC's political transition process was successful in moving from an authoritarian state structure to a plural representative and ultimately democratic system of government. It was a gradual transition which was controlled, planned, and took place over a long period.[8] The political development of the ROC after its expulsion to Taiwan in 1949 can be divided into three stages: firstly, 1949-1975, the authoritarian Chiang Kai-shek era; 1975-1986, the period of gradual liberalisation under Chiang Ching-kuo; and 1986 onwards which marked the formation of an official opposition party to the KMT.

This chapter examines the relationship between the ROC's political pluralisation process and the development of its foreign policy during this period. The following questions will be addressed:

- What forces lay behind the political reform and democratisation processes?
- How did a political opposition emerge to the ruling KMT?
- What impact did political reform have on the state's decision-making structure?
- How did democratisation bring into question the nature and legitimacy of the state itself? And,

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[5] O'Donnell, G. and Schmitter, P.C. *"Tentative Conclusions About Uncertain Democracies"* in Transition from Authoritarian Rule: Prospects for Democracy, O'Donnell, G., Schmitter, P. and Whitehead, L. Johns Hopkins University Press, Baltimore: 1986.
[6] Ibid.
[7] Jia, Q.G. *"Toward the Center: Implications of Integration and Democratisation for Taiwan's Mainland Policy"* in Journal of Northeast Asian Studies, Vol. XIII, No. 1, Spring 1994, p.51.
[8] Domes, J. *"The Kuomintang and the Opposition"* in Tsang, S. (ed.) In the Shadow of China - Political Developments in Taiwan Since 1949, University of Hawaii Press, Honolulu: 1993, p.117.

- What impact did political change in Taiwan have upon the foreign policy of the ROC?

2.2. The Authoritarian Period of Chiang Kai-shek, 1949-1975.

After its removal to Taiwan in the late 1940's, the KMT imposed a strong corporatist political structure on Taiwan ensuring that it was the only official organisation representing social interests whilst it monopolised appointments to public offices. The educational system, media and cultural concerns were under the direct control of the party.[9] During this period, a strict authoritarian structure was in place. The ROC has been described as a "development-oriented authoritarian system."[10] According to Wilbur W. White, in an authoritarian system, "the liberty of the individual in theory and in practice is entirely overshadowed by and subordinate to the authority of the state, and...governmental power is usually centred in a small, autocratic group of leaders."[11] Political opposition was suppressed with dissent against the KMT government not tolerated. Emergency measures granted to the government through martial law were used to ban the formation of opposition political parties and to prohibit strikes and demonstrations. Through the implementation of two legal measures, the KMT was able to enforce strict control over the island. These were the May 20th 1949 declaration of martial law by the Legislative Yuan (literally "branch" but "parliament" is a better substitute) which gave the government the power to arrest and try by military courts any person/s who was considered a threat to social order. The other was passed a year earlier by the National Assembly organ of government named the "Temporary Provisions" which revised the 1947 Constitution and granted the President special powers during the so-called *"Period of Communist Rebellion."*[12]

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[9] Gold, T.B. *"Taiwan's Quest for Identity in the Shadow of China"* in Tsang, S. (ed.) In the Shadow of China - Political Developments in Taiwan Since 1949, University of Hawaii Press, Honolulu: 1993, p.170.

[10] Domes, J. *"Political Differentiation in Taiwan: Group Formation Within the Ruling Party and the Opposition Circle 1979-80"* in Asian Survey, Vol. XXI, No. 10, October 1981, p 1011.

[11] White, W.W. White's Political Dictionary, World Publishing Company, Cleveland: 1947, p.26. Cited in Wu, H.H. Bridging the Strait - Taiwan, China, and the Prospects for Reunification, Oxford University Press, New York: 1994, p.69.

[12] See Chao, L. and Myers, R.H. *"The First Chinese Democracy: Political Development of the Republic of China on Taiwan 1986-1994"* in Asian Survey, Vol. XXXIV, No. 3, March 1994, p.217.

These powers were designed to counter Communist influence and other forms of possible dissent against the KMT's rule. They empowered the KMT government to enforce four political rules that the KMT had delineated as being acceptable or unacceptable political activity. These were:[13] adherence to the 1947 Constitution and the alteration of that Constitution to suit the local conditions in Taiwan; preservation of the KMT's single-party rule; moves toward democratisation in the province of Taiwan but without allowing competing parties to the KMT; and allowance of a political ideology to develop, but one which espoused Chinese nationalism, not Marxism-Leninism. These four principles were enforced for the duration of Chiang Kai-shek's rule.

With the ROC's removal to Taiwan from the mainland, a national government was superimposed over a provincial government with jurisdiction over the same territory.[14] As senior parliamentarians' positions had been determined on the mainland in 1947/8 and executive positions were all appointed, only local elections were held on Taiwan after 1949. Elections on the mainland enabled the KMT to claim that the source of its legitimacy to rule and lay claim to sovereignty over the mainland resulted from the will of the people of the whole Chinese nation. As these elections had taken place in mainland constituencies, the KMT representatives elected in office on the mainland could be frozen into office until the time of an eventual reunification.[15] Elections held in Taiwan were for local offices such as the Provincial Legislative Assembly, County Legislative Assembly, City Council, County Government, and City or Township Mayor.[16] These local elections for government officers were largely contested by competing KMT factions which was the only basis upon which the KMT could claim to have even a modicum of democracy to outside observers. The KMT acted as "'king maker' between groups competing for control over the allocation of resources and for prestige, effective leverage could be exercised over elections."[17]

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[13] As outlined by Chao and Myers. Ibid. p.216.
[14] Clough, R.N. *"The Enduring Influence of the Republic of China on Taiwan Today"* in The China Quarterly, No. 148, December 1996 p.1055.
[15] Hughes, C. Taiwan and Chinese Nationalism - National Identity and Status in International Society, Routledge, London: 1997, p.27.
[16] Lu, Y.L. *"Political Development in the Republic of China on Taiwan"* in Issues & Studies, Vol. 21, No. 9, September 1985, p.139.
[17] Bosco, J. *"Faction Versus Ideology: Mobilisation Strategies in Taiwan's Elections"* in The China Quarterly, No. 137, March 1994, p.32.

Local elections were thus guaranteed by the KMT because of its need to present a democratic face to the Western world and give credibility to its "Free China" title. This was despite its single-party rule. Two minor political parties were, however, permitted to exist alongside the KMT but they were marginalised and became "friendship parties" of the ruling party.[18] The KMT's slogan was *"there is no party outside the party, there is no faction within the party"* (no-party, no-faction).[19] Intra-elite pluralism was not permitted.[20] There were, however, two loosely defined dissident groups opposed to the KMT's authoritarian rule - non-partisan liberal intellectuals and a large number of locally Taiwanese-born urban middle class. In the late 1950's both these groupings attempted to organise around the journal *Free China Fortnightly* and form an official opposition party to the KMT in 1959-60 under the name "Chinese Democratic Party." This attempt to challenge KMT dominance was met with stiff resistance and mass arrests.[21] This effectively put an end to political opposition to the KMT, however limited. One of the first direct criticisms of the KMT came in the form of the 1964 *Declaration of Taiwanese Self-Salvation* by Peng Ming-min, a professor of law at National Taiwan University. Peng was arrested and imprisoned and his publication destroyed.[22] From 1960 to 1975, political dissent was not tolerated with severe crackdowns on opposition groups characterising Taiwan's political climate. No organised political opposition with mass support could exist. Dissenters were accused of Communist espionage. No views which were contrary to those of the KMT were permitted under Chiang's rule.[23]

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[18] These political parties were the Chinese Democratic Socialist Party and the Young China Party. They had been formed prior to 1949 and had entered into a coalition with the KMT. In Taiwan they had become mere satellite parties gaining their funding from the KMT and the government. Their combined membership was less than five thousand. Ibid, p.120. and Cheng, T.J. *"Democratizing the Quasi-Leninist Regime in Taiwan"* in World Politics, No. 41, July 1989, p.477.

[19] Domes, J. Op.Cit. p.119.

[20] Cheng, T.J. Op.Cit. p.476.

[21] One of the prospective opposition leaders, Lei Chen, was arrested and sentenced to a long prison term which was a severe blow to the opposition.

[22] Hughes, C. Op.Cit. p.35. Peng would later head the DPP in the March 1996 elections.

[23] Wu, J.J. Taiwan's Democratization - Forces Behind the New Momentum. Oxford University Press, New York: 1995, p.25.

The KMT was able to consolidate its power in Taiwan due to factors which acted in its favour.[24] Firstly, under the previous Japanese occupation until 1945, few local Taiwanese administrators had been appointed. The KMT was easily able to displace the former colonial administrators. The suppression of dissent also weakened the local elite. Secondly, the KMT's defeat on the mainland encouraged internal reform which resulted in the party reforming itself to achieve a higher degree of organisation enabling it to exercise its authority more efficiently. Thirdly, the KMT used the regime's shift to a different location as a justification for not holding elections for its national representatives while in Taiwan. Thus perpetual rule of KMT parliamentarians was consolidated. Fourthly, the KMT commanded large amounts of resources inherited from former Taiwanese colonial properties as well as from large inflows of American foreign aid. The KMT possessed a monopoly over the organs and instruments of state power in Taiwan.

The KMT possessed a highly centralised decision-making structure, from the party Chairman and the Central Standing Committee down to the local party branches. The Chairman was the key decision-maker with other important figures in the chain of command being the secretary-general and deputy secretary-generals, members of the Central Standing Committee, as well as the directors of the government departments.[25] Under Chiang K.S, the government decision-making structure was based on the Chinese constitution of 1946. This constitution was designed to allow the ruling KMT to maintain political order through strong government. The KMT regime during this period has been described as being "quasi-Leninist."[26] At the party's First National Congress in 1924, the KMT had borrowed heavily from the organisational model of the Soviet Union. According to the late Tsui Shu-chin, a former prominent KMT official, Soviet influence was pervasive in the organisation of the party.[27] During the period before political reform and democratisation, the KMT may have been the only

[24] Cheng, T.J. Op.Cit. p.475-6.
[25] Wu, J.J. Op.Cit. p.89.
[26] Cheng, T.J. Op.Cit. pp.471-99.
[27] Tai, H.C. *"The Kuomintang and Modernisation in Taiwan"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford: 1994, p.409.

non-Communist party having the organisational characteristics of a Leninist party.[28] In the economic realm, the ROC differed in that it implemented a capitalist market-oriented system with private ownership being the hallmark of the economy.[29] But it was the political system which was Leninist in character with the party leader at the core of the leadership. The KMT was thus a "cadre party designed to facilitate the exercise of power."[30]

The party-state distinction was blurred with the KMT possessing comprehensive control over Taiwanese society. In political practice, the party exercised supremacy over the government. The KMT had a strong organisational network which exercised large amounts of control over agricultural, irrigation, fishery, and educational associations as well as police departments which were used to mobilise island-wide support for the party.[31] Declaring itself a "revolutionary-democratic" party, the KMT sought to "retake the mainland" and forge national unity. The party emphasised an anti-Communist revolution which was used to justify the enforcement of martial law which enabled the government to establish absolute control over the state and society.[32] Civil liberties were restricted with political dissent suppressed in violation of the Constitution in the name of "national mobilisation during the period of Communist rebellion."[33] The KMT's "political hegemony" was stronger than the ROC Constitution which it claimed to adhere to.[34]

In Leninst style, Chiang held the positions of head of state, commander-in-chief of the military, chairman of the ruling party, and was the final arbiter of government

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[28] Robinson, J.A. *"The KMT as a Leninist Regime: Prolegomenon to Devolutionary Leadership Through Institutions"*, paper presented at the Florida Political Science Association, Florida, April 20, 1990, p.2.

[29] Taiwan possessed a large private sector with the government's control of industrial production dropping from 56,6 percent in 1952 to 19 percent in 1990. Taiwan Statistical Data Book, Council for Economic Planning and Development, Taipei: 1991, p.41.

[30] Tai, H.C. Op.Cit. p.409.

[31] The KMT had two million card-carrying members in Taiwan, encompassing approximately twenty percent of the adult population. Wu, JJ. Op.Cit. P.89.

[32] Ibid. p.25.

[33] Fu, H. *"The Electoral Mechanism and Political Change in Taiwan"* in Tsang, S. (ed.) In the Shadow of China - Political Developments in Taiwan Since 1949, University of Hawaii Press, Honolulu: 1993, p.138.

[34] Cheng, T.J. Op.Cit. p.477.

policies.[35] Chiang exercised a large measure of control free from legislative supervision. Chiang emphatically believed that under a republican system personalisation of power by the leader of the KMT was "indispensable to the consolidation of the disparate forces within the party" as well as to "the party's claim to national power."[36] The central government was comprised of three organs: the National Assembly which met just once a year for ceremonial purposes and every six years it elected the president and vice-president,[37] the Legislative Yuan, and the Control Yuan which acted to monitor the efficacy and discipline of government officials.[38] The executive arm of government was responsible to the legislature with a system of checks and balances existing between them but it was the presidency which held the real political power. This was due to the KMT's domination of the state under the *de facto* one-party system which existed and Chiang's domination of the KMT. The ROC thus inclined toward a presidential system.[39] As a result, the Legislative Yuan did not exercise much power. It functioned as a rubber-stamp body for the decisions of the President, similar in operation to that of the PRC's National People's Congress and the Soviet Union's Supreme Soviet.[40] The National Assembly created by Sun Yat-sen to control the government was largely ceremonial. The system of checks and balances became nothing more than a facade which did not hide the autocratic rule of Chiang. To secure his position in the KMT and to consolidate the disintegrated nation of the ROC, Chiang found "no alternative course of action available to him, once supreme power was in his hand, than to continue to hold it...To exercise power as he must, Chiang had to rely in the absence of institutional loyalty, on personal loyalty as a means to assure himself of the absoluteness of his power and the effectiveness of his authority."[41] This was to make it even more difficult for the ROC to make the transition from an authoritarian to democratic political structure in the 1980's.

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[35] Wu, J.J. Op.Cit. p.25.
[36] Tai, H.C. Op.Cit. p.408.
[37] According to Chapter III, Article 35 of the ROC constitution, the National Assembly was to *"... exercise political powers on behalf of the whole body of citizens."* Wu, J.J. Op.Cit. pp.25, 178.
[38] Cheng, T.J. *"Democratising the Quasi-Leninist Regime in Taiwan"* in World Politics, Vol. XLI, No. 4, July 1989, p.476.
[39] Wu, J.J. Op.Cit. p.25.
[40] Ibid, p.35.
[41] Loh, P.Y. *"The Politics of Chiang Kai-shek"* in The Journal of Asian Studies, Vol. XXV, May 1966, p.447.

2.3 Gradual Liberalisation - The Chiang Ching-kuo Era, 1975-1986.

In July 1972, Chiang Ching-kuo assumed the position of premier of the Executive Yuan. Following the death of his father on 6th April 1975, Chiang C.K. became chairman of the Central Committee of the KMT and president of the ROC in 1978. When Chiang Kai-shek died, a powerful symbol was denied to the KMT.[42] From 1972, the political character of the ROC began to show signs of liberalisation. Chiang C.K. instituted two major political reform programmes which were to put the ROC on the road to democratisation. These were the policy known as *Taiwanisation* of the political decision-making elite and secondly initiatory moves toward the pluralisation of the political system.

Chiang's policy of *Taiwanisation* of the KMT sought to encourage better relations between the native majority Taiwanese and the former mainlanders who had fled to the island during the late 1940's. The relationship between the two sides was a sensitive one. Mainlanders were the dominant actors in ROC politics with the local Taiwanese often being oppressed as a group. This was anomalous since Taiwan's mainland-born population had decreased from fifteen percent in 1950 to 5,7 percent by 1985.[43] Taiwan was not divided along ethnic but rather sub-ethnic lines, with language and customs being the decisive factors as opposed to race and religion.[44] Taiwanese were those whose ancestors had come to the island before the Japanese occupation of 1895 and had little yearning to return to the mainland. To them, the KMT mainlanders were interlopers.[45] After the end of the Japanese occupation in 1945, no real strong national "Taiwanese" identity emerged amongst the populace. Taiwanese themselves did not form a homogenous grouping because they were neither linguistically nor culturally

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[42] Hughes, C. Op.Cit. p.34.

[43] Two-and-a-half million people fled to Taiwan with the KMT's move to Taiwan. This increased the island's population from six to over eight million people. See Ibid. p.27 and Klintworth, G. New Taiwan, New China - Taiwan's Changing Role in the Asia-Pacific Region. St. Martin's Press, New York: 1995. p.231.

[44] The local Taiwanese populace had also been culturally discriminated against. The KMT enforced the use of Mandarin Chinese language and often suppressed the local Taiwanese dialect (Minnanese and Hakka) as well as restricting local religions and folk practices.

bound into a single ethnic group.[46] The Japanese colonial administrators ruled over groupings whose ancestors had emigrated from the mainland province of Fujian and which were divided by clan origins which had their origins on the Chinese mainland. These groups retained many of their dialects and customs. Original emigrants from Guangdong province f. ..ned a large minority of Hakka people as well as small numbers of aboriginal tribes existing on Taiwan. The Japanese did not identify the people on Taiwan as being Taiwanese but rather referred to them as "islanders."[47]

With the influx of mainland Chinese to Taiwan after 1945, something of an identity crisis began to emerge amongst the inhabitants of the island between being Chinese and being Taiwanese. Self-identity had its basis in the relationship between being Chinese, being Taiwanese and being Japanese.[48] The new ROC administration on the island under Governor Chen Yi was characterised by its corrupt practices and its inability to stem high rates of inflation. His policy of exclusion of native Taiwanese from the provincial government bred growing resentment toward the mainlanders amongst the Taiwanese. On 1st January 1947, the ROC government based on the mainland in Nanjing, promulgated its constitution but Governor Chen announced that it would not apply to Taiwan since the population *"required several more years of political tutelage."*[49] This resulted in questions emerging over Taiwan's future relationship with the mainland with Taiwanese radicals beginning to circulate ideas of Taiwan's separate identity dist.. ..t to that of China. Growing animosity against Governor Chen and rising ethnic tensions between local and mainlander groups erupted into island-wide violence on 28th February 1947.[50] The violent suppression of Taiwanese dissent against KMT rule and its aspirations for greater local autonomy during the "228 Incident" was to be

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[45] Mainlanders monopolised public office positions in the central government while Taiwanese were relegated to locally elected positions holding little power. Rigger, S. *"Taiwan's Lee Teng-hui Complex"* in Current History, September 1996, p.267.
[46] Hughes, C. Op.Cit. p.23.
[47] Ibid. p.23.
[48] On 2nd February 1946, the Taiwan People's Association was created which later became the Taiwan Political Reconstruction Association. Its objective was to promote the representation in government of local Taiwanese. Ibid. p.24.
[49] Ibid. p.25.
[50] On 28th February 1947, a trivial dispute over cigarette smuggling arose in Taipei county (San-Chung) which became fuelled by social tension between mainlanders and local Taiwanese. The incident escalated and came to be used by the KMT to eliminate thousands of Taiwanese opponents to its rule. The so-called "228 Incident" as it became known (according to the date of the start of the conflict) played a crucial part on the KMT consolidating its power in Taiwan. See also Ibid. p.25.

an important milestone and rallying point for Taiwanese political ambitions in the future: "With a dramatic defeat in February 1947, Formosan nationalists and leftists were liquidated, driven into exile, or silenced."[51] This event was to leave a negative imprint on Taiwan's ethnic relationships for the following half century.

During Chiang C.K's rule, Taiwanese were becoming increasingly active in their demands for a more representative and democratic political system that matched Taiwan's economic prosperity.[52] By bringing Taiwanese into the government, the KMT would be able to increase the legitimacy of the government by making it more representative of the ethnic make-up of Taiwan as a whole.[53] The policy of *Taiwanisation* thus attempted to bring the pre-1945 population of the island into the declared Chinese nation of the ROC.[54] The distinction became politicised with ROC politics being largely divided along these sub-ethnic lines. *Taiwanisation* sought to elevate native Taiwanese people into key positions in government. In 1972, the same year as he assumed the premiership, Chiang C.K. appointed Hsieh Tung-min as Governor of the island province, the first Taiwanese to hold the position.

In the central leadership the number of locally-born Taiwanese holding KMT Central Committee positions increased rapidly. In 1972, there were only three Taiwanese out of nineteen members in the Executive Yuan Cabinet. By 1986, this number had risen to seven.[55] In the central decision-making body of the ruling elite, the Standing Committee of the KMT Central Committee, the elevation of local Taiwanese was of greater note. Before 1972, their representation stood at two out of twenty-one members. Four years after Chiang had become premier, the figure was five out of twenty-seven. In 1979, it was up to nine. By 1984, it stood at twelve out of thirty-one

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[51] Haggard, S. and Cheng, T.J. *"State and Foreign Capital in the East Asian NIC's"* in The Political Economy of the New Asian Industrialism, Deyo, F.C. (ed.) Cornell University Press, London: 1987, p.114.
[52] Ting, T.Y. *"Sociocultural Developments in the ROC"* in Robinson, T. Democracy and Development in East Asia: Taiwan, South Korea and the Philippines, The AEI Press, Washington D.C: 1991, p.75.
[53] Former director of the American Institute in Taiwan, David Dean, stated that Chiang had realised this and thus instituted the party's *Taiwanisation* policy. Lee, A.K. *"Taiwan's Mainland Policies: Causes of Change"* in The Journal of East Asian Affairs, Vol. X, No. 2, Summer/Fall 1996, p.341.
[54] See Hughes, C. Op.Cit. p.27.
[55] Domes, J. Op.Cit. p.121.

members, over one-third.[56] By the time of Chiang's death in 1988, seventy percent of the KMT's entire membership were Taiwanese-born and nine out of nineteen ministers in the cabinet were Taiwanese.[57] In July 1987, Chiang had stated that he had lived in Taiwan for forty years and therefore should be considered as a Taiwanese.[58] Such a remark reflected Chiang's desire to project a more local image to ROC politics, one more commensurate with the island's ethnicity. This further encouraged the Taiwanese to press for more political power and equality. Calls for democratisation were not limited to the Taiwanese. Rather it was a middle class issue which often transcended the sub-ethnic cleavage which existed on the island.[59]

In addition to *Taiwanisation*, the decision-making process within the KMT leadership after Chiang Kai-shek's death began to change. After becoming party chairman in 1975, Chiang C.K. included a group of reform-minded officials into the Central Standing Committee which had previously been dominated by military and propaganda figures. Decision-making power did, however, remain with a single figure, Chiang C.K. The Central Standing Committee would only gain in power after the passing of Chiang in 1988. Though by the latter part of Chiang C.K.'s leadership, the government's focus had shifted from ideology and national security to economic performance and political reform.[60] The ROC's international and mainland policy had become more practical in nature. This was due largely to Taiwan's increasing international isolation and the success of local interest groups in promoting their own interests and influencing government policy decision-making. The rise of such interest groups corresponded with the pluralisation of the ROC's political system.

The pluralisation of the ROC's political system began under Chiang C.K. The vast majority of ROC parliamentarians had been elected while the ROC still remained on the Chinese mainland. In 1969 the ROC held its first by-elections since moving to Taiwan in 1949. Previously, seats in the National Assembly and Legislative Yuan were

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[56] Ibid. p.122.
[57] Rigger, S. Op.Cit. p.267.
[58] Wu, J.J. Op.Cit. p.39.
[59] Cheng, T.J. Op.Cit. p.498.
[60] Wu, J.J. Op.Cit. p.103.

held in perpetuity by representatives elected on the mainland in 1947.[61] The 1969 supplementary elections were held so as to replenish the number of mainland representatives who had passed away. The KMT regime faced a dilemma. It could not claim to be a representative system without holding new elections while on the other hand, the government needed the ageing mainland-elected parliamentarians to reinforce its claim to represent the whole of China.[62] In 1972, locally elected delegates constituted less than four percent of the National Assembly and twelve percent in the Legislative Yuan. These low figures were to gradually rise and ultimately culminate in the retirement of all mainland elected parliamentarians in 1991. Of note was the increasing frequency of supplementary elections after 1972 which allowed for the entry of politicians not affiliated to a political party into parliament. This was reinforced by Chiang's policy of political *Taiwanisation* of the KMT which elevated a number of local Taiwanese into the KMT ruling elite.

Of equal significance were Chiang's growing tolerance of political protest from the mid-1970's. In 1972, the year that Chiang assumed the premiership, academics at National Taiwan University published a journal, *The University*, which advocated liberalisation and reform of the ROC's political system. This was tolerated and even quietly supported by the KMT.[63] In 1975, the *Taiwan Tribune* was founded by a former KMT cadre which dealt with sensitive political issues which were not previously allowed to be discussed. This was the first such publication which was critical of the regime since Chiang Kai-shek's 1960 banning of the *Free China Fortnightly* journal.[64] In 1976-7, Chiang C.K. approached the Research, Development and Evaluation Commission of the Executive Yuan to publish a report on issues of political reform of Western-educated social scientists in the ROC. This report included a number of internal recommendations which included the abolition of martial law and the restriction on press reportage; allowing the establishment of opposition political parties; and a process toward a transformation of the parliamentary bodies (i.e. direct elections to the National Assembly and the Legislative Yuan and indirect elections to

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[61] Rigger, S. Op.Cit. p.267.
[62] Chao, C.M. *"From Limited to Extended Rights: Political Participation in the Republic of China"* in Issues & Studies, Vol. 23, No. 8, August 1987. p.31.
[63] Two of the journal's (former) editors, Hsu Hsin-liang and Chang Chun-hong, held KMT posts while working for the publication. See Wu, J.J. Op.Cit. pp.34, 168-9.

the Control Yuan). This report cited a fifteen year period for these reforms to be implemented.[65]

Despite such symbolic moves which hinted at a degree of political liberalisation forming, tight personal control of important policy decisions was retained by Chiang C.K. Gestures which pointed toward a relaxation of the KMT's strict authoritarian rule did little to allow for an official organised political opposition to the KMT to form. Nevertheless, by 1975 a loose grouping of opposition networks were able to emerge to oppose the KMT. At this time, the phrase *"no-party, no-faction"* was replaced with *"personalities outside the party"*, loosely translated and abbreviated to "*Tang-wai*" - literally *"outside the party"* (i.e. the KMT).[66] The *Tang-wai* was a heterogeneous grouping of anti-KMT elements which was united in its opposition to the political order that had been established on Taiwan by the Nationalist government since 1949. The political demands of the *Tang-wai* were originally focused upon the (non-) representation of Taiwanese people in the government's parliamentary bodies. However, the question of Taiwan's international identity also became a popular issue amongst *Tang-wai* groups. This followed a statement by the Presbyterian Church that *"Taiwan was a new and independent nation."*[67] A national debate arose over the existence of a separate "Taiwanese identity." This debate not only challenged the concept of Taiwan being part of China but also the KMT's reunification policy under the one China policy. The questioning of Taiwan's political status was no longer limited to a small group of intellectuals and activists but rather expanded to a growing number of politically active citizens island-wide. A greater awareness of the political deficiencies of the existing political order arose.[68]

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[64] Ibid. p.34.
[65] See Domes, J. Op.Cit. p.122.
[66] In 1979 the *Tang-wai* groupings associated themselves with the magazine *Formosa*. The magazine was the propaganda instrument for the *Tang-wai* with its local distribution centres serving as "party branches" and its subscribers being regarded as potential members. Wu, J.J. Op.Cit. p.35.
[67] Cohen, M.J. Taiwan at the Crossroads: Human Rights, Political Development and Social Change on the Beautiful Island, Asia Resource Centre, Washington DC: 1988, p.389.
[68] Halbeisen, H. *"In Search of a New Political Order? Political Reform in Taiwan"* in Tsang, S. (ed.) In the Shadow of China - Political Developments in Taiwan Since 1949, University of Hawaii Press, Honolulu: 1993, p. 80-1.

Politicians such as Huang Hsin-chieh, Hsu Hsin-liang, Shih Ming-teh, and Kang Ning-hsiang all presented themselves as *Tang-wai* candidates and challenged the KMT in local and central government elections.[69] In 1977, the *Tang-wai* were successful in winning twenty-one out of twenty-seven seats in the Provincial Assembly and in the elections for the Taipei City Council, *Tang-wai* candidates secured eight out of fifty-one seats.[70] This followed a demonstration against alleged KMT electoral fraud by *Tang-wai* groups which turned violent in Chungli, a northern city of Taiwan.[71] This incident was indicative of the increasing opposition to the KMT's electoral activities and marked a shift to a more confrontational type of protest. Elections for the National Assembly and the Legislative Yuan were scheduled for December 1978 and were to mark a watershed in the process toward political pluralisation. The KMT government even tolerated (still) illegal campaign advertisements by the *Tang-wai* who had joined forces so as to run a joint campaign.[72] However, the US' announcement of pending derecognition of the ROC on December 15th 1978 resulted in political uncertainty in Taiwan with the elections being postponed indefinitely. Political liberalisation was in danger of being interrupted.[73] This came as a serious blow to the *Tang-wai*. They responded by putting forward five demands on December 25th. These were:[74]

- the release of all political prisoners;
- the freedom to establish new political parties;
- the abolition of press censorship;
- the total renewal of the central parliamentary bodies; and
- the popular election of the governor of Taiwan and the mayor of Taipei.

These demands were very similar to those of the KMT's own proposals on political reform of a couple of years earlier. The KMT was, however, still unwilling to accede to these demands. The KMT was beset with internal factionalism caused by differences

[69] Myers, R.H. *"A New Chinese Civilisation: The Evolution of the Republic of China on Taiwan"* in The China Quarterly, No. 148, December 1996, p.1075.
[70] Winning almost thirty percent of the vote, the *Tang-wai* won four of the twenty mayoral and county magistrate positions in Taiwan province. See Domes, J. Op.Cit. p.123.
[71] A police station was burned down and a number of casualties were reported. Ibid. p.110-1.
[72] Ibid. p.123.
[73] Ibid. p.123.
[74] Ibid. p.123.

over political reform issues. The reformist faction dominated by younger social and natural scientists with overseas educations, argued that social stability would be best maintained through an increase in political competition through a managed process. A more conservative traditionalist faction led by Chiang C.K. and comprised of senior figures who had controlled KMT politics before 1949, elder bureaucrats, and military leaders stressed national security over political pluralisation. This resulted in the political reform process being a gradual one. A centrist faction between these two groups of a number of senior local and regional politicians placed emphasis on economic growth and sought to balance the reform and traditionalist approaches.[75]

Despite the postponement of the elections in December 1978, the general trend, albeit gradual, was toward political liberalisation. Although more progressive than his father, Chiang C.K. was not a liberal as was often portrayed. General freedom of speech remained curtailed and political persecutions were commonplace. Following the 10th December 1979 (International Human Rights Day) *Tangwai* mass protest which resulted in violent clashes between *Tang-wai* protesters and the security forces in the port city of Kaohsiung, the government cracked down on the opposition, banning its mouthpiece *Formosa* magazine after the publishing of just four issues and convicting its general manager, Shih Ming-teh, of sedition offences and sentencing him to life imprisonment for his activities. Formosa magazine had been used as a "weapon of political combat" against the KMT.[76] It had criticised the ROC parliamentary bodies of not representing *"the compatriots who live in the Taiwan area."*[77] Others associated with the magazine also received long prison sentences.[78] The "Kaohsiung Incident" crackdown greatly weakened the opposition. There was obviously a limit to the regime's tolerance of political dissent.

However, by mid-1980 moves toward liberalisation had once again begun to gather momentum with a greater degree of political freedom being tolerated. Although the government showed signs of greater tolerance toward political opponents - by not

[75] Ibid. p.124.
[76] Lu, A.Y.L. *"Future Domestic Developments in the Republic of China on Taiwan"* in Asian Survey, Vol. XXV, No. 11, November 1985, p.1090.
[77] Hughes, C. Op.Cit. p.38-9.

banning the *Tang-wai* Association for Campaign Support, the *Tang-wai* Writers and Editors Association, and the *Tang-wai* Public Policy Research Association - political persecutions continued, albeit less regularly.[79] In December the postponed by-elections from the previous year were held with the *Tang-wai* winning twenty-seven percent of the vote.[80] Throughout the early eighties, political opposition figures to the KMT began to win local elections (1983 and 1985) and positions in parliament, but were still barred from establishing an official opposition political party. The *Tang-wai* did attempt to increase their officiality with the ultimate objective of forming a political party. The May 1984 establishment of the "*Tang-wai* People's Representatives' Association for the Study of Public Policy" and the September 1985 formation of the "*Tang-wai* Association for Campaign Resistance" were both designed with this end goal in mind. The aim of forming a formal political party was further strengthened with the creation of *Tang-wai* branch offices in a number of cities in Taiwan. This was regarded as a precursor to the establishment of such an opposition party. Chiang C.K. ordered the government not to crack down on these organisations. Taiwan thus began to experience a more liberal political climate during the latter period of Chiang's rule.[81] Political democratisation was formally initiated in March 1986 at a meeting of the KMT's Third Central Committee. Chiang expressed his desire to embrace political liberalisation and proposed six areas of political reform. It has been reported that Chiang even went so far as to inform the opposition in September 1986 that no action would be taken against them if they were to form a new political party.[82] On September 28th, a group of opposition leaders met in Taipei and established the Democratic Progressive Party (DPP). Though the government declared this move "illegal", it took no retaliatory action against the DPP. This was largely due to

[78] Following the Kaohsiung protest, the government arrested 153 people suspected of trying to form an opposition party to the KMT. Wu, J.J. Op.Cit. p.35.
[79] Ibid. p.36.
[80] Domes, J. Op.Cit. p.125.
[81] Wu, J.J. Op.Cit. p.36.
[82] In Spring 1986, Chiang had sent KMT Deputy Secretary-General Liang Su-jung along with other mediators to meet with *Tang-wai* leaders in an attempt to discourage them from forming an opposition party. Although meetings were held over the following four months, negotiations resulted in nothing. See Domes, J. Op.Cit. p.126. and Chao, L. and Myers, R.H. Op.Cit. p.220.

Chiang's tolerance of the opposition.[83] A new era of formal political competition had emerged in the ROC.

2.4. Consolidation of the Opposition, 1986-1988.

After the establishment of the DPP, a period of uncertainty set in with no major reforms being instituted and with conservative elements within the KMT strongly opposed to reform, there was public scepticism over the government's commitment to further democratisation.[84] However, in an interview with the *Washington Post* in October 1986, Chiang stated his commitment to rescinding the martial law decrees as well as the possible legalisation of the formation of new political parties.[85] In mid-1986, to deflect attention from mounting criticism as well as growing pressure for political reform, the KMT appointed a group within the party to study six areas of political reform: restructuring the memberships of the National Assembly, Legislative Yuan, and Control Yuan; reform of local governments; the replacement of martial law with new laws safeguarding national security; legalising the formation of political parties under revised new laws governing civic organisations and revised election and recall laws; social reform strengthening the declining public order; and KMT internal party reform.[86]

In the first by-elections to be held in Taiwan after the formation of the DPP in December 1986, the DPP won almost a quarter of the popular vote.[87] The DPP's greatest challenge was to unite the disparate elements under a common platform which came under its political umbrella - groups which had previously operated as a loose political alliance.[88] The party ran a nation-wide campaign after adopting a party

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[83] Chiang instructed the Taiwan Garrison General Headquarters (responsible for internal security) not to take action against the DPP. See Ibid. p.221. and Central Daily News, January 31st 1988.
[84] A number of conservative KMT officials argued that the DPP figures should be punished for defying the law with the *Central Daily News*, the organ of the KMT, carrying articles and editorials strongly critical of the opposition and called upon the government to take action. Wu, J.J. Op.Cit. p.37.
[85] Chiang in an interview with Katherine Graham, publisher of the *Washington Post*, October 7th 1986. Ibid. p.37.
[86] Wu, Y.L. *"The ROC's Future Role in International and Regional Economic Co-operation"* in Asian Outlook, Vol. 25, No. 3, March-April 1990, p.4.
[87] Domes, J. Op.Cit. p.126.
[88] Hughes, C. Op.Cit. p.41.

constitution and platform and having established an organisational structure based in Taipei.[89] In addition to the DPP, another eleven smaller olitical parties were formed with their right to oppose the government and its policies recognised by the KMT. In July 1987, the announcement was made lifting martial law which had been in force for almost four decades and in October, laws were promulgated guaranteeing the right of ROC citizens to engage in public demonstrations. The abolition of the Garrison Command, the military-controlled body used to enforce martial law on Taiwan, greatly reduced the military's influence in civil affairs. The government relaxed its control over the foreign travel of ROC citizens and pro-Taiwan independence activists were allowed to enter Taiwan on a case-by-case basis.[90] In January 1988, restrictions preventing the establishment of new newspapers were also lifted.[91]

In addition to the pluralisation of the political system through the creation of new political parties, the KMT itself was becoming more democratic. Intra-party democratisation within the KMT gathered momentum during and after 1988. This was for four reasons.[92] Firstly, the death of Chiang C.K. marked the end of authoritarian leadership of the party. The KMT decision-making process became decentralised with a more collective leadership system. This corresponded with Lee Teng-hui becoming party chairman after Chiang's departure. Secondly, at the KMT's Thirteenth Party Congress in May 1988, for the first time the majority of the delegates to the conference were elected by the party's members. In addition to which a significant number of Central Committee members were elected rather than being appointed by the party Chairman, the previous practice.[93] Thirdly, a number of the KMT's Taiwanese-born parliamentarians openly began to call for the compulsory retirement of the party's aged representatives formerly elected on the mainland in 1947-8. The ROC parliament had been branded as the *"10 000-years parliament"* and its life-time parliamentarians as

[89] Tien, H.M. *"Dynamics of Taiwan's Democratic Transition"* in Tsang, S. (ed.) In the Shadow of China - Political Developments in Taiwan Since 1949. University of Hawaii Press, Honolulu: 1993, p.111.
[90] Jia, Q.G. Op.Cit. p.58.
[91] Klintworth, G. Op.Cit. p.233.
[92] See Tien, H.M. Op.Cit. p.113.
[93] Two-thirds of the three-hundred and eighty delegates were competitively elected. Of the Central Committee, thirty-three out of one hundred-and-eighty were elected. Ibid. p.113.

"old thieves."[94] This was in defiance of the official party line. They were to be replaced with Taiwan-elected representatives. Lastly, by the 1989 parliamentary elections, the party primary as part of the nominating process of the party candidates had become almost formalised.[95] The KMT's internal democratic reform resulted in the weakening of the authoritarian structure of the party. With this reform, the KMT's self-described *"revolutionary mission"* was replaced with a commitment to constitutional democracy.[96] The replacement of the conservative gerontocracy with younger locally-elected technocrats impacted upon the KMT's own self-identity as well as its policies.[97] It was domestically perceived in Taiwan that reform was needed to enable the KMT to cast itself in a more positive light in the international arena in an attempt to improve the country's isolation.

After Chiang's death, Vice President Lee Teng-hui succeeded to the KMT chairmanship and presidency. Lee promoted more Western-educated and reform-minded individuals into the Cabinet and into the Central Standing Committee of the party. The influence of Western liberalism on Taiwanese politics was strong. Lee, being a local Taiwanese and possessing an international education (American PhD), was regarded as a reformist whose succession to the presidency marked the end of KMT authoritarianism and the progression toward multiparty democratisation.

2.5. The Rise of Democratic Government, 1988-1996.

In the first multiparty elections of December 1989 for seats in the Legislative Yuan, the Taiwan Provincial Assembly, the Taipei and Kaohsiung city councils, and mayoral and county magistrate posts, the DPP was able to obtain approximately twenty-eight

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[94] Goldstein, C. *"The Young Turks Use Opposition Street Tactics"* in Far Eastern Economic Review, September 3, 1987, p.16. See also The Independence Morning Post, 4 February 1988, p.2.
[95] More than eighty-five percent of the candidates who had won the primary vote were then nominated by the KMT's Central Standing Committee. Tien, H.M. Op.Cit, p.113.
[96] Ibid, p.114.
[97] In March 1988, a survey conducted by *The China Times* amongst ROC congressmen elected to parliament after 1949, found that ninety percent wanted the government to change its rigid policy toward the mainland with seventy percent wanting contacts and exchanges with the mainland. The China Times, March 13, 1988. Cited in Zhan, J. Ending the Chinese Civil War - Power, Commerce, and Conciliation Between Beijing and Taipei, St. Martin's Press, New York: 1993, p.101.

percent of the popular vote.[98] A number of the DPP's successful candidates who obtained impressive electoral support were those who had openly, although illegally[99], called for the drawing up of a new constitution of the "Republic of Taiwan" as well as independence for the island.[100] This was the first election in Taiwan which was characterised by calls for independence. A new Taiwanese political identity had emerged that offered an alternative to the long-held one China policy of the KMT (and the CCP).[101] The affirmative policy of *Taiwanisation*, the elevation of native Taiwanese into senior positions of the KMT, also cemented this growing identity. The local politicians were "less emotionally committed to unification than previous leaders and more committed to the interests of the Taiwan populace."[102] Within the KMT itself, the debate over national identity was ensuing. The process of *Taiwanisation* was resulting in elderly mainlanders losing their privileged positions in politics and being replaced by Taiwanese who had the general support of the electorate, something which the mainlanders had not been accountable to since being elected on the mainland prior to 1949.[103] Democratisation and national identity were thus inextricably connected. Hu fu, professor of political science at National Taiwan University, said of Taiwan's political development, *"There is a confused value system from being 'one China' and being separated at the same time. National identity and political reality influence each other."*[104] Pragmatic diplomacy is thus closely tied to political reform. The roots of this policy stem from the ROC's government's increased self-confidence in its democratic legitimacy. This new legitimacy has replaced the KMT government's

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[98] The ruling party retained 208 out of a possible 293 seats with the opposition DPP winning 65 seats, a substantial increase of 25 over the party's 1986 showing. Cheng, T.J. Huang, C. and Wu, S.S.G. (eds.) Inherited Rivalry - Conflict Across the Taiwan Straits, Lynne Rienner Publishers, Boulder: 1995, p.244.

[99] During the 1991 National Assembly session, a number of DPP supporters staged a sit-in to protest the strict national security laws and article 100 of the criminal code which made the advocating of independence a treasonable offence. The government was forced into amending the law making the call for independence or expressing support for Communism no longer a crime. Chiou, C.L. *"Emerging Taiwanese Identity in the 1990's: Crisis and Transformation"* in Taiwan in the Asia-Pacific in the 1990's, Klintworth, G. (ed.) Allen & Unwin, St Leonards: 1994, p.32-3.

[100] The DPP adopted a *Taiwan Constitution Draft* in August 1991. In September, the DPP Central Standing Committee approved in the party platform a clause identifying the island as *"The Republic of Taiwan which has independent sovereignty."* This was later passed at the party's Fifth National Congress in October. Hughes, C. Op.Cit. p.70-1.

[101] Chiou, C.L. Op.Cit. p.32.

[102] Nathan, A.J. *"The Effect of Taiwan's Political Reform on Taiwan-Mainland Relations"* in Cheng, T.J. and Haggard, S. (eds.), Political Change in Taiwan, Lynne Rienner Publishers, Boulder: 1992, p.209.

[103] See Wu, J.J. Op.Cit. p.147.

former legitimising fiction of its claim to representation of all China. In addition, with the era of Chiang rule over the ROC having come to an end, democratisation replaced continuity in leadership as a function of legitimisation.

The Lee Teng-hui leadership realised that the party would be unable to retain political legitimacy in a democratising system on a Chinese nationalist platform.[105] President Lee' support for *Taiwanisation* which was a tandem policy to that of the DPP, led to accusations from conservative figures within the KMT of collaboration between Lee and the DPP of moving toward independence. They charged that Lee's support for "Taiwan independence in substance" was no different from the DPP's advocacy of Taiwan's independence.[106] On the matter of unification, many right-wing KMT politicians became "strange bedfellows" with CCP leaders. PRC leaders were disturbed by the growing calls for independence within Taiwan. In an informal meeting of the CCP Politburo in September 1990, Deng Xiaoping reportedly criticised Lee Teng-hui for *"advocating Taiwan independence and failing to take active measures to promote China's unification."*[107] Both KMT conservative elements and the CCP opposed moves toward Taiwanese independence. A few KMT mainlander politicians have established liaisons with Beijing in an attempt to invoke its support against the Taiwanese independence movement.[108] Lee was even strongly criticised by the KMT conservatives for having shaken hands with Huang Hsin-chieh, the former DPP chairman.

In December 1989, the competition within the party was intensified by Lee's failure to appoint a running mate for the upcoming March 1990 National Assembly elections. Lee's delay in choosing a candidate increased tension within the party amongst those vying for the position.[109] Internal dissent against Lee manifested itself in a challenge to his leadership in elections for the presidential nomination. This visible split within the

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[104] Quoted in Moore, J. *"Split Personality"* in Far Eastern Economic Review, June 29, 1989, p.30.
[105] Hughes, C. Op.Cit. p.73-4.
[106] Wu, J.J. Op.Cit. p.147.
[107] South China Morning Post, 19 September, 1990. Cited in Chang, P. *"Beijing's Policy Toward Taiwan: An Elite Conflict Model"* in Cheng, T.J. Huang, C. and Wu, S.S.G (eds.) Inherited Rivalry - Conflict Across the Taiwan Straits, Lynne Rienner, Boulder: 1995, p.72.
[108] Ibid. p.72.
[109] See Ibid. p.97-8.

party was without precedent prior to the lifting of martial law in 1987 and caused a serious split within the KMT. According to O'Donnell and Schmitter, democratic reforms in a state are "often preceded by a split in the coalition of forces behind authoritarian rule, a split between hard-liners and soft-liners" with the latter pursuing reform in the face of internal opposition from the former.[110]

KMT candidates competing for the nomination included then Premier Lee Huan, Judicial Yuan President Lin Yang-kang, head of the National Security Council Chiang Wei-kuo, and Defence Minister Hau Pei-tsun. These figures together became known as the Non-Mainstream faction, united in their opposition to President Lee. This faction was pro-reunification with the mainland and was represented by Hau Pei-tsun. Hau, the former premier, was considered the only figure powerful enough in the KMT to hold back the tide of *Taiwanisation* and safeguard the positions of the mainlanders in the party.[111] He could call upon war veterans and Chinese residents overseas for support against Taiwan drifting toward independence. For this old guard, "suffering from diplomatic isolation was preferable to risking their own political legitimacy and vested interests."[112] The Mainstream faction comprised the reformist groups within the KMT and was centred around Lee Teng-hui. As mentioned, the main contention of difference was over the one China principle and the direction of Taiwan's foreign policy including that toward the mainland.

For the elections, the Non-Mainstream faction's candidate was Lin Yang-kang who's proposed running mate was Chiang Wei-kuo, Chiang Kai-shek's son and Chiang Ching-kuo's half-brother.[113] After much negotiation, Lee was able to see off the challenge and was appointed eighth president of the ROC by the National Assembly on the 21st March 1990. Bolstered by his re-election, in his inauguration speech on May 20th, Lee proposed the ending of the Three No's policy and the pursuance of a more "politically offensive" policy toward mainland China:

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[110] O'Donnell, G. and Schmitter, P.C. Transitions from Authoritarian Rule: Tentative Conclusions About Uncertain Democracies, Johns Hopkins University Press, Baltimore: 1936, p.19.
[111] Chang, P. Op.Cit. p.148.
[112] Kau, M.Y.M. *"The ROC's New Foreign Policy Strategy"* in Taiwan - Beyond the Economic Miracle, Simon, D.F. and Kau, M.Y.M. (eds.), M.E. Sharpe, New York: 1992, p.241.
[113] Hughes, C. Op.Cit. p.58.

> If the Chinese Communist authorities can implement political democracy and a free economic system, renounce the use of military force in the Taiwan Strait, and not interfere with our development of foreign relations on the basis of a one China policy, we would be willing - on a basis of equality - to establish channels of communication.[114]

Lee said that Taiwan would not withdraw its representation from Hong Kong and Macao in 1997 and 1999 respectively after these territories came under the jurisdiction of the PRC. The clear implication was that the Three No's policy was becoming redundant and that the one China policy would be further undermined by the ROC's increasingly flexible interpretation of it. Lee also held out the possibility of future talks on unification with Beijing but on three preconditions: the mainland would have to implement a democratic and free market system, renounce the use of force against Taiwan, and stop trying to isolate Taiwan in the international community.[115] The PRC denies the ROC's claim to sovereignty, claiming that the "ROC" is a part of history and therefore has no relevance in domestic or international law, and with Taiwan being a province of China, the ROC cannot pass itself off as a country.[116] By setting these difficult pre-conditions for Beijing, Lee attempted to delay a unification with the mainland while casting the PRC as the side perpetuating the division between the two Chinas.

To placate dissenting conservative elements within the KMT and to try and restore party unity, Lee appointed Hau Pei-tsun as premier. Hau was a symbol of conservatism for KMT reformers and the DPP while for the Non-Mainstream group he was a symbol of the ROC's traditional ties with the mainland. The KMT was looking likely to become a model of the Japanese Liberal Democratic Party (LDP) - its policies increasingly determined by compromises between the various factions within the party. It was thought that Lee's powers would be constrained by the conservative-dominated Executive Yuan (cabinet). But with the progress in democratisation, so the powers of

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[114] Chang, P. Op.Cit, p.73.
[115] Hughes, C. Op.Cit, p.59. See also The China Times, 30 July, 1988, p.2.

the Legislative Yuan and National Assembly increased. The growing number of DPP representatives counteracted the influence of the KMT's Non-Mainstrean faction.

Power struggles within the KMT itself came to replace the traditional power struggle between KMT mainlanders and DPP Taiwanese.[117] Within the KMT, a political polarisation arose with strong factional biases emerging between the conservative and reformist groups over the one China policy, the basis of the ROC's foreign policy. These factions were largely divided along sub-ethnic lines, that of Chinese represented by former military general Hau Pei-tsun and Taiwanese led by Lee Teng-hui. This, at least, was the public perception of the KMT division. Nevertheless, at this stage, the KMT was not a party which excluded Taiwanese. With the policy of *Taiwanisation*, the KMT had become a "catch-all" party.[118] The power struggle within the KMT had been brewing since the death of Chiang C.K. in January 1988. Lee Teng-hui did not have a strong support base within the party when he assumed the presidency at this time.

For the National Assembly elections of December 1991, the KMT downgraded its traditional appeal to Chinese nationalism in order to broaden its support base amongst Taiwanese voters. The elections were described as the island's "first major national election." Instead of campaigning under slogans such as *"Unite China under the Three Principles of the People"*, the KMT made use of the slogan *"Reform, security, prosperity."*[119] Rather than projecting itself as a party of China, the KMT portrayed itself as a party dedicated to the interests of Taiwan. This followed the forced retirement of the last of the KMT's mainland-elected politicians who had to resign their positions by 31st December 1991.[120] The replacement of the elderly conservative

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[116] Chao, C.M. *"Taiwan's Identity Crisis and Cross-Strait Exchanges"* in Issues & Studies, Vol. 30, No. 4, April 1994, p.3.
[117] Chu, J.J. *"The Rise of Island-China Separatism"* in Klintworth, G. (ed.) Taiwan in the Asia-Pacific in the 1990's, Allen & Unwin, St Leonards: 1994, p.55.
[118] For example, the KMT's December 1991 election campaign was conducted in a variety of local dialects, with over eighty percent of its candidates being of local origin as opposed to being from the mainland.
[119] Chu, J.J. Op.Cit, p.71.
[120] On 22nd April 1991, the National Assembly approved a constitutional amendment to reform itself at the end of 1991. This followed the ROC Council of Justices ruling on 21st June 1990 that required all mainland-elected representatives to resign by 31st December 1991.

KMT figures by younger locally-elected technocrats in the election marked the removal of a powerful symbol of Chinese nationalism.

With a representative system reflecting Taiwanese rather than Chinese interests, the national interest had shifted to represent local instead of mainland interests. Although the *Three Principles* remained the official creed of the KMT, to remain politically viable the KMT became responsive to Taiwanese public opinion. The government's foreign affairs conduct became a matter of public debate. It would be extremely difficult for Lee to mobilise enough support within the KMT (particularly from the conservative elements) were he to make any radical departure from Chinese nationalism as dictated by the one China principle. However, under domestic electoral pressure from the DPP and international pressure through the spread of democratic mass movements in the East Asian Region, the necessity to bolster support for the party was evident. Lee could not ignore the need for new initiatives in the ROC's foreign policy. Thus policy had to strike a balance between unification on the one hand and "Taiwan consciousness" on the other. The Lee leadership had moved "a long way from the traditional KMT dogma that it is the will of the Chinese nation that is paramount."[121]

In the election, the KMT polled seventy-one percent with the DPP receiving twenty-four percent of the vote after basing its campaign on the issue of independence. This decline in support from the previous 1989 elections was largely due to the DPP appearing too secessionist in the eyes of the electorate. In October, two months before the election, the DPP had adopted a res. ution which included a Taiwanese independence clause as a prominent part of its electoral platform. This made independence the most visible issue of the election.[122] The issue of independence was a very sensitive one with voters at this time being apprehensive over which political direction Taiwan was headed and the possible (military) reaction it would provoke

[121] Chu, J.J. Op.Cit. p.83.
[122] Jia, Q.G. *"Toward the Center: Implications of Integration and Democratisation for Taiwan's Mainland Policy"* in Journal of Northeast Asian Studies. Vol. XIII, No. 1, Spring 1994, p.60.

from the PRC. Promotion of Taiwanese independence attracted the DPP's traditional followers but alienated it from stability-minded business and middle classes.[123]

The DPP's poor electoral performance was a setback for the radical "New Tide" faction within the DPP which wanted to see the immediate establishment of an independent Taiwan. They argued that independence was the only solution to Taiwan's international and diplomatic isolation. The moderate "Formosa" faction within the DPP believed political democratisation to be the first priority with the issue of independence to be determined at a later stage by the will of the people. The Formosa faction saw it as unnecessary to declare *de jure* independence since Taiwan was, in its view, a *de facto* independent state already. Risking a military response from the PRC in order to achieve *de jure* independence would endanger Taiwan's own national survival.[124]

However, in the December 1992 Legislative Yuan elections, the DPP won about thirty-six percent of the vote with the KMT garnering just sixty-one percent - its lowest figure of the popular vote in history.[125] This followed the DPP adopting a more moderate platform in respect to the independence issue. The DPP began to move away from its stance of "Taiwanese" independence to a lesser one of an independent Taiwan.[126] The DPP's policy stance on the issue of independence and international status of Taiwan echoed that of the KMT which was "one China, one Taiwan" or priority placed upon Taiwan's development rather than the goal of unification with the mainland. Former DPP chairman, Yao Chia-wen, spoke for the moderate DPP faction when he said that:

> Taiwan is not part of the PRC...When Taiwanese talk about Taiwan independence, we do not say Taiwan wants to separate from China. We say we want to maintain the existing situation and not become part of the PRC.[127]

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[123] Lin, T.M. Chu, Y.H. and Hinich, M.J. "*Conflict Displacement and Regime Transition in Taiwan - A Spatial Analysis*" in World Politics, Vol. 48, No. 4, July 1996, p.462.
[124] Wu, J.J. Op.Cit. p.141.
[125] The KMT obtained 102 seats in the reformed Legislative Yuan and the DPP 50.
[126] Chu, J.J. Op.Cit. p.57.
[127] Feldman, H.J. Constitutional Reform and the Future of the Republic of China, M.E. Sharpe, New York: 1991, p.159.

The DPP had firmly established itself as a political force in Taiwan and a genuine two-party system "had emerged as a political reality."[128] The DPP's electoral success, after existing as an official party for only six years, substantially increased its ability to influence national policy. Both the DPP and KMT had to move toward centrist politics and cultivate a broader political majority across party lines resulting in a Taiwanese political identity emerging - an identification with the same Taiwanese "symbiotic" body politic.[129] The result was an undeclared alliance between groups in both parties who asserted that Taiwan was a sovereign political entity distinct from the mainland (though still titled the ROC) and those who advocated outright independence for Taiwan. These groups' common goal was to promote the welfare of Taiwan rather than focusing on the distant objective of reunification with the mainland. The joint efforts of this tacit coalition culminated in their ouster of Hau Pei-tsun from the premiership in December 1992.

The KMT reformist elements and the DPP were also in agreement over the pursuance of UN membership for Taiwan, not necessarily under the title of the ROC.[130] The KMT was to later adopt the UN bid as its own policy, thereby depriving the DPP of its principal foreign policy proposal.[131] Through this move, Lee was able to regain control over the foreign policy agenda which had increasingly been led by the DPP.[132] This move was strongly opposed by the Non-Mainstream faction. Other policy objectives held by the conservatives concerned the Lee administration's proposed revision of the ROC's claim to sovereignty over "Outer Mongolia" and Lee's and the DPP's caution over lifting the ban on direct contacts with the mainland, with the Non-Mainstream faction favouring broader economic and cultural exchange across the Taiwan Straits.[133]

Opponents of the reformists were the conservative former mainland elements within the KMT who held dear to the ideal of national unification with the mainland. This loose grouping which transcended party differences formed a majority in parliament

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[128] Chiou, C.L. Op.Cit. p.42.
[129] Ibid. 43.
[130] Wu, J.J. Op.Cit. p.100.
[131] Rigger, S. *"Taiwan's Lee Teng-hui Complex"* in Current History, September 1996, p.269.
[132] Lin, T.M., Chu, Y.H. and Hinich, M.J. Op.Cit. p.461.
[133] See Tien, H.M. and Chu, Y.H. *"Building Democracy in Taiwan"* in The China Quarterly, No. 148, December 1996, p.1146-7.

and was representative of Taiwanese interests rather than former mainlander ones. As DPP politician, Chiu Yi-ren, observed, *"the Chinese KMT was becoming the Taiwanese KMT."*[134] This three-way coalition between the DPP and the two KMT factions was a new political departure in ROC politics which had previously been characterised by KMT dominance. Despite holding a majority in parliament, the KMT leadership could no longer count upon its members to support all issues. In order to effectuate legislation, the KMT often had to enter into negotiations with the opposition in order to ensure the passage of a bill.[135] Thus ROC policy-making became a bipartisan process not just between political parties but the majority native Taiwanese personalities within these parties. This was manifested in the ROC's foreign policy which now reflected the aspirations of Taiwan's population rather than a small mainlander elite which had been sidelined by the democratisation process.

Of particular note was the DPP's political slogan of "one Taiwan, one China" which was openly supported and echoed by a number of KMT candidates. In November 1992, the KMT expelled from the party one of its electoral candidates, Chen Che-nan, on the grounds that he supported a Taiwanese KMT. This followed Chen's call for a "one China, one Taiwan" policy as well as calling four KMT prominent figures - Hau Pei-tsun, Lee Huan, Hsu Li-nong, and Sher ang-huan - the *"four traitors selling out Taiwan."* Chen's expulsion served to exacerbate divisions within the KMT and exposed the party's lack of consensus over the one China principle.[136] It also damaged the image of the ruling party and many traditional supporters chose to vote against it as a result. The DPP's campaign slogan of *"a united DPP against a divided KMT"* attracted many voters disillusioned with the KMT's infighting.[137] As a result of the elections and the political aftermath, a much stronger identification of Taiwan as a separate political entity emerged. The issues of unification versus independence

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[134] Baum, J. *"Opposition Cues"* in Far Eastern Economic Review, December 19, 1991, p.11.
[135] Wu, J.J. Op.Cit. p.100.
[136] Chen was a candidate for the city of Kaohsiung. After being expelled from the party, Chen formed an alliance with two other KMT Taiwanese dissenters. He was later re-elected by a small majority. Others supportive of such a "one China, one Taiwan" policy remained in the KMT and campaigned on that platform for the Legislative Yuan elections. This fuelled suspicions that they enjoyed support from certain figures within the KMT higher leadership. Indeed, President Lee himself later spoke out at a Central Standing Committee meeting in Chen's defence. Chu, J.J. Op.Cit. p.55, and Hughes, C. Op.Cit. p.80.
[137] Wu, J.J. Op.Cit. p.99.

became the dividing feature of ROC politics. This disillusioned optimists who had previously predicted that democratic reforms would defuse sub-ethnic tensions in Taiwan.[138]

President Lee's own willingness to reinterpret the official one China policy undermined the position of the conservatives within the KMT. Indeed, he likely drew public support away from the extremists within the KMT as well as from the DPP.[139] The appointment of Lien Chan, a native Taiwanese, as premier on 27th February 1993 marked a shift in power inside the KMT from the old guard to the younger reformist element supportive of President Lee's flexibility over Taiwan's international status. This followed the resignation of Hau Pei-tsun who no longer was able to muster the necessary support in the Legislative Yuan. Hau did, however, retain his position in the Central Standing Committee. Lien, a scholar-turned-politician, was able to overcome the challenge posed by Hau-backed Lin Yang-kang for the premiership. During his time as Foreign Minister, Lien had, along with Lee, been the architect of pragmatic diplomacy. Now for the first time, both the posts of president and premier were held by Taiwanese who had no former ties with the mainland.[140] With Lien heading the Executive Yuan, the source of conflict between the factions within the cabinet was largely removed. Lee's support base was reinforced by the March appointment of James Soong as Governor of the Taiwan Provincial Government. In response to questions posed by the DPP, Lien stated that in dealings with foreign countries that had diplomatic relations with Taiwan, the "ROC" would be used as the national name whereas with countries which had no official relations with Taipei, "Taiwan" would be used.[141] At the KMT's Fourteenth Party Congress held between 16th-22nd August 1993, Lee Teng-hui was re-elected chairman of the party.[142] With the eclipse of the

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[138] Wu, Y.S. *"Taiwan in 1994: Managing a Crucial Relationship"* in Asian Survey, Vol. XXXV, No. 1, January 1995, p.67.
[139] Chu, J.J. Op.Cit. p.55.
[140] Lien Chan was fifty-six years old and held a PhD in political science from the University of Chicago. Although he had been born in the mainland city of Xian, he was perceived to be "Taiwanese" as his father had originally migrated to the mainland from Taiwan.
[141] Chan in reply to a question from Professor Parris Chang of Pennsylvania State University who had been elected to the Legislative Yuan as a representative of the DPP. See The China Times, 23 February 1993. Cited in Chiou, C.L. Op.Cit. p.40.
[142] Lee obtained 1686 votes by secret ballot (82.5 percent) to secure the chairmanship.

Non-Mainstream faction and the Mainstream faction becoming the dominant one, Lee was able to further extend the policy of pragmatic diplomacy.

On 13th March 1993, members of the Non-Mainstream KMT faction held a rally in Taipei to announce the creation of a "political group" widely regarded as a precursor to a fully-fledged political party. Strong criticism was made of the Mainstream faction and President Lee in particular. On 10th August, the split in the KMT was complete with the formation of the Chinese New Party (CNP).[143] A major reason for the split from the KMT was the CNP's objection to the Taiwan-first approach adopted by the Mainstream faction at the expense of Chinese nationalism. The CNP was dominated by mainland immigrants and their descendants. It hoped to form an effective third political force to win over the Chinese nationalist section of the vote. The party claimed to be the political heir to Sun Yat-sen's ideology (the Three Principles of the People), "pursuing unity of the nation, democratic politics and equality of livelihood."[144] However, the word "China" was quietly dropped from the party's title a few months later.[145]

To broaden its electoral appeal, the NP campaigned against corruption within the ruling KMT. The NP gradually gained in strength and began to compete against the KMT for the latter's constituencies, particularly in the greater Taipei metropolitan area. On certain issues, however, the NP and KMT co-operated to counter the growing influence of the DPP. On 30th December 1993, the NP allied itself with the KMT to oppose a bill presented by the DPP which called for a referendum on the question of declaring Taiwan an independent state.[146] A tri-party political system was emerging in Taiwan. This was evident in the December 1994 local elections.[147] The results reflected the voters preference for a "centrist policy of pragmatic manoeuvring

[143] The party drew its strength from the defection of seven former and incumbent legislators and was joined by Wang Chien-shien, the finance minister from Hau's cabinet. The name was chosen with the Japanese "New Party" in mind which had broken away and successfully challenged the Liberal Democratic Party (LDP) in 1993 for power. This, however, was denied. See Wu, J.J. Op.Cit. p.101.
[144] Hughes, C. Op.Cit. p.84.
[145] Ibid. p.84.
[146] Free China Review, March 1994, p.9-10.
[147] These elections were for the posts of provincial governor, mayors of Taipei and Kaohsiung, city councillors, and deputies to the local assembly.

between independence and reunification with the mainland."[148] Democratisation of the ROC has caused Taiwan politics to move toward the centre in mainland policy. After these elections, the DPP began to tone down its independence rhetoric and adopt a more moderate stance. At its party conference on 5th February 1995, the DPP supported the retention of the concept of Taiwan's independence, but in a less vocal manner. For instance, the DPP would not call for an immediate declaration of independence following a referendum on the matter.[149]

As the ROC moved toward a fully democratic system of government, the government's foreign policy began to reflect the interests of Taiwan to a greater extent. This democratic process would be completed with the direct presidential elections to be held in March 1996. In July 1990, DPP Chairman Huang Hsin-chieh stated that only an election of the president would mean that the people were the masters and that the government had been returned to them.[150] After the debate over the future electoral procedure of the position of president, the National Affairs Conference (NAC) passed a resolution on 3rd July 1990 on future presidential elections: *"The president should be produced by election from the whole body of citizens. The method and implementation of this will be discussed by all circles and fixed according to law."*[151] This was finally provided for by the National Assembly's adoption of an amendment to the Constitution which provided for the direct popular election of the ROC's President in July 1994: *"Effective from the 1996 election for the ninth-term president and vice-president, the president and the vice-president shall be elected by the entire electorate in the free area of the Republic of China."*[152] A directly elected president by the Taiwanese electorate would separate the ROC from its mainland history. Rather, the president would in reality be the president of Taiwan and not of China. This would undoubtedly have consequences for Taipei's foreign policy.

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[148] Gudoshnikov, L. *"The First Three-Party Elections in Taiwan"* in Far Eastern Affairs, No. 5, 1995, p.45.
[149] Ibid, p.46.
[150] Hughes, C. Op.Cit. p.63.
[151] The NAC took place between 28th June to 7th July 1990 and was attended by 150 representatives from the various political parties and social groups. The NAC was launched as an initiative by Lee designed to draw up proposals for mainland policy and constitutional reform.
[152] ROC Yearbook 1993, Government Information Office, Taipei: 1993, p.729-30.

2.6. Theoretical Explanations of the Political Reform Process.

What explanations are there which account for the KMT's tolerance of the growing opposition movement despite its illegality and which heralded the ROC's transition toward political pluralisation and democratisation? There are three general theories which are relevant in the examination of Taiwan's democratisation.[153] Firstly, the correlation theory that examines the linkage between socio-economic and political development. Secondly, the causation theory that places emphasis upon the ruling regime's own initiatives toward democratisation. And thirdly, the interaction theory which regards democratic progress as resulting from interaction and competition between the ruling regime and opposition groups. In the case of the ROC-on-Taiwan, all of these theories are relevant but must be examined jointly, as individually they do not fully account for the democratic transition in Taiwan. Together they provide a suitable explanation for the democratic transition of Taiwan's political structure.

2.6.1 The Correlation Theory, Economic Factors, and Policy Change.

Contributing to Taiwan's political liberalisation was the rising level of economic development on the island. This so-named correlation (or modernisation) theory was first espoused by Seymour Martin Lipset in the 1950's who emphasised objective conditions as a facilitator of democratic transition.[154] Lipset's work became a reference point for all future work on the relationship between economic development and political progression. The theory seeks to explain political democratisation through the socio-economic development of the state. "The more-well-to-do a nation, the greater the chances that it will sustain democracy."[155] These theorists argue that democracy is the result of economic and social developmental progress which stems from industrialisation. Prerequisite factors such as a high literacy rate, rising per capita income, urbanisation, an emergent middle class and access to mass media all contribute to the development of political democratisation.[156] Dahl considered it to be *"beyond*

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[153] Tien, H.M. Op.Cit. p.103.
[154] Lipset, S.M. *"Some Social Requisites of Democracy: Economic Development and Political Legitimacy"* in American Political Science Review. March 1959. p.69-105.
[155] Ibid. p.71.
[156] Tien, H.M. Op.Cit. p.103-4.

dispute" that the higher the socio-economic level of a country, the more likely that it would be a democracy.[157] Huntington asserted that wealth provides the resources needed to mitigate the tensions produced by political conflict.[158] Huntington sets out four developments with which authoritarian ruling parties have to come to terms in the face of socio-economic progression:

(1) the emergence of a new, innovative, technical-managerial class;
(2) the development of a complex group structure, typical of an industrial society whose interests relate to the political realm;
(3) the emergence of a critical intelligentsia becoming increasingly alienated from the institutionalised structures of power; and
(4) the demands of local and popular groups for participation in and influence over the political system.[159]

Socio-economic development thus creates the conditions which pressurise authoritarian governments to adopt political reform and head toward democratisation. "The evolution of the system is thus shaped primarily by the process of modernisation and the political consequences of that process."[160] Democratisation is thus regarded as an almost inevitable consequence of socio-economic development. Economic development facilitates urbanisation and increases educational levels and increases the diffusion of the mass media.

Economic success in Taiwan created an influential middle class which by the mid-1980's had become increasingly politicised. By this time, Taiwan's middle class was a relatively autonomous, organised, and politically conscious group. Taiwan's high literacy figure (over ninety percent), rising per capita income (approximately US$7 000 per annum in 1988), professional middle class, business entrepreneurial class, and good

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[157] Dahl, R.A. Polyarchy: Participation and Opposition, Yale University Press, New Haven: 1971, p.65.
[158] Huntington, S.P. *"Will More Countries Become Democratic?"* in Political Science Quarterly, No. 2, 1984, p.199.
[159] Huntington, S.P. *"Social and Institutional Dynamics of One-Party Systems"* in Authoritarian Politics in Modern Society - The Dynamics of Established One-Party Systems, Basic Books Inc., New York: 1970, p.33.
[160] Huntington, S.P. and Moore, C.H. *"Conclusion: Authoritarianism, Democracy..."* Op.Cit. p.511.

communication system were all factors contributing to pressure for political change.[161] The sizeable middle class was comprised of owners of small and medium size businesses, teachers, and white collar employees of private business organisations. This grouping was estimated to be two-and-a-half million people and rather homogenous in terms of their general political attitudes.[162]

Taiwan's increased links with the international market also resulted in large amounts of international contacts and information coming to the island.[163] Taiwan's degree of internationalisation was no longer compatible with an authoritarian political system isolated from external influences.[164] Together, these factors resulted in a positive correlation between socio-economic development and democratisation taking place. As social pluralism progressed, so additional pressures were placed upon the KMT for political reform.[165] Taiwan's society had grown far more complex and connected to international affairs. It could no longer be controlled in an authoritarian manner by a small ageing elite. Thus economic development created the conditions for a plural social order, one which demanded a competitive political system.

With ever expanding industrialisation, Taiwan's growing business class began to erode the government's influence over the economy and exercised greater control over their own investments and trade with the mainland. The majority of Taiwan's business community wascomprised of small and medium size companies which were flexible and better able to elude the government's ban on investment on the mainland.[166] They were mostly independent of the KMT. This business class was largely dominated by local Taiwanese rather than former mainlander residents. Business offered better opportunities than politics for social upward mobility which was often discriminatory toward non-mainlanders. Rising demands by Taiwan's business class for more economic interaction with the mainland led to the ROC government revising its rigid

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[161] Cheng, T.J. Op.Cit. p.481.
[162] Lu, A.Y.L. Op.Cit. p.1085.
[163] Chao, L. and Myers, R.H. Op.Cit. p.218.
[164] Winckler, E.A. *"Taiwan Transition?"* in Cheng, T.J. and Haggard, S. (eds.), Political Change in Taiwan, Lynne Rienner Publishers, Boulder: 1992, p.228.
[165] Tien, H.M. Op.Cit. p.105.
[166] In 1990, Taiwanese manufacturing companies employed on average seventeen workers. This is a testament to their small size and relative ability to side-step government disclosure when making overseas investments. See Lee, A.K. Op.Cit. p.349-350.

mainland policies. The KMT began to gradually adopt a more constructive engagement approach toward the mainland. Such a policy was not initiated but rather adopted as a belated recognition of shifting investment across the Taiwan Straits. Political tension between the two sides was not conducive to economic flows across the Straits, thus the business community sought to encourage the KMT to improve relations with Beijing. This lobbying power increased in parallel with Taiwanese entering higher positions within the government elite. This new Taiwanese elite had strong connections to the local business community based upon school, regional and workplace affiliations.[167]

In addition to the increasing clout of the Taiwanese business community, a number of domestic economic issues increased pressure upon the KMT to change its policy toward the mainland and added to the leverage of the business community. In early 1985, Taiwan's financial markets were rocked by a loan scandal which implicated the KMT and resulted in serious demonstrations against the government arising. In January, the ROC Bureau of Investigations uncovered massive shortages of funds at the Tenth Credit Co-operative, owned and operated by Tsai Chen-chou, a KMT legislator as well as a senior figure from the prominent Cathay Group company.[168] It was found that Tsai had engaged in fraudulent activities diverting more than US$192 million from the co-operative to his own risky business ventures.[169] Heavily indebted and on the verge of bankruptcy, the co-operative was ordered by the government to stop its lending activities. The suspension caused a run of depositors on the co-operative as well as on its sister company, Cathay Investment & Trust Co. As a result, creditors lost an estimated US$320 million.[170] The collapse of the co-operative sparked Taiwan's worst financial crisis to date and implicated a number of top KMT officials including two economic ministers, Hsu Li-the and Lu Jen-kang, who were forced to resign due to their inaction over the co-operative's long-time illegal activities. The

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[167] Such businesses donated political funds to the growing opposition as well as offering alternative careers to the leaders of the *Tang-wai*. Cheng, T.J. Op.Cit, p.483-4.
[168] Cathay Investment & Trust Co. had estimated assets of US$2.5 billion in 1984. See Time, September 6, 1985, p.46.
[169] Lee, A.K. Op.Cit. p.351.
[170] The China Times Weekly Magazine, New York, March 1-9 1985, p.6.

KMT government's attempts to contain the political damage did little to save it from suffering a serious blow to its credibility.[171]

The financial crisis contributed to Taiwan's economic woes. In 1985, economic growth dropped from double digit figures to barely five percent, low by Taiwan's standards. Problems of rising unemployment and declining domestic investment were made worse by the closure of half of Taiwan's coal mines following accidents which claimed the lives of 277 workers.[172] Mounting criticism of the government came from the increasingly outspoken middle class, press and political opposition. These domestic economic crises resulted in the government seeking an outlet for the country's growing economic trouble through endorsing the growing illicit trade with the mainland.[173] Thus Taiwan's own domestic economic situation increasingly effected its external policy toward the PRC.

2.6.2. Causation Theory and Leadership Change.

Rustow argues that a ruling elite's decision to initiate political reform can be as important as the prerequisites for such reform as outlined by the correlation theory.[174] Huntington states that the attitude of the political elite plays a decisive role in the growing levels of political participation in that particular country.[175] Since the rise in protest against the government's authoritarian rule in the late 1970's, the KMT became increasingly tolerant of opposition protest. The KMT could not afford to suppress the protest through the use of extreme measures for fear of losing support from Western countries, the US in particular.[176] Violent protest, although it occurred, was kept to a relative minimum in Taiwan when comparing it to other such authoritarian regimes which acted to harshly suppressed opposition movements. The ROC's military acquiesced to the state's political liberalisation, something which was

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[171] See Wu, J.J. Op.Cit. p.40-41 for greater detail.
[172] Lee, AK. Op.Cit. p.352.
[173] Ibid. p.352.
[174] Rustow, D.A. *"Transition to Democracy: Toward a Dynamic Model"* in Comparative Politics, No. 2, April 1990, pp.156-244. Cited in Tien, H.M. Op.Cit. p.105.
[175] Huntington, S.P. and Nelson, J.M. No Easy Choice: Political Participation in Developing Countries, Harvard University Press, Cambridge, Mass: 1976, p.28.
[176] Lerman, A.J. *"National Elite and Local Politician in Taiwan"* in American Political Science Review, Vol. 71, No. 4, December 1977, p.1408-9.

often not the case in many Third World countries experiencing political turbulence while moving from authoritarian to democratic systems.[177]

The major factor of the applicability of the causation theory in Taiwan was that of leadership change. It was an important factor shaping the ROC's political transition and policy shifts. As an "agent" for foreign policy change, Hermann has argued that *"Leader driven change results from the determined efforts of an authoritative policy maker, frequently the head of government, who imposes his own vision of the basic redirection necessary in foreign policy. The leader must have the conviction, power, and energy to compel his government to change course."*[178] Up until the mid-1980's, the ROC Nationalist regime had remained a leaderist rather than a party system. The system had even been described as a *"Fuhrerist"* one.[179] The leader, Chiang Kai-shek and later Chiang Ching-kuo, not the party, retained dominance by exercising control over the major political institutions. In party workings of the KMT, the supremacy of the leader and the generational succession by mainland supporters of Chiang Kai-shek consolidated the institutionalised role of the pre-eminent leader.[180] Reinforcing this was the Chinese culture of family inheritance and succession. Culturally, property and control pass from father to son. Chinese politics has borrowed heavily from such tradition.[181] Family inheritance was an important principle underpinning the succession from Chiang elder to younger. This was later changed by Chiang C.K. himself in 1985 when he asserted that he would not be succeeded by one of his family members thus paving the way for a constitutional succession.[182] This put an end to the "hereditary politics" at the elite level of the KMT which had characterised the ROC - a situation that had grown less acceptable as time went by.[183]

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[177] See Ibid. p.105.
[178] Hermann, C. *"Changing Course: When Governments Choose to Redirect Foreign Policy"* in International Studies Quarterly, Vol. 34, No. 1, March 1990, p.3.
[179] Winckler, E.A. Op.Cit. p.231.
[180] Ibid. p.231.
[181] For greater detail see Ibid. p.233-4.
[182] Lee, A.K. Op.Cit. p.340.
[183] Copper, J.F. and Chen, G.P. *"Taiwan's Elections: Political Development and Democratisation in the Republic of China"* in Occasional Papers/Reprint Series in Contemporary Asian Studies, University of Maryland, 1986.

The KMT's quasi-Leninist rule under Chiang Kai-shek began to show signs of weakening in the early 1970's. This corresponded to the elevation of Chiang C.K. to the position of ROC premier in 1972 and later the sixth president of the ROC in 1978. Although considered the paramount leader, Chiang Kai-shek's ill health led him to delegate many of the duties of state to his son who was increasingly able to make important policy decisions on his own.[184] Considered more of a benevolent leader than his father, Chiang C.K. was more willing to liberalise the system, albeit gradually, than his father had been. He was also more responsive to public criticism. Chiang recognised - for the first time in the KMT's history - the existence of a "pluralist" society with diverse interests. At the same time he affirmed people's rights to hold different points of view.[185] The KMT government's credibility had been seriously damaged following the murder of the political activist Henry Liu (Chiang Nan) as well as the 1985 loan scandal involving a KMT legislator. Resultant public demonstrations placed large amounts of pressure upon the government, with criticism growing over the authoritarian nature of the state. Instead of suppressing the protests, Chiang adopted a policy of liberalisation. However, his readiness to accept the need for reform and willingness to carry it out was reflected in his address to the KMT's Central Standing Committee Meeting in October 1986. Chiang said that,

> Our country is confronting an extraordinary situation because the affairs of the world are changing. The political situation is changing. The environment is changing...We look around the political environment within and outside of our country. If we want to break through the difficulty and create a new situation for our country, we must undertake the necessary self-examination and analyse our working ideas and our methods.[186]

By the early 1980's, Chiang C.K's health was failing. Due to his deteriorating condition, the KMT leadership reportedly set up a five-man ad hoc group in 1982 to take charge of the expected transfer of power.[187] The succession of Chiang became a

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[184] Wu, J.J. Op.Cit. p.33.
[185] Cheng, T.J. Op.Cit. p.496.
[186] Quoted in Wu, H.H. Op.Cit. p.127.
[187] Chang, P. *"Taiwan in 1982: Diplomatic Setback Abroad and Demands for Reforms at Home"* in Asian Survey, Vol. XXIII, No. 1, January 1983, p.42.

topical issue and one which caused much anxiety in Taiwan.[188] Even Beijing was worried that the post-Chiang KMT would be a *"pluralist organ torn by intense power struggles, thus rendering the KMT less powerful and affecting Taiwan's political stability."*[189] Chiang was the only figure powerful enough to hold the reformist and conservative factions of the KMT together while forcing the senior parliamentarians into retirement and not evoking a conservative backlash. Chiang believed that the KMT's historical mission was to *"carry out our ROC constitution in the mainland to initiate democratic, constitutional government"*. This would enable the people on the mainland to *"do away with dictatorship and class warfare; really implement a way for [them] to determine their destiny; return political power to the people; and make them entirely equal before the law"*.[190] This was only possible through democratisation. Democratisation would help to remedy the KMT's growing legitimacy problems as well as to institute a system of checks and balances to oversee the operations of the bureaucracy.[191]

It has been stated that Chiang believed in the democratic process and that it needed to be based on a stable society and a prosperous economy.[192] Chiang C.K. removed a number of hardline mainland-born KMT stalwarts such as Wang Sheng who had held presidential ambitions. Chiang's promotion of Taiwanese in the administration prepared the ground for a smooth succession of power following his death. In 1983, Chiang appointed Lee Teng-hui, a native Taiwanese, as his designated successor. Lee was to be Chiang's vice-presidential running mate in the February 1984 elections. Following the election and his inauguration in March, Chiang reportedly confided to Lee his vision and plans for political reform which would ensure political succession

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[188] In 1982, the publications *Tsong Heng* and *Kuo Shih Pinglun* were banned after canvassing public opinion on the likely successor to Chiang. This crossed the boundary of accepted political discussion. Ibid. p.42.

[189] Yao, Y.P. and Liu, Y. *"Taiwan: Prospects for Reunification"* in Beijing Review, 17 March 1986, p.15.

[190] Quoted in Chao, L. and Myers, R.H. Op.Cit. p.219.

[191] Wu, J.J. Op.Cit. p.43.

[192] Former United States' Assistant Secretary of State, Gaston Sigur, asserted that from the late 1970's, Chiang Ching-kuo had maintained his position toward democratisation and reiterated it on various occasions. See also Cline, R.S. Chiang Ching-kuo Remembered: The Man and His Political Legacy, United States Global Strategy Council, Washington D.C: 1989, p.141.

after his death.[193] Chiang undeniably set in motion the beginnings of political reform of the ROC. Without his ascension to the premiership, such reform would not have been possible under Chiang Kai-shek.[194] Chiang's policy of *Taiwanisation* of the KMT, parliamentary reform, increased tolerance of political opposition, rescinding of martial law, and the lifting of the ban on Taiwanese citizens' visits to the mainland all contributed toward the democratisation of Taiwanese society.

2.6.3. The Interaction Theory and Rising Political Protest.

This theory regards the growth of a political opposition and its resultant interaction with the ruling elite as a major determinant of political transition. As the opposition grows in strength and influence, so the pressure upon the regime increases leading it to make involuntary concessions to growing democratic demands.[195] The political opposition in Taiwan was not an instantaneous movement. Rather it had its origins in the 1950's with dissent coming from native Taiwanese and former mainlander liberal intellectuals. Following the death of Chiang Kai-shek in 1975, political protest re-emerged with the same groups at the forefront of government opposition. Coming from middle class backgrounds, the opposition was better organised and financed and through increased pressure was able to enhance its bargaining position vis-à-vis the KMT.[196]

In Taiwan during the 1980's, the most common way used by the people to express their discontent with the KMT government was through public protest. Such protests, though not all political in nature, increased the pressure on the government to

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[193] Interview between R.H. Myers and Vice-President Lee in 1984. Cited in Chao, L. and Myers, R.H. Op.Cit. p.219.

[194] A survey conducted after Chiang C.K.'s death was conducted in January 1988 which gauged public opinion over his contribution to democratic reform. When polled, the question was posed: *"Between Messrs. Chiang C.K. and Chiang K.S. who do you think has made a greater contribution to Taiwan's progress and development?"* 40,2 percent regarded Chiang C.K. as having made a greater contribution than his father Chiang K.S. (9,4 percent), 44,2 percent responded saying *"no major difference"*, and 0,8 percent said *"no contribution at all"*. 3,8 percent said that *"there is no comparison"*. The Journalist, January 9-15, 1988, p.26-8. Cited in Wu, H.H. Op.Cit. p.219.

[195] Tien, H.M. Op.Cit. p.106.

[196] Ibid. p.107.

reform.[197] By the mid-1980's a growing number of people were willing to openly protest against the government. Between 1983 and 1987, a total of one-hundred-and-seventy political protests took place.[198] A number of violent protest actions had occurred in the 1970's. These included a number of terrorist actions against KMT individuals. Three letter bombs were sent to KMT officials and an attempt was even made on Chiang C.K.'s life in 1971.[199] In the US, a spate of bombings struck KMT offices in Washington DC and New York.[200] The Chungli and Kaohsiung incidents along with general growing protest activity forced the government to recognise that reform was unavoidable and that the cost of suppressing the people's demands had become too high. The KMT could no longer rely upon its traditional authoritarian means of control.[201] Thus the KMT's political liberalisation can be regarded as a response to the rising tide of public opposition to its authoritarian rule.

As the opposition *Tang-wai* movement became more organised, protest activity increased, placing greater pressure upon the KMT. By the mid-1980's, protest had shifted from being spontaneous outbursts of discontent to organised demonstrations with large numbers of people being mobilised "Without an organised challenge to its authority, an authoritarian regime cannot be expected to relinquish power and undertake liberalisation of its own accord."[202] Political protest served to undercut the authoritarian structure of the regime and at the same time erode the legitimacy of the KMT. With the formation of the DPP, the KMT government had little choice but to tolerate its existence for fear of provoking a large measure of public opposition. Martial law existed in name only.[203] Its termination in 1987 was belated, with its provisions going largely unenforced and having already become irrelevant.

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[197] In 1985-6, demonstrations were held in the coastal city of Lukang to protest the government's decision to grant a license to the US chemical company du Pont to build a plant in the town. Such protests received wide-support in Taiwan and led to other similar, non-political protests spreading across the island. Wu, J.J. Op.Cit. p.41.

[198] Hwang, T.F. *"Response to Collective Protest: Analysis and Evaluation"*, paper presented at The Collective Protest Conference, 1988. Cited in Wu, J.J. Op.Cit. p.61.

[199] A letter bomb blew off the hand of the KMT-appointed governor of Taiwan, Shieh Tung-min in 1976.

[200] Kaplan, D.E. Fires of Dragon: Politics, Murders and the Kuomintang, Atheneum, New York: 1992, p.276. Cited in Lee, A.K. Op.Cit. p.345.

[201] Wu, J.J. Op.Cit. p.62.

[202] Ibid. p.62.

[203] Ibid. p.63.

Competition between radical, moderate and conservative factions both within the KMT as well as the DPP contributed to the transition dynamics of political reform.

According to O'Donnel and Schmitter, for democratisation of an authoritarian political structure, four types of political actors are involved: hardliners and reformers within the authoritarian elite, and moderates and radicals within the opposition.[204] In Taiwan, democratisation was assisted by compromises within each group and between each camp. Transition theorists stipulate that the political key to a successful transition to democracy is the emergence of a coalition of centrists from each side of the political spectrum, rather than the domination of extremists. In Taiwan, such a political state of affairs emerged with ruling conservative and opposition radical factions being marginalised. This can be termed "the centrism of elites."[205] The KMT was thus forced into conceding to and accepting a number of the opposition's demands. These ranged from social and environmental issues and (relevant to this study) constitutional reform, mainland and foreign policies. The opposition DPP became divided into two major camps distinguished by their respective positions vis-à-vis Taiwanese independence - one radical, the other showing greater caution toward such an objective.

In addition to domestic forces contributing to political change, there existed an external factor which served to encourage the process toward political pluralisation - that of external pressure from the US, Taiwan's main benefactor.

2.7. International Factors and Political Reform - The ROC and the United States.

> External shocks are sources of foreign policy change that result from dramatic international events...external shocks are large events in terms of visibility and immediate impact on the recipient. They cannot be ignored, and they can trigger major foreign policy change.[206]

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[204] O'Donnell, G. and Schmitter, P.C. Op.Cit. p.
[205] Winckler, E.A. Op.Cit. p.223.
[206] Hermann, C. Op.Cit. p.12.

The US' derecognition of the ROC in December 1978 was such an external shock which acted as a stimulus of encouragement for Taiwan's opposition movement against the KMT's authoritarian rule. Along with the loss of its seat at the UN, the break of formal relations with the US had a dramatic effect on Taiwanese society. For decades the KMT had stressed the supposed necessity of maintaining stability above the need for political reform. The ROC used the claim of representing all China to stonewall against such calls for reform. The US derecognition highlighted the futility of such claims and led to native Taiwanese demanding changes in Taiwan's polity.[207] "By losing its international status as the ROC, including the support of its closest ally, the mainlander-dominated regime thereby lost the fundamental pillar legitimising its monopoly over Taiwan's politics."[208] Thus US recognition of the PRC over the ROC acted to destroy the myth of KMT nationalism in Taiwan. The ROC had become an international pariah state, one which was placed into the same category as the likes of Israel and South Africa.

Declining international support led to younger, well-educated groups questioning the competence and legitimacy of the KMT ruling elite. They started to "acquire new conceptions of the role of politics in their lives and new goals for which they may strive."[209] The KMT was unable to maintain the ROC's international status which had suffered severe blows during the 1970's: the ROC's expulsion from the UN (1971), Nixon's visit to the PRC and the Shanghai Communiqué (1972), the death of Chiang Kai-shek (1975), and the US derecognition (1979).[210] The ROC's international fortunes thus impacted upon the pace of its domestic political reform process. President Jimmy Carter's international human rights agenda and US Congressional criticisms of Taiwan's political suppression were also factors which induced the KMT to move toward reform. An incident which had a major impact upon the ROC's state of relations with the US was the murder of Henry Liu. Liu, a Chinese immigrant to the US who held US citizenship, and the author of a biography of Chiang Ching-kuo that was banned in Taiwan, was assassinated at his California home on 15th October 1984. The KMT government was subsequently humiliated by reports which implicated a

[207] Chang, P. *"Taiwan in 1982..."* Op.Cit. p.43.
[208] Gold, T.B. Op.Cit. p.177.
[209] Cheng, T.J. Op.Cit. p.484.

number of Taiwan's top military intelligence officers, the Bamboo Union, a Taiwanese organised crime ring as well as allegations against Chiang's second son Hsiao-wu and his stepbrother General Chiang Wei-kuo.[211] Whilst first denying the allegations, the KMT later indicted two military intelligence officers and sentenced the gangsters who allegedly carried out the crime to harsh penalties.[212]

The murder of a US citizen on national soil drew heavy criticism from the US. Up until this point, US criticism of Taiwan's human rights abuses had been rather muted.[213] However, this incident led to rising criticism in the US of the KMT regime. US Congress had been paying closer attention to Taiwan's human rights violations since the murders of the family members of jailed opposition leader Lin Yi-hsiung and that of Professor Chen Wen-cheng.[214] The assassination of Chen led to certain Congressional members[215] successfully lobbying for an amendment to the Arms Export Control Act which forbade sales of military equipment to any country which the President determined had engaged in acts of intimidation or harassment against individuals in the US.[216] During the Congressional hearings on the murder of Liu, it was suggested that the US control arms exports to the ROC in retaliation.[217] The killing of Liu was described by Congress as *"a hideous act."*[218]

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[210] Chu, J.J. Op.Cit. p.52.
[211] See Wu, J.J. Op.Cit. p.39 and Kaplan, D.E. Op.Cit. pp.362-4.
[212] To stave off public criticism and avoid the political storm brewing in Taiwan, Chiang Hsiao-wu was sent as the ROC's representative to Singapore. Ibid. p.40.
[213] According to Mark Pratt, although there were a number of inter-agency meetings at the State Department regarding Taiwanese human rights issues, as well as US officials meeting with the ROC's Foreign Ministry, the US never threatened the ROC with economic sanctions. Lee, A.K. Op.Cit. p.357.
[214] Ibid. p.357.
[215] Congressmen Stephen Solarz and Jim Leach.
[216] House Committee on Foreign Affairs. *Taiwan Agents in America and the Death of Prof. Wen-cheng Chen: Hearings before the Subcommittee on Asian and Pacific Affairs and on Human Rights and International Organisations of the Committee on Foreign Affairs*, 97th Congress, 1st Session, Washington D.C: USGPO, 1981.
[217] According to former US congressman Stephen Solarz, harassment of Taiwanese citizens in the US notably decreased following the passage of the Arms Exports Control Act. Interview with Stephen Solarz, former Committee Chairman of Foreign Affairs, US Congress, February 7th 1995. Cited in Lee, A.K. Op.Cit. p.358.
[218] House Committee on Foreign Affairs, Subcommittee on Asian and Pacific Affairs. *The Murder of Henry Liu: Hearings and Markup before the Committee on Foreign Affairs and Its Subcommittee on Asian and Pacific Affairs*, 99th Congress, 1st Session, Washington D.C: USGPO, 1985.

The incident served to damage the international image of Taiwan - that of a miracle economy and of a state in the process of political liberalisation. With Washington threatening to cut off arms sales to Taiwan, the ROC's own national security was at stake. Taipei was entirely dependent upon the US for its weapon supplies, market access, and the implied underwriting of its own security.[219] Being the ROC's major supporter in the diplomatic community, the KMT government could not afford to lose the support of the US. The US had never imposed sanctions upon the ROC, but such a possibility existed as long as the KMT regime continued to draw criticism both in the domestic and international arenas. The US was increasingly critical of the ROC's authoritarian politics. In addition to Congress holding hearings on Taiwan's human rights abuses, President Reagan was known to have sent a letter to Chiang C.K. asking him to open the ROC's political system.[220] This included the lifting of martial law.[221]

On 1st August 1986, the House of Representatives Foreign Relations Committee passed a resolution urging the KMT to lift its ban on the formation of new political parties.[222] It was made clear to Taipei that without an improvement in its human rights practices, ROC-US relations would likely deteriorate. The US had, and continues to have, a large amount of influence over the KMT government. Taiwan had been subjected to several decades of American political influence. During this time it had been exposed to American ideals, culture and tradition.[223] US support for global democratisation and human rights issues pressurised Chiang C.K. into instituting political change in Taiwan. According to J.F. Copper, Washington's role in the political transformation of Taiwan was significant:

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[219] Cheng, T.J. Op.Cit. p.492.

[220] A number of US Congressmen, including Edward Kennedy, Claiborne Pell , Jim Leach, and Stephen Solarz, formed a "Taiwan Democratic Committee" to pressurise for more political openness and tolerance of opposition. Lee, A.K. Op.Cit. p.359.

[221] Chiang announced his intention to lift martial law to the US newspaper, *The Washington Post*, in October 1986. Southerland, D. *"Taiwan President to Propose End to Island's Martial Law"* in The Washington Post, October 8, 1986, p.18.

[222] Hughes, C. Op.Cit. p.41.

[223] A number of US-educated officials became close advisers to Chiang C.K. such as James Soong, Ma Ying-jeou, and Shaw Yu-ming. Klintworth, G. Op.Cit. p.232.

> The American Congress, the administration, the media, and scholars have supported Taiwan's democratisation. Sometime they have used pressure and coercion. Clearly, the US role has been a paramount one.[224]

The ROC's domestic political situation was thus jeopardising its international standing. Although political change in the ROC was largely brought about by internal political forces, external pressure for political reform was an important factor which cannot be ignored. Modernisation theorists consider external forces beneficial for the promotion of democracy. This traditionally takes the form of developing countries being susceptible to external influence from the Western world.[225] In October 1986, an Executive Yuan statement asserted that the ROC should take international and external factors into consideration in the formulation of its own democratic political reforms.[226] In this context, the ROC's political reform can be partially seen as a measure to head off international pressure, primarily from the US. Democratisation of the ROC would also serve to improve relations with the US and hopefully other countries as well. "Taiwan had to democratise quickly to tell the world that it was no longer an authoritarian dictatorship, and consequently, that it deserved to be consulted about its own future."[227] By the late 1980's, the global trend was toward democratisation with the Western powers pressurising Third World regimes to adopt democratic practices. For Taiwan and other similar political transitory states, maintenance of good relations with the US and Europe was dependent upon moves toward democratisation. "Another benefit not to be minimised is the international recognition that accompanies democratisation."[228] This, however, was not the case for the ROC. The reasons why the ROC was not able to extend its international relations after its political transformation from an authoritarian to a democratic state will be outlined in the following chapter.

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[224] Copper. J.F. China Diplomacy: The Washington-Taipei-Beijing Triangle, Westview Press, Boulder: 1992, p.129.
[225] Sorensen, G. Democracy and Democratisation, Westview Press, Boulder: 1993, p.27.
[226] *"Executive Yuan Reiterates Commitment to Democracy"*, cited in Foreign Broadcasting Information Service-China, October 9, 1986, p.V5.
[227] Copper, J.F. *"Taiwan in 1986: Back on Top Again"* in Asian Survey, Vol. 27, No. 1, January 1987, p.91.
[228] Sandbrook, R. *"Liberal Democracy in Africa: A Socialist-Revisionist Perspective"* in Canadian Journal of African Studies, Vol. 22, No. 2, 1988, p.253. Cited in Sorensen, G. Op.Cit. p.30.

Increasing the pressure on the Taiwanese government were the lobbying efforts of the overseas Taiwanese in the US. Espousing human rights and democratic reform, these groups publicised the issue of democratic transition and made it more conspicuous to American congressmen.[229] A number of radical overseas Taiwanese groups were supportive of revolutionary armed struggle against the KMT government.[230] This made the mainstream domestic opposition groups in Taiwan appear more moderate and therefore more acceptable to the KMT than other possible alternatives.[231] Even these, however, often did not possess a good public image in Taiwan. Opposition political forces to the KMT were regularly portrayed as radical and violent. The KMT used traditional Confucian values of the importance of maintaining stability to play on the fears of the population by depicting the DPP as chaos-producing.[232] Fearing instability on the island, a large number of voters continued to support the KMT so as to prevent the perceived chaos which would result should the opposition assume power.[233] The KMT's domination over the media allowed it to manipulate public opinion and cast the opposition in a negative light.[234]

Regional trends toward democratisation also had an effect upon Taiwan's political pluralisation process. Taiwan's opposition movement drew inspiration from the success of "people power" in overthrowing the established political order in the Philippines. Large-scale demonstrations in South Korea were also an example for both the KMT and opposition of neighbouring countries undergoing political transitions. Similar pressures for political change were occurring in Burma and later mainland China itself during the June 1989 Tiananmen protests. Seemingly, the regional trend was away from authoritarian regimes toward elected representative government.[235]

2.8. Political Reform and Competition with the PRC.

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[229] Cheng, T.J. Op.Cit. p.492-3.
[230] In August 1979, bombings struck the KMT offices in New York and Washington DC. See Kaplan, D.E. Op.Cit. p.276.
[231] Cheng, T.J. Op.Cit. p.493.
[232] Bosco, J. Op.Cit. p.44.
[233] In a public opinion survey in *The Journalist* shortly after Chiang Ching-kuo's death in January 1988, it was found that 39,6 percent of respondents cited the political opposition as being the major obstacle to political development in Taiwan. Wu, J.J. Op.Cit. p.78-9.
[234] Ibid. p.79.
[235] Gold, T.B. Op.Cit. p.180.

The ROC's political liberalisation also became a tool publicised by the KMT to be used against the Communist PRC. Taiwan's political reforms were contrasted with the rigid authoritarian PRC regime. This gave the KMT a strategic rationale for pursuing democratic reform in its ongoing competition with the PRC. Taiwan was promoted as an alternative model for Chinese development. It was believed that the PRC was facing a pending political crisis, one which it would be unable to endure.

> China's modernisation would produce a kind of revolution of rising expectations which would seriously shake the political and ideological foundations of the Communist government, so much so that for its survival, the Chinese people and their Communist leaders will have to look for other models of state building and government administration.[236]

Taiwan was to provide this model. To make its claims more credible, Taiwan itself would have to democratise. By pursuing democratic reform, the ROC would obtain the moral high ground and become the world's first Chinese democracy, rendering Beijing's claims of political cultural exclusivity redundant. The lifting of martial law was described as Taipei's way of "...sending a message of freedom and democracy to mainland China" as well as being "Taipei's political counterattack."[237] In September 1987, Lee Huan, the Secretary General of the KMT, advocated that Taiwan should launch a *"political offensive"* with the intention of bringing about a revolution on the mainland.[238]

For Taipei, democratisation formed an indirect part of its policy toward the PRC. Democratisation and the increase in political players in Taiwan (most notably the DPP) complicated the internal politics of the ROC. The KMT no longer had a monopoly over policy-making. This did not bode well for an ultimate reunification along the traditional lines of a KMT-CCP settlement. Political power in Taiwan was shifting

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[236] Shaw, Y.M. *"Taiwan: a View from Taipei"* in Foreign Affairs, Vol. 63, No. 5, 1985, p.1062-3.
[237] Chang, C.P. *"A New Situation on Both Sides of the Taiwan Strait"* in Issues & Studies, Vol. 23, No. 10, October 1987, p.2.

from "mainlander to Taiwanese hands and from the elite to the electorate."[239] Taiwanese in government were also seemingly less committed to reunification and more to the interests of the Taiwan populace.[240] Democratisation gave credence to the ROC's claim of being the legitimate Chinese government. In an attempt to overcome its international isolation, the ROC needed to convey itself as a democratic model for China in stark contrast to the totalitarian regime in Beijing. "The failure of Taipei's internationally based legitimation required it to replenish its supply of legitimacy by seeking deeper legitimation via democratisation at home."[241] Democratisation did most certainly result in the ROC enjoying greater domestic legitimacy but in the international context, democratisation improved its image but did little in terms of international recognition for the ROC.

2.9. The Foreign Policy Stance of the Opposition.

The most important and divisive factor between the KMT and the opposition movement was the issue of Taiwan's national identity. The DPP was a party united in its opposition to the KMT's authoritarian rule as much as it was by ideology. This ideology was founded upon the issue of the national identity of native Taiwanese as opposed to that of mainland politics which had been imposed upon them. Through this ideological appeal, the DPP was able to appeal to its electorate and overcome to some extent its lack of organisational structure and membership base which the KMT possessed. As part of its electoral platform, the DPP endorsed *"the establishment of a sovereign and independent Republic of Taiwan."* This formed part of an effective strategy on the part of the DPP designed to counter the KMT's broad-based socio-economic development programme on Taiwan.[242] The debate was over whether

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[238] Wu, A.C. *"Peking's Evaluation of Taiwan's Development Experience"* in Lin, B.J. and Myers, J.T. (eds.) Forces of Change in Contemporary China, University of South Carolina Press, Columbia: 1993, p.359-60.
[239] Nathan, A.J. *"The Effect of Taiwan's Political Reform on Taiwan-Mainland Relations"* in Cheng, T.J. and Haggard, S. (eds.), Political Change in Taiwan, Lynne Rienner Publishers, Boulder: 1992, p.209.
[240] Ibid. p.209.
[241] Kim, S.S. *"Taiwan in the International System: The Challenge of Legitimation"* in Sutter, R.G. and Johnson, W.R. (eds.) Taiwan in World Affairs, Westview Press, Boulder: 1994, p.171.
[242] Lin, T.M., Chu, Y.H. and Hinich, M.J. Op.Cit. p.458.

Taiwan was a part of China with the ROC government being the legitimate ruling power of the whole country or whether the island was a separate political entity.[243]

This was anathema to the KMT. An independent Taiwan posed a threat to its very existence. As Chiang C.K. said: *"The Communists drove us from the mainland to the island of Taiwan. But the Taiwan independence elements want to drive us into the sea."*[244] This issue had many political consequences including that of parliamentary and constitutional reform, electoral practices, the enforcement of martial law, and even the political legitimacy of the KMT's claim to be the sole representative of the Chinese state. Opinion differed from each extreme. Conservative elements within the KMT held the traditional view that Taiwan formed part of Chinese territory and therefore needed to maintain representatives in the ROC parliament from the mainland. Accordingly, this made it unnecessary to hold direct presidential elections, amend the constitution or terminate the emergency decrees under martial law.[245] A belief in the ultimate reunification of China with the nationalist ROC government at its head allowed the KMT to continue its claim to sovereignty over the mainland.

On the other extreme, more radical elements within the opposition (later to become the DPP) regarded Taiwan as being a separate political entity, distinct from China. The opposition came to be divided into two main factions, the New Tide faction wanting an immediate declaration of independence of Taiwan to take place and the more moderate Formosa faction which considered that such a declaration would alienate the DPP from the general public and damage its electoral chances.[246] The radical faction calling for independence was later strengthened by large numbers of committed secessionists returning from exile to Taiwan after 1986.[247] In an attempt to reconcile these differences, the opposition formed the Association for Public Policy (APP) in 1984. The APP was designed to minimise factionalism within the opposition and co-ordinate policy. On foreign policy, the APP formulated the principle of self-determination which

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[243] Wu, J.J. Op.Cit. p.137.
[244] Wang, K.X. and Fang, Y.Q. *"Retrospect and Prospect: Dynamics of US-Taiwan Relations"* in Taiwan Studies, Vol. 4, No. 4, 1988, p.19.
[245] Central Daily News, April 24, 1989, p.2.
[246] Wu J.J. Op.Cit. p.149.
[247] Hughes, C. Op.Cit. p.43.

was a compromise between independence and retention of the status quo.[248] This formed part of the DPP's policy stance for the December 1986 elections which proclaimed that *"the future of Taiwan should be decided by all the people on Taiwan."*[249]

Openly calling for independence was an offence equated to treason. For this reason, "self-determination" was advocated. As a DPP supporter candidly stated, *"We can't say independence here because we will be put in jail, so we say self-determination that means the people in Taiwan have a right to choose their future."*[250] DPP officials distinguished between independence and self-determination by saying *"that all people on the island, including the mainlanders who consider the island their home, should in a democratic manner, decide the future status of the island."*[251] Although self-determination was unacceptable to the KMT and its one China principle, it did begin to "gain in popularity."[252] The issue of independence or self-determination which was an important issue for all on Taiwan placed pressure upon the KMT to pursue democratisation. There was a large blurring between calls for democratisation and the issue of independence. Both were issues of freedom of speech and symbols of protest against KMT rule and together formed a powerful force.[253] The KMT had to make visible concessions to the opposition and hence hastened the political pluralisation process. For the DPP, the ROC political establishment on Taiwan was inapplicable and used merely to perpetuate the KMT's undemocratic rule. Due to the lack of consensus over Taiwan's own identity between the political players, the issue of democratisation tended toward nationalism on the part of the local Taiwanese rather than remaining a purely political matter.[254]

The opposition advocated independence for Taiwan, rather than maintaining the growing fiction that the ROC government exercised sovereignty over all China. For the

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[248] Cheng, T.J. Op.Cit. p.488-9.
[249] Van der Wees, G. *"Let the people decide the future of Taiwan"* in Far Eastern Economic Review, April 10, 1987, p.26.
[250] Kristof, N.D. *"Taiwan's Risky Refrain: Self-Determination"* in New York Times, December 14, 1986, p.14.
[251] Van der Wees, G. Op.Cit. p.26.
[252] Cheng, T.J. Op.Cit. p.489.
[253] Bosco, J. Op.Cit. p.60.
[254] Wu, J.J. Op.Cit. p.138.

KMT, such a move would amount to a *"national betrayal."* This debate became an emotional one and threatened to polarise society in Taiwan.[255] Before 1986, no polls were taken canvassing public opinion on the matter of Chinese unification or Taiwanese independence. Authoritarian government acted to conceal the pro-independence groups in Taiwan. Since political liberalisation, a number of polls conducted found sharp public divisions over this matter.[256] This reflected a growing identity crisis in Taiwan which corresponded to the growing strength and organisation of the opposition movement. As democratisation proceeded, the government came to include more Taiwanese members. And as *Taiwanisation* took hold, so democratisation was encouraged. Thus *Taiwanisation* an ` ıocratisation were two sides of the same democratic coin.

With the end of the Cold War and independent states emerging from the former Soviet bloc, separatism was encouraged in Taiwan. With the rapid increase in the number of states, Taiwanese independence advocates regarded this as a global trend toward self-determination. Then chairman of the DPP, Hsu Hsin-liang, stated that, *"People here on Taiwan want independence, just like the Baltic states. We don't want unification...Our case is [like] the Baltic states' case. It's time we call the attention of the world to this."*[257]

Taiwan's national identity was the core determinant of the ROC's external policies. Without claim to be the representative government of China, the KMT would lose credibility in the international arena. Following its exit from the UN and the US' derecognition, this, however, was no longer a feasible claim. The KMT government maintained this pretension without which it would lose its own relevance. The one China policy of the KMT was regarded by the opposition as being the primary obstacle to Taiwan's expansion of its international relations. Foreign governments could not

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[255] Ibid, p.139.

[256] In a survey conducted by the Capital Morning Post in 1989, it found that twelve percent of respondents wanted Taiwanese independence. Fifty-six percent wanted to maintain the status quo - a continuing stalemate between Taiwan and China, while only five percent desired reunification with the China. Capital Morning Post, July 29, 1989, p.2. Cited in Ibid. p.139. For other opinion polls, see The Journalist, September 1988. *Global Views Monthly*, July 1, 1987, and The China Times, August 7, 1987.

[257] Hickey, D.V. Taiwan Security in the Changing International System, Lynne Rienner, Boulder: 1997, p.146-7.

jointly recognise both the ROC and PRC due to each ones' insistence that it was the legitimate representative government of China. Thus for the opposition, Taiwan's international relations were held hostage by the one China policy.[258]

This placed the ROC in a dilemma over democratisation. To pursue political pluralisation, Taiwan would have to acquire a representative parliament along with other democratic institutions. This, however, would sever Taiwan's legal and institutional bonds with China and thus make the KMT government's claim to represent all people in China invalid. With a separate and different government structure, legal system, constitution, and national symbols, Taiwan would effectively become an independent state, distinct from the mainland.[259] This was the paradox of political pluralisation in Taiwan - democratisation would bring into question the legitimacy of the state itself. Thus democratisation has had, and continues to have, a major impact upon the national identity of Taiwan and its accordant actions in the international arena.

Growing calls for independence in Taiwan also risked a military response from the PRC which did not renounce its threat of the use of force in the event of a declaration of independence by Taiwan. This was recognised by the more pragmatic leaders within the opposition. They regarded such a declaration as being irrelevant merely to establish *de jure* independence while they already enjoyed *de facto* independence. Besides, such a move would merely provoke a response from the PRC. The PRC's continuous threat of military force against Taiwan served to maintain political stability on the island as it discouraged the opposition from pushing too strongly for Taiwanese independence. Thus it can be argued that the PRC's intimidation has encouraged Taiwan's domestic parties to co-operate for political stability.[260]

2.10. Theoretical Perspective of Democratisation and Foreign Policy Change.

[258] See Wu, J.J Op.Cit. p.141-2.
[259] Ibid. p.145.
[260] Lee, A.K. Op.Cit. p.370.

Domestic factors have an important bearing upon a state's foreign policy-making. London describes internal and external politics as "different branches of the same tree."[261] Haas wrote of the notion of "spill-over" between domestic and international developments (concerning European integration).[262] More recently, Katzenstein and Krasner showed the importance of domestic factors in foreign economic policy as well as the relevance of the domestic-international linkage in foreign policy-making by stating that, *"The main purpose of all strategies and foreign economic policy is to make domestic policies compatible with the international political economy."*[263]

The impact political change has on a state's foreign policy-making is dependent upon the classification of the type of state which is in turn dependent upon the degree of economic and political development which exists in that particular state. It is a truism to state that foreign policy actions are linked to a complex structure of internal and external factors.[264] A state's national attributes are determined by political culture, structure, policy styles, leadership personalities, level of social solidarity, and the responsiveness of the authority structure.[265] Foreign policy can be defined as "...those official actions which sovereign states initiate for the purpose of altering or creating a condition outside their territorial-sovereign boundaries."[266] These actions are designed to serve the state's "national interest" - i.e. in pursuance of the state's interests and objectives. Since the state is "merely an instrument designed to satisfy the needs of its citizens"[267], it is argued that due to the changing ethnic and political make-up of the ROC government, particularly during the 1980's, Taiwan's "national interest" and

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[261] London, K. The Making of Foreign Policy - East and West, J.B. Lippincott Company, New York: 1965, p.57.
[262] See Haas, E.B. The Uniting of Europe: Political, Social and Economic Forces, 1950-1957, Stanford University Press, Stanford: 1958.
[263] Katzenstein, P.J. (ed.) Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States, University of Wisconsin Press, 1978, p.4. See also Krasner, S.D. Defending the National Interest: Raw Materials Investments and US Foreign Policy, Princeton University Press, Princeton: 1978. Both cited in Evans, P.B. Jacobson, H.K. and Putnam, R.D. (eds.) Double-Edged Diplomacy - International Bargaining and Domestic Politics, University of California Press, Berkeley: 1993, p.434-5.
[264] Wilkenfeld, J. Hopple, G.W. Rossa, P.J. and Andriole, S.J. Foreign Policy Behaviour - The Interstate Behaviour Analysis Model, Sage Publications, California: 1980, p.41.
[265] Boyd, G. *"The Foreign Policy Consequences of Political Change"* in Political Change and Foreign Policies, Boyd, G. and Hopple, G.W. (eds.) Frances Pinter Publishers, London: 1987, p.16-7.
[266] Wilkenfeld, J. Op.Cit. p.110.
[267] Frankel, J. The Making of Foreign Policy - An Analysis of Decision Making, Oxford University Press, London: 1963, p.55.

hence foreign policy began to cater for different interest groups. This was due to the changing make-up and national identity of the ROC's political structure.

Three general categories of state can be distinguished when examining foreign policy determination: advanced developed state, developing state without political progression, and developing state in the process of political reform. The political structure of the state often determines the government's responsiveness to public opinion. The ROC is considered in the last of the above-listed classification.

Foreign policy shifts in advanced market-economy (First World) states are affected by political change through changes in the ruling elite's socialisation and communication patterns, the emergence of new aggregations of internal demands, and reorientations of external objectives by established or incoming leaderships.[268] Policy is determined through executive-bureaucratic, executive-legislative, and bureaucratic-interest group interactions. New contacts arising between the state and other countries as well as with trans-national groups become linked to domestic issues of political economy.[269] Political issues in foreign policy tend to be controlled through executive and bureaucratic preference. The more hierarchical the state is in political terms, the greater the possibility of a change in leadership affecting the external affairs of an industrialised state.[270] The likelihood of innovation in foreign policy may increase with greater domestic political competition. The corollary of this is that with increased political competition in an open democratic political system, foreign policy-making is often constrained due to necessary consultative obligations of the executive to the government. An elite's foreign policy-making is thus responsive and accountable in a pluralistic system with governments ruling by compromise. Public opinion exerts considerable influence on policy-makers in such democratic states.[271]

Political change in developing (Third World) states tends to have a more significant impact on their respective foreign policies than developed states, although the impact of this policy change is often restricted by the lack of overseas administrative resources

[268] Boyd, G. Op.Cit. p.5-6.
[269] Ibid. p.6.
[270] Ibid. p.9.

available to support interaction and exchange with other nations.[272] Such states generally possess low levels of economic and political development and their leadership systems are characterised by single party or personal rule with little political accountability. Power is retained through patrimonial and clientelist practices. Intra-elite competition for power is in pursuance of individual or group interests and is explained in terms of "the psychology of loyalties and antagonisms between relatively primitive authoritarian figures."[273] Personality plays a more dominant role in foreign policy determination in such politically underdeveloped regimes than in their developed counterparts. Such singular leaderships show low levels of interest in foreign policy innovation with the state's foreign policy displaying large measures of continuity. Focus is placed rather upon domestic political affairs with foreign policy enjoying less attention.

In relatively more advanced developing regimes, in both economic and political realms (such as the ROC), pressure for foreign policy reorientation or change originates from the growth of politicised business and professional classes who increasingly object to the poor quality of political management which is common with an authoritarian system of government.[274] Economic progress results in the emergence of social groups strengthening civil society who have their own interests and begin to place pressure upon their respective authoritarian governments for more accountable administrations. "Social groups which become capable of expressing their interests...can make deferential representations on issues of external economic relations, and bureaucratic responsibilities in that foreign policy area expand."[275]

Public opinion can form an important input which can influence foreign policy making, the question is, to what extent?[276] Richard Kappen states that public opinion *does* matter in democracies where decision-makers cannot decide against an overwhelming public consensus. The influence of the public though is indirect through its influence on elite

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[271] London, K. Op.Cit. p.60.
[272] Boyd, G. Op.Cit. p.10.
[273] Jackson, R.H. and Rosberg, C.G. *"Personal Rule: Theory and Practice in Africa"* in Comparative Politics, Vol. 16, No. 4, July 1984, p.421-42. Cited in Ibid. p.12.
[274] Ibid. p.12.
[275] Ibid. p.22.
[276] See Wilkenfeld, J. Op.Cit. p.57.

groups. The elites have the final say but such groups often draw their strength from mass public support.[277] According to Russett and Starr, public opinion affects policy primarily "...by setting limits of constraint and identifying a range of policies within which decision makers must choose if they are not to face retaliation in competitive elections."[278]

Thus a state pursuing pluralisation becomes increasingly vulnerable to pressure from domestic interest groups which have the growing capacity to promote their own interests and influence the government in its foreign policy-making. In the ROC, the state-societal relationship was largely corporatist with the party-state directing the organisation and activities of civic groups.[279] These groups were used by the KMT for support and political mobilisation and formed a major part of the government's societal control mechanism.[280] With the emergence of a growing civil society in tandem with industrialisation, the KMT's control over society began to decline. A greater degree of pluralism in Taiwanese society arose with a proliferation of non-governmental associations occurring which diluted the KMT's level of control over society. These associations were independent of the KMT and were often closely linked to the political opposition.[281] This had the impact of weakening the corporate state-societal relationship in the ROC. The rise of Taiwanese civil society served to counter authoritarian rule as well act as a catalyst for its demise.

> The monopoly over socio-economic sanctions enjoyed by the hegemonic leaders is therefore undermined by the very success of their economy: the more they succeed in transforming the economy the more they are threatened with political failure.[282]

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[277] Risse-Kappen, T. *"Public Opinion, Domestic Structure, and Foreign Policy in Liberal Democracies"* in World Politics, Vol. 43 No. 4, 1991, p.479-513.
[278] Russett, B. and Starr, H. World Politics: the Menu for Choice, W.H. Freeman, New York: 1985, p.250.
[279] Tien, H.M. Op.Cit. p.108.
[280] Ibid. p.108.
[281] In 1952, the number of such associations stood at 2 560 with 1,3 million members. By 1990, the figure stood at 13 766 and 10,9 million members. Ibid. p.108.
[282] Dahl, R.A. Op.Cit. p.78.

Ethnic differences within the state can have an impact upon the foreign policy of that state.[283] Firstly, internal cohesion may be undermined with consequences for political behaviour. Secondly, the lack of correlation between ethnic divisions may be used as a means or an excuse for foreign policy actions. And thirdly, ethnic groups may act directly to promote particular foreign policies. *Taiwanisation* of the ROC's political structure resulted in the emergence of an increasingly powerful interest group which sought to extend its interests in society. The ROC's political elite was no longer dominated by a singular group but rather became more plural with interests which differed to those that had existed since 1949. Through *Taiwanisation*, the Taiwanese were able to increase their representation in the government and thus promote the interests of the group as a whole. The Taiwanese bureaucracy was a driving force behind the ROC's foreign policy change. Herman asserts that a change in bureaucracy, so-called "bureaucratic advocacy", recognises that a group within the government becomes an advocate of redirection.[284] This was the case of Taiwan.

Domestic opinion was divided over how the ROC should relate to the external environment. Foreign policy-making was a reflection of internal political conflict between different groups. Hence Taiwan's changing domestic political structure impacted upon its the international perception it had of itself as a political entity. As democratisation progressed, the island's political status was no longer determined from above by a small imposing elite but rather by a growing opposition including the Taiwanese people from below. By 1986, it could be claimed that the KMT had become a largely native Taiwanese party and that decision-making had moved to a generation that had come to political maturity on the island.[285] Thus in foreign policy terms, policy transitions began to cater for this new majority interest group. The questioning of Taiwan's international identity amongst its populace and policy-makers reflected the changing sub-ethnic political structure of Taiwan which came with Taiwanisation and democratisation. The rising tide of political dissatisfaction and the public's resultant

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[283] Reynolds, P.A. An Introduction to International Relations, Longman, Harlow: 1994, p.80-1.
[284] Hermann, C. Op.Cit, p.36.
[285] Pye, L. *"Taiwan's Political Development and its Implications for Beijing and Washington"* in Asian Survey, June 1986, p.618-9.

questioning of national identity, regime legitimacy and international status became almost inevitable.[286]

An authoritarian regime (such as the ROC) unwilling to liberalise its political system can respond to rising challenges to its authority of decision-making through increased repression but at the possible cost of international criticism and retaliatory economic measures.[287] However, for the KMT, continued suppression of political dissent had become untenable. The domestic as well as international political costs had become too high. In an authoritarian state which does not pursue liberalisation, leadership preferences continue to monopolise foreign policy decision-making. This was not the case in the ROC. The KMT was forced into having to adjust its external policy, especially toward the mainland, and to adopt the policies of the opposition in order to increase its political appeal and to maintain its legitimacy as the licit ruling authority in Taiwan. Through its drive for domestic political reform, the DPP acted as an indirect force pushing the KMT to open its door to the mainland. It was able to pressurise the ruling KMT into adjusting its policy and move away from the rigidity of the "Three No's". In November 1988, Huang Xinjie, then DPP chairman, was one of the first political figures in Taiwan to criticise the KMT's mainland policy and to urge the lifting of the ban on contacts and exchanges with the mainland.[288] This was the crux issue affecting the shift in policy-making in Taiwan during the 1980's.

From 1949 to 1975, the ROC was a regime in which an autocratic leader maintained power with little political accountability to Taiwan's populace. During this period, the ROC experienced continuity in both its domestic affairs and foreign policy due to the prolonged domination of the personal rule of Chiang Kai-shek. Taiwan's leadership change in the mid-1970's marked the beginning of a significant shift, albeit gradual, in the ROC's mainland and foreign policies. The scope for an executive to be able to exercise his preference in policy-making was large in an authoritarian structured state such as the ROC where personal rule had been the norm for many decades. A regime with an authoritarian system in which a single personality controls the political affairs

[286] Hughes, C. Op.Cit. p.35.
[287] Jackson, R.H. and Rosberg, C.G. Op.Cit. p.21.
[288] Zhan, J. Op.Cit. p.107.

of the state tends to be distrustful and often antagonistic toward elites in other such autocratic regimes. In addition, such regimes are reluctant to accept any significant degrees of policy interdependence.[289] Such a description of authoritarian regime interaction is apparent in the case of the ROC's relations with mainland China - the PRC. As long as such states maintain their authoritarian political structure, changes of power within these regimes has a limited impact upon their foreign policy behaviour toward each other. In democratising developing world regimes, leaderships are more likely to pursue more flexible and co-operative relationships with other such elites, with economic and commercial links developing without obstruction.[290] It was only following the ROC's leadership change in 1975 and with Chiang C.K's failing health in the mid-1980's that the ROC's policy toward the mainland became less hostile and began to become more practical - an approach of limited constructive engagement was officially endorsed.

2.11. Conclusion.

The social, economic and international forces behind the ROC's democratisation increased from the 1960's and culminated in the mid-to-late 1980's with the formation of the DPP as an official opposition party to the KMT. Improved education, industrialisation, and international economic integration all encouraged the Taiwanese people to demand greater political participation. The middle class became the prime mover of the democratisation movement. The momentum for political change was reinforced by a popular domestic demand for a redistribution of power.[291] The Taiwanese' growing sense of identity ran counter to the KMT's ideology of Chinese nationalism. Unlike former authoritarian regimes in Latin America and Eastern Europe, political liberalisation was not caused by a socio-economic crisis or external shock. Compared to other democratic transitory states in Latin America, Africa, and the Philippines and Indonesia, the ROC has experienced relative political stability during its political pluralisation process. Rather, the ROC experienced a gradual transition brought about by internal political mobilisation of opposition groups and precipitated

[289] Ibid. p.23.
[290] Ibid. p.23.
[291] Lin, T.M., Chu, Y.H. and Hinich, M.J. Op.Cit. p.457.

by the ROC's international derecognition. Growing international isolation heralded a political transformation of the ROC's authoritarian political system. External pressure from the US, the ROC's major benefactor, helped to push the KMT toward adopting reform instead of suppressing its proponents. Due to the long-held control of power by the KMT mainlander elite, it was unavoidable that the issue of political reform would become one dominated by the underlying sub-ethnic differences on Taiwan. Democratisation ultimately resulted in a transference of political power from mainland to Taiwanese hands. From the late 1980's onwards, the *Taiwanisation* of the KMT left the party no longer identifiable as a "mainlander" party. This had the additional effect of bringing the problem of Taiwan's national identity to the forefront of ROC politics.

The ROC's foreign policy underwent a transition which corresponded to its transition toward democratisation. The ROC remained rhetorically committed to the ideal of retaking the mainland from the CCP during the rule of Chiang Kai-shek. There would be no revision of this policy without political reform. This would only come about under the leadership of Chiang Ching-kuo after 1975. Moves toward political pluralisation resulted in the formation of various political actors emerging in opposition to the KMT grouped under the inclusive *Tang-wai*. Political interest groups pressurised the KMT into taking into account local interests in the formulation of its policies. The KMT could no longer sustain its claim of representing all China when it itself did not even truly represent the people of Taiwan. Thus democratisation pushed the KMT toward an approach of realism - one that had not existed before political reform. In its increasing competition with the opposition forces, the KMT was faced with a number of policy options in its mainland policy - that of a continued approach toward an eventual reunification with, alienation from, or alternatively, a flexible approach toward the mainland.[292]

From 1949, the KMT had justified its rule over Taiwan on the basis of the one China principle. Despite the fervour with which the KMT upheld and promoted the one China principle, its whole basis rested upon Chinese nationalism in Taiwan. This foundation would ultimately prove insufficient to provide legitimacy for the KMT-

[292] Zhan, J. Op.Cit. p.48-9.

controlled state.[293] If the KMT were to remove the issue of reoccupation of the mainland from its political platform and give up its claim of sovereignty over the mainland, questions as to the government's legitimacy and Taiwanese independence would have to be confronted.[294] However, in the face of democratisation, the KMT could no longer perpetuate its autocratic rule. With the dilution of the KMT's political power from the mid-to-late 1980's, the KMT began to lose its ruling claim of legitimacy, both over the mainland as well as in Taiwan itself. Democratisation unleashed separatist forces on Taiwan which were in contradiction with the one China policy itself. The ROC, with its base in Taiwan, began to undergo a questioning of its own political identity, be it that of *Taiwanisation* or *Sinocisation*. Was Taiwan, over which the ROC exercised *de facto* control, part of the mainland or alternatively, had it become a separate political entity from the mainland?

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[293] See Hughes, C. Op.Cit. p.30.
[294] Tsang, S. *"Chiang Kai-shek and the Kuomintang's Policy to Reconquer the Chinese Mainland, 1949-1958"* in Tsang, S. (ed.) In the Shadow of China - Political Developments in Taiwan Since 1949, University of Hawaii Press, Honolulu: 1993, p.71.

Chapter 3.

The Foreign Policy of Pragmatic Diplomacy.

3.1. Introduction.

By the 1980's, the ROC's international isolation was almost complete. It had lost its representation at the UN, it no longer had diplomatic recognition from the US, and it had been expelled from a large number of international organisations. The number of states that the ROC had formal diplomatic ties with in 1987 stood at just twenty-two and it retained membership in only eight inter-governmental organisations. The reasons for the ROC's isolation were twofold: its rigid foreign policy approach dictated by the one China principle, and pressure from the PRC isolating the ROC in the international community both hindered its international participation. Both Taipei and Beijing insisted upon the one China principle with each competing in a zero-sum diplomatic contest. Up until the 1980's, the KMT's strict interpretation of the one China principle prevented the ROC from pursuing relations with states which already had relations with the PRC. The one China policy thus acted as an obstacle to the ROC's international diplomatic presence.

The PRC has continually challenged the ROC's legitimacy and sovereignty in the international arena, contributing to the latter's isolation.[1] The ROC's status as a pariah state has resulted in Taiwan being referred to as "the orphan of Asia." The extent of its isolation has had a very negative impact upon the ROC's claim to sovereignty under the one China principle. Although willing to accept Taiwan's participation in a number of international organisations, albeit under a different title, in the diplomatic realm

[1] In March 1982, Beijing requested all foreign missions in the PRC not to permit Taiwan to establish *"commercial offices, information offices, or liaison offices for scientific-technological exchanges"* in their countries and not to establish similar offices in Taiwan. In July 1983, the PRC issued another statement requesting other countries not to allow *"any organs of the Taiwan authorities to perform consular functions, issue visas, or to establish any organ in Taiwan to perform such functions."* See *"Exchanges of Official Nature With Taiwan Opposed"* in Beijing Review, 29 March, 1982, p.7. and *"Note on Taiwan's Issuance of Visas"* in Beijing Review, 18 July, 1983, p.9. Cited in Wu, H.H. Bridging the Strait - Taiwan, China, and the Prospects for Reunification, Oxford University Press, New York: 1994, p.46.

Beijing casts Taiwan as a "local government" unworthy of having formal relations in the international community. The decline of the ROC's international status has progressively detracted from its leverage vis-à-vis the PRC in the possible event of future negotiations toward reunification taking place between them. The ROC needs to retain a modicum of international recognition so as to prevent the PRC from overwhelming it in diplomatic terms and compelling Taiwan to submit to reunification on its own terms.[2]

In light of its growing isolation, the realisation set in for Taiwan that to survive as a viable international entity and to avoid reunification with the mainland on Beijing's terms, reform of its foreign policy was crucial. As Taiwan's international isolation increased, it began to adopt a more practical approach in the conduct of its foreign relations. The KMT government began to promote what it called "substantive relations" with states with which it did not have formal ties. The ROC's adoption of a flexible policy was based upon a realistic assessment of the world political power structure and its position within it. To maintain its existence, the ROC needed international participation and recognition. Chiang Ching-kuo had laid the foundation for the official policy of pragmatic diplomacy.[3] Chiang's removal of the ideological constraints on Taipei's foreign policy allowed the ROC to remove the dogmatic element of its foreign policy-making. By the mid-1980's, the one China policy in the ROC's foreign policy was being applied with increasing practicality. Pressure for greater contacts with the PRC were leading to new initiatives in Taipei's mainland policy. Rather than claim to represent all China under false nationalist ideology, the ROC's policy shifted to a pragmatic realisation of its existence on Taiwan. Taiwan thus began to pursue an activist conduct in its foreign relations to replace the self-imposed "withdrawal syndrome" that had characterised its foreign policy since 1971.[4]

The shift in the ROC's foreign policy coincided with the ending of the Cold War and the resultant decline of ideology in the international system. Together with the increase in the relative importance of economic power as a measure of international status, the

[2] Wu, H.H. Op.Cit. p.94.
[3] Andrew L.Y. Hsia, Director, Department of International Organisations, interview, January 1998.

changes in the international system during the late 1980's provided a favourable environment for the launch of the ROC's pragmatic foreign policy. Taipei's economic and financial power rendered it well-positioned to take advantage of these international developments. It is, however, ironic that the ROC's diplomatic decline coincided with Taiwan's rise as an economic power. In the post-Cold War era, the dominant term of international discourse is "economic interest" rather than "ideology." This era is characterised by the state pursuit of profit under the global trend toward the adoption of the capitalist market economy. The newly emerging world order promised to be hospitable to the ROC. The official announcement of pragmatic diplomacy was thus well timed since the world had itself become pragmatic.[4]

Supporting this was Taiwan's adoption of political reforms and moves toward a democratic system of government. This has had a major impact upon Taipei's foreign policy-making. Democratisation resulted in a reorientation of Taipei's foreign policy-making toward one which gave priority to Taiwanese rather than Chinese interests. Democratisation had thus resulted in the undermining of the nationalist link that bound Taiwan to the Chinese state. For Chiang Kai-shek, the one China principle was sacrosanct. For Chiang Ching-kuo, it remained the priority. For Lee Teng-hui, the balancing act between democratisation and the one China principle was unsustainable.[6] The incompatibility between Taiwan's democratisation and the one China principle has thus caused Taiwan to adopt a more independent stance in its foreign policy, reflected by pragmatic diplomacy.

This chapter will identify and analyse the political forces which brought about this change in Taiwan's foreign policy-making during the Lee Teng-hui presidency. This will be followed by an examination of pragmatic diplomacy and its impact on the ROC's foreign relations.

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[4] See Kau, M.Y.M. *"The ROC's New Foreign Policy Strategy"* in Taiwan - Beyond the Economic Miracle, Simon, D.F. and Kau, M.Y.M. (eds.), M.E. Sharpe, New York: 1992, p.238.
[5] See Hahm, C.B. *"The Republic of China in the New World Order"* in Sino-American Relations, Vol. XX, No. 4, Winter 1994, p.47-8.
[6] On the "balancing act" between the one China principle and Taiwan's democratisation, see Hughes, C. Taiwan and Chinese Nationalism - National Identity and Status in International Society, Routledge, London: 1997, p.50-1.

3.2. Pragmatic Diplomacy and Substantive Relations.

On 13th January 1988, Lee Teng-hui, vice-president since 1984, was sworn is as president of the ROC to complete the remaining two years of Chiang's six-year presidential term. On 7th July, Lee was elected Chairman of the KMT at its Thirteenth National Congress. For the first time in its history, the ROC was headed by a figure who had not been born on the mainland. The Western-educated Lee claimed that his experience in the US had taught him about democracy and had inspired his political career.[7] At the KMT congress, President Lee made the pronouncement of a new diplomatic approach in foreign policy for the ROC by stating that Taiwan must *"strive with a greater determination, pragmatism, flexibility and vision in order to upgrade and break through a foreign policy based primarily on substantive relations."* The ROC would *"adopt a more pragmatic, more flexible, and more forward looking approach to upgrade our external relations...For reasons of its continued survival and future development, the ROC will continue to adopt pragmatic and forward-looking measures to improve its relations with the other countries of the world."*[8] The importance of this speech was revealed in that the exact same wording appeared in the newly adopted KMT platform article.[9] Pragmatic diplomacy was designed to recover Taiwan's position in the international community through:[10]

- The advancement and reinforcement of formal diplomatic ties
- The development of substantive relations with countries that do not maintain formal ties with Taiwan

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[7] Lee was born in Taiwan in January 1923 and attended university in Japan during the colonial period. He later graduated from National Taiwan University with a degree in agricultural economics. Lee also received a master's degree from Iowa State University in 1953 and a PhD from Cornell University in 1968. He worked as a research fellow at the Taipei Provincial Co-operative Bank, then entered public service in 1957 at the US-ROC Joint Commission on Rural Reconstruction. He became head of the Rural Economy Division in 1970. From 1972 to 1978, he became a minister without portfolio in the ROC government. Lee was later to become Mayor of Taipei City (1978-81), Governor of Taiwan Province (1981-4), and Vice-President (1984).

[8] Wu, L.J. *"Does Money Talk? The ROC's Economic Diplomacy"* in Issues & Studies, Vol. 31, No. 12, December 1995, p.31.

[9] Lee, K.H. *"The Republic of China and Southeast Asia: More than Economy"* in Wang, Y.S. (ed.) Foreign Policy of the Republic of China on Taiwan - An Unorthodox Approach, Praeger, New York: 1990, p.86.

[10] ROC Governmental Information Office, *The Pragmatic Diplomacy of the Republic of China in Reference: ROC in Taiwan*, June 5, 1991. Cited in Hickey, D. V. Taiwan's Security in the Changing International System, Lynne Rienner Publishers, Boulder: 1997, p.115.

- Admission or readmission to international organisations and activities vital to the country's national interest.

The pursuit of substantive relations reflected both Taiwan's economic and political progress. The continued expansion of Taiwan's economy increased the need for contact and communication with governments having no formal diplomatic relations with the ROC.[11] With political reform and democratisation, the KMT government became more responsive to the demands of the electorate who demanded greater access to the international community.[12] As the ROC's diplomatic fortunes continued to decline or, at the very best remained static, public pressure through the news media, academic community, and parliamentary bodies mounted upon the KMT to change its foreign policy.[13] In addition, progress in the PRC's economic reform programme was resulting in its international status increasing at the expense of Taiwan. Thus *"the KMT leadership no longer could afford to stoically accept the PRC's global diplomatic success brought about by its reform policies and was compelled to shift from reaction to concession."*[14]

During the authoritarian years of KMT rule, foreign policy had been the domain of a small circle of party elite and high government officials.[15] The low level of economic and political sophistication of Taiwan prevented the general population from having an impact on policy-making and acted to keep the policy-making elite insulated from domestic pressure. Substantive relations thus came about with the development of Taiwanese society itself and by the late 1980's had become "the substance of the ROC's diplomacy."[16] Foreign policy "eventually became a product of public attention and mass consumption."[17]

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[11] Lee, T.B. *"Quasi-Diplomatic Relations of the Republic of China: Their Development and Status in International Law"* in Issues & Studies, Vol. 24, No. 7, July 1988, p.104.
[12] Nathan, A.J. Op.Cit. p.211.
[13] See Lee, K.H. Op.Cit. p.86.
[14] Sanford, D.C. *"An Assessment of Taiwan's 'Flexible Diplomacy'"* in One Culture, Many Systems - Politics in the Reunification of China, McMillen, D.H. and DeGolyer, M.E. (eds.) The Chinese University of Hong Kong, Hong Kong: 1993, p.221.
[15] Kau, M.Y.M. Op.Cit. p.239.
[16] Chi, S. *"International Relations of the Republic of China During the 1990's"* in Issues & Studies, Vol. 29, No. 9, September 1993, p.3.
[17] Kau, M.Y.M. Op.Cit. p.239.

Because substantive diplomacy involves low rather than high politics, it was better suited to the diplomatic needs of Taiwan. High politics are those activities between governmental or non-governmental actors that manifest direct, major, and often immediate impact on national, regional, and international affairs. Low politics centres on activities that *indirectly* impact on national, regional, and international affairs. Substantive relations therefore do not require high level contact which due to the ROC's international political pariah status, is difficult to initiate. Rather, it involves low level activity such as economic exchange. Compared with high politics which for the ROC are inconstant, substantive relations are possibly more consistent since they are founded on economic grounds.[18] For the conflictual situation and the lack of official exchange between the ROC and PRC, practical low politics have promoted co-operation across the Straits. According to Zhan, this has occurred due to four reasons:[19]

- the low politics approach starts from the low level of the conflict so the parties to the conflict and are thus less concerned over security issues;
- low politics starts from the periphery of the conflict instead of from the "core" of the conflict and thus fewer political sensitivities are brought to the fore;
- low politics can act to break-down a conflict making it easier for rivals to reach agreement on small matters; and
- low politics can result in a domino effect with developments in one field generating pressure for change in other sectors.

Substantive relations, however, have obvious disadvantages when compared to formal relations. Many shortcomings are visible in substantive relations and have drawn criticism from within Taiwan. These are:[20]

- without formal ties, substantive relations are vulnerable to pressure from the PRC;

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[18] See Bau, T.H. *"The Long-Term Orientation of Sino-US Relationship"* in America Monthly, Vol. 1, No. 9, The Institute of International Relations, Taipei: 1987, p.57.
[19] Zhan, J. Ending the Chinese Civil War - Power, Commerce, and Conciliation Between Beijing and Taipei, St. Martin's Press, New York: 1993, p.59-60.
[20] As outlined by Kau, M.Y.M. Op.Cit. p.243.

- substantive relations are often not subject to international law;
- without diplomatic relations, it is difficult for ROC officials to gain access to another state's senior government officials for policy negotiation and/or administrative co-ordination;
- substantive relations most often make it difficult for Taipei to gain access to arms purchases and military technology (with the possible exception of the US);
- ROC citizens feel that they do not receive the respect and dignity accorded to a population from an advancing economy.

Thus Taiwan has become a "unique international entity to which substantive, if less than full, recognition is given in a semi-formal manner."[21]

3.3. The Decline of the One China Principle.

For the KMT government, China has been a divided country following its expulsion from the mainland to Taiwan in 1949. For its rival, the CCP government in Beijing, the era of the ROC ended in 1949 when the PRC became the sole sovereign government of the country.[22] The position held by both the ROC and PRC is that *"there is only one China and Taiwan is a part of China."* However, the two contending states interpret this differently. For the CCP, the term refers to the PRC with its capital in Beijing with Taiwan as a "renegade province"[23] of China which, after eventual reunification, will have the status of a Special Administrative Region (SAR) based on the Hong Kong and Macao models of 1997 and 1999 respectively. Following the incorporation of Hong Kong and Macao into the PRC, the next irredentist goal for the Beijing is the inclusion of Taiwan into "Greater China." Provision for this has been made in the PRC constitution.[24] SAR status would entitle Taiwan to retain its current economic, political and social system but would no longer allow the ROC government to claim to be a political equal to the PRC government. This is what is referred to as

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[21] Geldenhuys, D. Isolated States - A Comparative Analysis, Jonathan Ball Publishers, Johannesburg: 1990, p.130.
[22] Chao, C. *"David and Goliath: A Comparison of Reunification Policies Between Mainland China and Taiwan"* in Issues & Studies, Vol. 30, No. 7, July 1994, p.30.
[23] Wehrfritz, G. *"A Couple of Bad Friends"* in Newsweek, 1 August, 1994, p.24.
[24] Article 31 of the PRC constitution provides for the establishment of a SAR in Taiwan.

the "one China, Two Systems" formula.[25] Beijing's interpretation of the one China principle was outlined in the August 1993 White Paper entitled "The Taiwan Question and Reunification of China" issued by the State Council of the PRC:

> There is only one China in the world, Taiwan is an inalienable part of China and the seat of China's central government is in Beijing. This is a universally recognised fact as well as the premise for a peaceful settlement of the Taiwan question.[26]

The KMT rejects the PRC's "one China, Two Systems" model for unification which it regards as simple annexation or absorption which will subject Taiwan to the PRC's arbitrary determination:[27]

> In essence, the relationship between the two systems is one of principal and subordinate: one system represents the centre and the other the local authority. Under this arrangement, Taiwan will be forced to give up its freedom and democracy, and to accept entirely the system prescribed by the CCP regime.[28]

The ROC insists that itself and mainland China have equal sovereignty and rights to participate in the international community under the principle of "One Country, Two Political Entities."[29] The KMT's interpretation of the one China principle has been defined in a resolution by the National Unification Council on 1st August 1992 which contends that:

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[25] "One China, Two Systems" was first proposed by Deng Xiaoping in February 1984.

[26] The Taiwan Question and the Reunification of China, Taiwan Affairs Office and Information Office, State Council, Beijing, 1993.

[27] White Paper of Relations with the Mainland, July 5, 1994. Cited in Keum, H.Y. *"China's Unification Policy and Taiwan Independence Movement"*, paper presented at the conference on The Future of China and Northeast Asia, Institute for Far Eastern Studies, Kyungnam University, Seoul, Republic of Korea, May 22-3, 1997, p.18.

[28] Cabestan, J.P. *"Taiwan's Mainland Policy: Normalisation, Yes; Reunification, Later"* in The China Quarterly, No. 148, December 1996, p.1263.

[29] This principle was first proposed by KMT member and Chairman of the ROC Cabinet's Research, Development and Evaluation Commission, Wei Yung, in his "multi-system state" model, also known as the German and multiple recognition model, on 22nd March 1988. According to Wei, pending eventual unification, the two sides would coexist on an equal footing in the international system. While asserting the notion of one China, each would accept diplomatic recognition from countries which recognised the other. Nathan, A.J. Op.Cit. p.210.

> To Beijing, "one China" means "the People's Republic of China (PRC)", with Taiwan to become a "Special Administrative Region (SAR)" after unification. Taipei, on the other hand, considers "one China" to mean the Republic of China (ROC), founded in 1911 and with *de jure* sovereignty over all of China. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen and Matsu. Taiwan is a part of China, and the Chinese mainland is a part of China as well.[30]

For Taipei, there exists more than one political authority in China. It regards itself as one of two governments of the divided country. After Lee Teng-hui became president in 1988, Taipei no longer insisted that countries intending to establish relations with the ROC must first sever relations with the PRC. As part of pragmatic diplomacy, Taiwan would no longer break off relations with countries that recognised the PRC but would continue normal state-to-state relations under a different title.[31] The ROC recognised that it itself was a separate political entity on Taiwan, distinct from its mainland roots. In international terms, this was in pursuance of a policy of dual recognition, that of diplomatically coexisting with the PRC. In domestic terms, it seeks to create a national consciousness of *"a community bound by a shared destiny"*, which *"transcends the old division between Taiwanese islanders and Chinese mainlanders and integrates these two groups."*[32] The ROC thus no longer claimed to be *the* Chinese government but instead *a* Chinese government. On 3rd June 1989, at the Second Plenum of the Central Committee of the Thirteenth Party Congress, Lee Teng-hui declared that,

> The ultimate goal of the foreign policy of the ROC is to safeguard the integrity of the nation's sovereignty. We should have the courage, however, to face the reality that we are unable for the time being to exercise effective jurisdiction on the mainland. Only in that way, we will not self-inflate ourselves and self-entrap

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[30] National Unification Council, *"The Meaning of 'One China'"*, 1992, paragraph 1. Cited in Hughes, C. Op.Cit. p.101.
[31] Dreyer, J.T. China's Political System: Modernisation and Tradition, 2nd Edition, Allyn and Bacon, Boston: 1996, p.325.
[32] Chu, J.J. Op.Cit. p.55.

ourselves, and we will be able to come up with pragmatic plans appropriate to the changing times and environment.[33]

This new willingness to accept the reality of a separate political authority of the CCP on the mainland was a significant shift in the ROC's international policy. Although no longer claiming to be the sole sovereign authority of all China, the ROC would not permit the PRC claim to the same title. This was explicit in the MAC's statement that, *"Although the Chinese Communists have enjoyed jurisdiction over the mainland area, they cannot be equated with China. They can in no way represent China as a whole, much less serve as the 'sole legal government of all Chinese people.'"*[34] On the question of sovereignty, in November 1993 the ROC Ministry of Foreign Affairs (MOFA) issued a statement on its policy toward the mainland, which included:

> The ROC is a sovereign and independent state. Since its founding in 1912, the ROC has continuously existed in its own territories despite the fact that it lost the Chinese mainland in 1949 and lost its United Nations seat in 1971. The ROC still independently exercises exclusive sovereignty over territories under its effective control.[35]

The ROC has attempted to define the one China principle in such a way as to make it compatible with Taiwan's domestic developments and foreign policy aims.[36] This, however, has been increasingly difficult to elucidate as the contradictions between the one China principle and Taiwan's international status have grown. For example, former Foreign Minister Frederick Chien's assertion that, *"It would be better for us not to talk*

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[33] Quoted in Kau, M.Y.M. Op.Cit. p.245.
[34] Hughes, C. Op.Cit. p.103.
[35] Press Release of the ROC Ministry of Foreign Affairs, November 22, 1993, Statements and Communiqués (January 1 - December 31, 1993), Ministry of Foreign Affairs, ROC, p.13-16. Cited in Yang, S.T. *"The Republic of China's Right to Participate in the United Nations"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.119-120.
[36] Hughes, C. Op.Cit. p.101.

about one China. Over-emphasis on one China will constrain us."[37] Chien outlined his government's new position in an interview as being:

> In the past, our position was that there was only one China and that we were that China, and a foreign government would have to recognise that, although we don't have full control over China, we are the only legal government of China. That position made a lot of people afraid to get close to us. Now, we are being very pragmatic. We say we are what we are, not what we claim to be. We do not want other people to make that difficult choice.[38]

ROC Minister of Economic Affairs, Chiang Pin-kung, echoed Chien's comments at the Asia-Pacific Economic Co-operation (APEC) meeting in Seattle in November 1993. He told an audience that the ROC had adopted a "transitional two Chinas policy." This served as an admission that for Taipei there existed two sovereign Chinese states.[39] However, the ROC's Executive Yuan and MOFA hastened to clarify that Chiang's remarks did not signal any change in the government's one China policy.[40] Such statements reflect the difficulty in describing Taiwan's true political identity as an entity between unification and independence.

Prior to 1971 when the majority of states recognised the ROC as the official representative of China, the one China principle acted in Taipei's favour as it served to prevent the PRC from expanding its international relations. However, when most states shifted their recognition to the PRC, the one China principle forced Taiwan into an unfavourable diplomatic position. Diplomatic competition with the PRC was zero-sum, with a gain for Beijing resulting in a loss for Taipei. Third parties could only have official relations with either the ROC or PRC but not both. The opposition elite and liberals within the KMT believed that adherence to the one China principle was only

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[37] In an explanation to the KMT, Chien claimed that his remarks did not signal a change in government policy but that it was no longer to Taiwan's advantage in international affairs to talk of one China. Ibid. p.151.
[38] Hickey, D.V. *"Taiwan's Return to International Organisations: Policies, Problems and Prospects"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.67.
[39] Hughes, C. Op.Cit. p.152.
[40] Jia, Q.G. Op.Cit. p.62.

favourable to the PRC. As long as Taipei claimed that there was only "one China", the PRC, not the ROC, would be recognised by the international community as the proper representative of the Chinese people.[41] This group asserts that Taiwan's international activities are *"held hostage by its own policy of unification, albeit the policy may temporarily forestall military action by China."*[42] Professor Chiu Hungdah of the University of Maryland predicted that the ROC would suffer total diplomatic isolation in the international community by the turn of the century if the one China principle was not reformed.[43]

Lee Teng-hui stated in June 1989 that Taiwan should not base its (foreign) policy on an unrealistic claim, nor should its diplomacy be restricted by its own ideology.[44] The Three Principles of the People which had previously provided the ideological basis for Taiwan's post-1949 development, no longer exerted an important influence upon the Lee Administration. "Its policies are pragmatic, influenced much more by the pressures of domestic politics and by the demands of the world economy than by such lingering ideological concepts."[45] Recognition of the regime in Beijing had a major effect upon Taiwan's foreign policy orientation. This was the essence of pragmatic diplomacy - breaking free from the self-imposed foreign policy constraints of the Chiang Kai-shek era. Chiang Ching-kuo had begun the process with his strategy of "total diplomacy" in 1973 whereby Taipei would make use of every kind of resource - political, economic, scientific, technological, cultural and sporting - to develop "substantial" links with states that had no diplomatic relations with the ROC in the hope of gaining political concessions.[46] This ultimately evolved into the formal policy of pragmatic diplomacy under Lee Teng-hui. Conservatives within the KMT castigated the ROC's international

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[41] Wu, J.J. Op.Cit. p.142.

[42] A number of members of the KMT forming the dissolved Wisdom Coalition and Public Opinion faction in the Legislative Yuan called upon the government for a revision of the one China principle to counter the PRC's imposed isolation of Taiwan. The Wisdom coalition was formed in 1988 by a group of liberal KMT legislators dissatisfied with the slow pace of reform. On the eve of the December 1991 elections, ten Wisdom coalition members went so far as to ask the Executive Yuan to consider adopting a two-Chinas policy. Hughes, C. Op.Cit. p.79. Ibid. p.142.

[43] Chiu, H.D. *"To Promote Taipei as the Economic and Trade Centre of East Asia; To Peacefully Reunify the Two Sides of the Taiwan Straits"* in The China Times, 29 July, 1988, p.2. Cited in Wu, H.H. Op.Cit. p.72.

[44] Central Daily News, 3 June, 1989. Quoted in Wu, J.J. Op.Cit. p.146.

[45] Clough, R.N. *"The Enduring Influence of the Republic of China on Taiwan Today"* in The China Quarterly, No. 148, December 1996, p.1068.

[46] Hughes, C. Op.Cit. p.131.

initiatives as being *"dangerous opportunism."*[47] On pragmatic diplomacy, then Vice Minister of Foreign Affairs John H. Chang said, *"it is a matter of recognising the principle of live and let live; we have to keep on developing contacts, and we have to break out of this isolation to survive."*[48] Lee Teng-hui made the ROC's reformed foreign policy stance clear in an essay published in the Asian Wall Street Journal in November 1989:

> In the area of foreign relations, the ROC government will remain firmly in the democratic world, doing its utmost to protect world peace. At the same time, for reasons of its continued survival and future development, the ROC will continue to adopt pragmatic and forward-looking measures to improve its relations with the other countries of the world...The Chinese Communist leaders still try to exclude the ROC from the international community. But the ROC, as a sovereign country, must have full rights to participate in international organisations and to enhance its friendly relations with foreign countries. The ROC's social, political and economic success makes such participation in the international community a fair and just expectation.[49]

The PRC is vehemently opposed to Taiwan's pragmatic diplomacy initiatives in the international community. Criticising the KMT's foreign policy, Beijing responded by stating:

> The so-called "elastic diplomacy" and "double recognition" are in fact the Taiwan government's tactics to change the isolated position in which it finds itself in the world, with the aim of creating "two Chinas" or "one China, one Taiwan." Though they once and again claimed in words that they will stick to the "one China" principle, the Taiwan authorities pursue their private ends at

[47] Asia 1991 Yearbook, Review Publishing Company, Hong Kong: 1991, p.223-4.
[48] Quoted in Shim, J.H. *"Money and Diplomacy"* in Far Eastern Economic Review, February 2, 1989, p.29.
[49] Quoted in Kau, M.Y.M. Op.Cit. p.245.

the expense of national interests and to the detriment of the unification of the motherland.[50]

Since Lee became president in 1988, Taipei no longer insisted that countries intending to establish relations with the ROC must first sever relations with the PRC. As part of pragmatic diplomacy, Taiwan would no longer break relations with countries that recognised the PRC but would continue normal state-to-state relations under a different title.[51] In international terms, this was in pursuance of a policy of dual recognition - diplomatic coexistence with the PRC. In domestic terms, it seeks to create a national consciousness of "a community bound by a shared destiny", which "transcends the old division between Taiwanese islanders and Chinese mainlanders and integrates these two groups."[52]

Although the mainstream KMT party-line supported unification as a long-term national goal, this official rhetorical stance was undermined by the lack of consensus amongst its individual members. On the one extreme, a small minority still hoped for a military victory over the CCP, however unlikely this situation was of materialising. Another minority were willing to reunify with the mainland under any circumstances.[53] The majority supported the notion of the "German Model", that of two separate but equal states both supporting an ultimate reunification. For Taipei, this was the "one country, two central governments" model. This approach had been promoted by the liberal wing of the KMT since the party's Thirteenth National Congress of July 1988 with the launch of pragmatic diplomacy. It was reflected in the ROC's attempts to elevate its international status through the acquisition of international recognition and gaining of membership in international organisations.

3.4. Taiwan and its Policy Towards the PRC.

[50] Quoted in Bush, R.C. *"The Role of the United States in Taiwan-PRC Relations"* in Taiwan - Beyond the Economic Miracle, Simon, D.F. and Kau, M.Y.M. (eds.), M.E. Sharpe, New York: 1992, p.358.
[51] Dreyer, J.T. China's Political System: Modernisation and Tradition, 2nd Edition, Allyn and Bacon, Boston: 1996, p.325.
[52] Chu, J.J. Op.Cit. p.55.
[53] Wu, J.J. Op.Cit. p.143.

The liberalisation of Taiwan's policy toward mainland China set in motion by Chiang Ching-kuo from the mid-1980's was continued by Lee Teng-hui in the form of pragmatic diplomacy. The overall liberalising atmosphere that arose during this time and the rapidly increasing unauthorised economic relations between the two sides pressured the KMT into relaxing its rigid policy toward mainland China. The reform and loosening of Taipei's mainland policy was designed as such to "placate Chinese nationalist suspicions and allow the island's population to enjoy the opportunities offered by the other side of the Strait."[54] In April 1988, the KMT government gave its go-ahead for the ROC Red Cross to start forwarding mail from Taiwan to the mainland. In August, it was decided to allow a civilian delegation to attend the meeting of the International Council of Scientific Union in Beijing. Of greater note was the November decision to permit mainlanders to visit sick relatives or attend family funerals in Taiwan. This allowed for the two-way exchange of people across the Straits as ROC citizens had previously been given permission to travel to the mainland in November 1987.[55]

The growth in contact with the mainland raised questions over the ROC's narrow interpretation of the one China principle and thus had implications for its political standing. Taipei's increased dealings with the PRC served as belated recognition of Beijing's political control over the mainland. This, however, contributed little to increasing the desire for unification with the mainland amongst the populace of Taiwan. Through experiencing the mainland at firsthand, ROC citizens became aware of the economic, political and social backwardness of the PRC. This served to reinforce the newly-emerged political "Taiwan identity." Unification was regarded as an objective for the long-term, not something to be pursued until conditions on the mainland improved to a great extent. A survey in Taiwan conducted over national identity asked respondents if they were Chinese or Taiwanese. It was found that thirty-four percent considered themselves "Taiwanese", twenty percent "Taiwanese first, then Chinese", sixteen percent "Chinese, then Taiwanese", and twenty-seven percent

[54] Ibid. p.53.
[55] On November 15th 1987, the ROC rescinded the ban on family visits to the mainland by Taiwanese residents, except for ROC government employees.

as "Chinese." Their "Taiwanese" identity was evidently stronger than their "Chinese" one.[56]

Throughout the 1980's, the most significant contacts occurring across the Taiwan Straits were of the economic kind. The ROC had to respond to the growing level of (illegal) economic contacts with the mainland. In July 1988, the KMT government allowed for the importation of raw materials from the mainland through third party countries.[57] In June 1989, Taipei began a process of liberalising the indirect importation of goods from the mainland. This step was intended to regain some measure of control over cross-Strait trade so as to prevent the export of sophisticated products to mainland China. In October 1990, Taiwanese companies could register with the KMT government their economic interests in the PRC. This marked the legalisation of indirect investment to the mainland.[58] From December 1991, Taiwan's banks were permitted to conduct financing arrangements for exports originating from the mainland. In January 1993, Taipei allowed for the import of industrial technology from the mainland. By 1992, the level of Taiwanese direct investment was such that Taiwan had overtaken Japan as the second most important source of capital for the PRC after Hong Kong. This capital flow was estimated to be approximately US$20 billion as of November 1992 with investments in the mainland growing at an annual figure of US$2,5 billion.[59]

An important problem faced by pragmatic diplomacy is the inherent contradiction between the necessity of developing economic exchange with the mainland while

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[56] Cited in Hsiao, M.H.H. *"The Taiwan-China Connection; Economic, Social and Cultural Exchanges Under Political Rivalry"*, paper presented at the International Conference on "The Future of China and Northeast Asia" at The Institute of Far Eastern Studies, Kyungnam University, Seoul, South Korea, May 22-23, 1997, p.10.

[57] *"Mainland Raw Material Imports Cheer Taiwan"* in The Free China Journal, 18 July, 1988, p.8.

[58] On 6th October 1990, the ROC Economic Ministry issued the Regulations on Indirect Investment and Technological Co-operation on the Mainland which made provision for 3 353 products in sixty-seven sections which were approved for indirect investment. Wu, Y.S. *"Economic reform, Cross-Straits Relations, and the Politics of Issue Linkage"* in Cheng, T.J. Huang, C. and Wu, S.S.G. (eds.) Inherited Rivalry - Conflict Across the Taiwan Straits, Lynne Rienner Publishers, Boulder: 1995, p.128.

[59] By April 1996, Taipei had given permission for 11 392 investments in the mainland totalling US$6,1 billion. The PRC's own figures put the figure at US$24,3 billion. As many investors evaded ROC government investment regulations and invested in the mainland covertly and given the presumption that the PRC inflated the true figure for propaganda purposes, the real investment amount most likely stands between these two figures. Hughes, C. Op.Cit. p.109.

seeking to maintain separation of the ROC from the PRC.[60] Despite political antipathy, economic integration has increased at a rapid pace across the Straits. Although Lee had indicated the attractiveness of the mainland market for Taiwanese business - *"In terms of actual interests, the future development of Taiwan's economy cannot be confined solely to this small island. We need the mainland as our hinterland to preserve and support us"*[61] - the ROC government has attempted to restrict the level of investment going to the mainland. But with such large amounts of capital travelling from Taiwan to the mainland, the government has been "powerless to prevent this fait accompli."[62]

Cross-Strait economic interaction has enabled Taiwan to accumulate large trade surpluses. In the first six months of 1994, exports to the mainland exceeded imports by a massive US$6,9 billion due to restrictions on imports from the mainland. Due to the mainland market, Taiwan has consistently had a trade surplus in its overall trade and "without the mainland factor, the annual growth rate will certainly drop below the 5% mark."[63] The trend across the Taiwan Straits is thus one toward ultimate economic dependence for Taiwan. The importance of Taiwan's economic contact with the PRC was highlighted in January 1994 by Minister of Economic Affairs P.K. Chiang who made it clear that economic ties with the mainland were the key to sustaining Taiwan's growth. He also publicly advocated direct transport and investment links with the mainland. Though he was later forced to retract the statement as it ran counter to the official party line, the pressure the government was enduring to adopt a more engaging policy toward the mainland was evident.[64]

Preventing this is the government's belief that the large flows of investment going to the mainland and the resultant "hollowing-out" of Taiwan's industries is a threat to its national security. The large measure of trade and investment flows to the mainland has greatly increased Taiwan's vulnerability to fluctuations in the mainland Chinese market. This vulnerability refers to the cost of the dissolution of Taiwan's economic

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[60] Yahuda, M. *"The International Standing of the Republic of China on Taiwan"* in The China Quarterly, No. 148, December 1996, p.1332.
[61] Hughes, C. Op.Cit. p.114.
[62] Sanford, D.C. Op.Cit. p.229.
[63] Wu, Y.S. *"Taiwan in 1994..."* Op.Cit. p.63-4.

relations with the PRC. The ROC government fears that its economy is becoming overly dependent upon the mainland's which could lead to Taiwanese business becoming a vested interest vulnerable to leverage from Beijing to promote its own interests.[65] The current level of dependence upon the PRC (1996 figures) stands at 10 percent of Taiwan's foreign trade and 16,5 percent of its exports.[66] This figure is growing and increasingly reciprocal. Beijing may regard "the dependence of Taiwan on the Chinese market as a political resource to push Taipei to accept reunification under the 'one country, two systems' model."[67] Taiwanese entrepreneurs could also form a powerful pro-unification constituency on the island. Former ROC Premier Yu Kuo-hua made the point of over-dependence on the mainland economy by saying, *"we cannot rely on enemy's milk to feed our babies."*[68]

The sheer volume of the economic interaction between the two sides has increased the political concern over its consequences. By the end of 1995, more than thirty thousand Taiwanese firms were doing business on the mainland having invested an estimated US$30 billion.[69] *"It is clear, therefore, that both politically and economically, the Chinese Communists have everything to gain and nothing to lose from cross-Strait trade."*[70] The KMT has adopted a cautious approach with Lee Teng-hui having suggested the imposition of quotas on investments going to the mainland. The government has begun a "cooling policy" in its economic relations with the PRC and since 1996, has rejected large-scale intended investments on the mainland by Taiwanese conglomerates; *"We only prohibit investments in large infrastructural construction projects or certain sensitive high-tech industries there."*[71] This has been entitled the "no haste, be patient" policy. The planned investment of Formosa Plastics, one of Taiwan's largest conglomerates, of US$3,2 billion in a power plant in Fujian province was to be the largest Taiwanese investment in the mainland until the KMT

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[64] Baum, J. *"Trading Up"* in Far Eastern Economic Review, February 17, 1994, p.50.
[65] Wu, H.H. Op.Cit. p.175.
[66] Cabestan, J.P. Op.Cit. p.1282.
[67] Bau, T.H. *"Beijing-Taipei Interaction as a Two-Person Conflict (1949-1988)"* in Taiwan - Beyond the Economic Miracle, Simon, D.F. and Kau, M.Y.M. (eds.), M.E. Sharpe, New York: 1992, p.313.
[68] Wu, Y.S. Op.Cit. p.172.
[69] Mainland Affairs Council (ROC), *The Cross-Strait Economic Statistics Monthly*, No. 44, April 1996, p.37-8.
[70] Kao Koong-lian of the MAC. See Kao, K. Trade and Investment Across the Taiwan Straits: Maintaining Competitive Advantage, Pursuing Complmentarity, MAC, Taipei: 1993.

government blocked it for violating a ban on investing in infrastructural projects by Taiwanese companies.[72] Taipei is worried that profit-seeking big business may exert uncontrollable pressure upon the government and even possibly push for compromise with Beijing's unification drive.[73] Winning the contract in the face of stronger competition from the likes of Hitachi and General Electric, Formosa Plastics' investment is expected to secure political returns for the PRC; *"The political aspects of these investments are unique. No other country faces such risks with its investment projects."*[74] The government's greatest concern is that economic integration across the Straits will pressure it into premature political negotiations with Beijing. Economic integration along with increased people-to-people and quasi-governmental contacts across the Strait could erode the ROC's insistence on its legal personality, resulting in a decline of foreign support.[75] This fear is heightened by the PRC's international stature over that of the ROC.

To what extent do the large amounts of investment going to the mainland influence government policy-makers in Taipei? As noted in chapter one, the KMT's policy has been reactive rather than proactive in terms of economic contact with the mainland. Rather than initiating contact, the KMT belatedly responded to the growing contacts in an attempt to exercise authority over the economic flows. This occurred particularly after Taiwanese big business groups invested in the PRC whose investments sought to take advantage of the mainland's market potential and raw materials. Taiwanese business is overwhelmingly in favour of expanding (direct) economic links with the mainland.[76] Attracted by lower labour costs, market size, export quota to foreign countries, and not wanting to lose out to other Asian competitors, Taiwanese business has pressurised the KMT government for more liberal economic policies toward the mainland. A prominent Taiwan business figure observed; *"Regional economic*

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[71] Wu, S. *"Lee defends 'no haste, be patient' policy"* in The China Post, 8 January 1998, p.20.
[72] See Moore, J. and Barnathan J. *"A Huge Power Play on the Mainland"* in Business Week, March 31, 1997, p.16-17.
[73] Hsiao, M.H.H. Op.Cit. p.21.
[74] Andrew Yang of the Chinese Council for Advanced Policy Studies, quoted in Baum, J. *"Mainland Attraction"* in Far Eastern Economic Review, April 17, 1997, p.28.
[75] See Nathan, A.J. Op.Cit. p.214.
[76] A survey conducted by The China Times in June 1991 found that 53,2% of those interviewed were in favour of direct trade with the mainland and 11,2% felt extremely favourable toward it. Just 18,3% and 0,8% were against and extremely against it. Zhan, J. Op.Cit. p.175.

integration is taking place everywhere around the world. If we do not integrate with the mainland with which we share the common language and race, who else can we do with?"[77] The power of Taiwanese businessmen is undoubtedly derived from the success of their businesses in assisting the ROC to expand its international relations through economic diplomacy (trade and aid). However, Taiwanese businessmen are more concerned with maintaining their competitiveness than with Taipei's international diplomatic ambitions.[78] Taiwanese business has acted as a major force in influencing policy toward the mainland.

A ROC Board of Foreign Trade report has highlighted the positive impact the lifting of direct trade bans with the mainland would have in promoting Taiwan's competitiveness.[79] On the 4th May 1995, the Executive Yuan approved regulations for more direct links with the PRC. On 8th May, the ROC began to permit foreign ships or Flag of Convenience ships to travel directly between Taiwan and the mainland with cargoes that originate from or were destined for third countries. In view of the pending change in Hong Kong sovereignty to that of the PRC, Taiwan also made provision for "offshore trans-shipment centres" in Taiwan ports without ROC customs inspection or allowing entry into Taiwan proper for goods shipped between itself and the mainland. Goods must originate from, or are destined for, third areas with routes across the Straits being designated neither domestic nor international but by being termed "special."[80] In superficial compliance with the one China principle, such "direct but indirect" contacts have been justified by the ROC Mainland Affairs Council by its designation of Hong Kong and Macao as "special areas";

> If, after 1997 and 1999, cross-Strait relations are still at the initial stage of the "Guidelines for National Unification" - no postal, transport or commercial links - then the government will view Hong Kong and Macao as "special areas" distinct from other areas of mainland China on the condition that the two areas

[77] Chen Sheng-you, a prominent Taiwanese electronics manufacturer. Quoted in Ibid. p.175.
[78] Sanford, D.C. Op.Cit. p.229-230.
[79] Commercial Times, 10 October, 1988, p.6. Cited in Wu, H.H. Op.Cit. p.174-5.
[80] Hughes, C. Op.Cit. p.124.

are able to maintain their present free economic systems and high degrees of internationalisation.[81]

By designating Hong Kong and Macao "special areas", the ROC is also able to maintain its institutions in these territories after they revert to PRC sovereignty and retain direct transport links.[82] It is noteworthy that the timing of these initiatives by Taipei in May 1995 coincided with the granting of a visa by the US to Lee Teng-hui to make a private visit his alma mater Cornell University in June. Taipei thus sought to offset the danger in forging closer socio-economic ties with the PRC by raising its international profile as an independent political entity.[83]

Despite claims to the contrary, the PRC has attempted to use the Taiwanese business community to exert pressure upon the Lee Administration.[84] During the PLA military exercises prior to the 1996 presidential election, Wang Daohan and Tang Shubei of the Association for Relations Across the Taiwan Straits (ARATS) made clear to Taiwanese business groupings that these actions were not aimed at Taiwan compatriots. Their investments were guaranteed and *"the link between Lee Teng-hui's ambitions and their risks to their life and property was stressed."*[85] In February 1996, a number of Taiwanese business representatives appealed to their government to exercise restraint in its mainland policy. Such figures included a director of Nanchiao Chemical Company and the president of Dah An Commercial Bank. The chairman of the Taipei Chamber of Commerce pointed out that as long as Taiwan did not declare independence, the mainland would not use force against the island.[86] Taiwanese business' lobbying has placed large amounts of pressure upon the KMT government to liberalise its mainland policy.

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[81] MAC, *Questions and Answers Related to Government Policy on Hong Kong and Macao*, Mainland Policy Backgrounder, Taipei, 1993, p.4. Cited in Ibid. p.123.
[82] Ibid. p.123.
[83] Ibid. p.124-5.
[84] During a visit to Xiamen (Fujian province) in April 1997, a major destination for Taiwanese investment, PRC Foreign Minister Qian Qichen encouraged Taiwanese businessmen to increase their investments in the mainland and said that, *"We will not affect or interrupt cross-straits economic co-operation with political differences."* *"Chinese Foreign Minister Urges Taiwan to Increase Investment"* in The Korea Times, 9 April, 1997, p.1.
[85] Hughes, C. Op.Cit. p.116.
[86] Ibid. p.116-7.

On relations between the two sides, Lee Teng-hui emphasised that;

> The ROC government has always advocated a peaceful solution to the issue of reunification. In the process of peaceful competition, Taiwan will continue engaging in indirect exchange with the Chinese mainland in various areas in order to eliminate hostility between the two sides and to disseminate the "Taiwan experience"...It is our position that it will be possible to realise the reunification of all China only if the Communist authorities make some significant changes [in renouncing the use of force and abandoning the Four Cardinal Principles] and only when the gap between the political and economic systems on both sides of the Taiwan Strait narrows and an atmosphere of mutual trust develops.[87]

Lee promoted the "Taiwan experience" as a model of development for the PRC: *"What the ROC government can do is vigorously develop Taiwan as an example for a reunified China of the future."*[88] Through interaction with the mainland, Taiwan could "elevate the level of freedom of the press, academic freedom, and freedom of artistic expression." It would also "...catalyse a re-examination of Communism by the mainland Chinese, and evoke serious doubt and rejection of Communism."[89] The idea that Taiwan could provide a model for the PRC's political and economic development became particularly popular after the Tiananmen crackdown. Following a visit to the PRC, former British Prime Minister Margaret Thatcher suggested that Beijing *"look to South Korea and Taiwan... Taiwan got its prosperity and is going on to democracy."*[90] This new approach signalled a transition in the KMT's policy approach toward one of international competition and peaceful coexistence with mainland China. However, growing uncertainty over the direction of Taiwan's new mainland policy and the internal conflict over its formulation led to the creation of the bipartisan National Unification Council (NUC) in October 1990. This organisation's purpose was to

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[87] Quoted in Kau, M.Y.M. Op.Cit. p.245.
[88] *"Interview With Readers Digest: Lee Says Road Back Still Long"* in Free China Journal, 31 October 1986, p.2.
[89] Sanford, D.C. Op.Cit, p.232.

devise a strategy toward peaceful unification while at the same time mobilising popular support for it.

The NUC's publication of the *"Guidelines for National Unification"* on 23rd February 1991 was intended as such. The *Guidelines* were a measure used by President Lee to head off criticism from the Non-Mainstream faction as to his commitment to reunification with the mainland.[91] The NUC's stated purpose was to "integrate opinion at all levels of society and in all political parties concerning the issue of national unification."[92] Lee used this body to maintain a consensus of support for his mainland policy. The published *Guidelines* proposed a three-phrase unification process with the mainland - this continues to form the foundation of the ROC's mainland policy today. This repeated Lee's earlier stated pre-conditions for unification. These were: changes in the PRC's political and economic systems - "in the mainland area economic reform should be carried out forthrightly, the expression of public opinion there should be gradually allowed, and both democracy and the rule of law should be implemented"; the ROC demanded that Beijing renounce the use of force in the resolution of the issue of unification with Taiwan; and the PRC must halt its efforts in attempting to isolate Taiwan in the international community and that it must respect Taiwan as an equal political entity. The term "political entity" was contrived so as to put aside the issue of national sovereignty and act as a theoretical approach for the development of cross-Strait relations.[93] The *Guidelines* were thus based upon the realistic consideration that there existed two political governments - one in Taipei and one in Beijing.

The ROC's unification policy as set out in the *Guidelines* was largely dependent upon political and economic progression in the PRC itself. Three stages of unification were put forward by the KMT with no specific time frame included. First and in the short term, Taipei proposed mutual political recognition and greater communication so as to reduce hostility between the two sides. Second, over a longer time period, mutual trust and co-operation should be built through the development of direct mail,

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[90] Quoted in Hickey, D.V. Taiwan Security in the Changing International System, Lynne Rienner, Boulder: 1997, p.107.
[91] The Guidelines were adopted by the Executive Yuan on 14th March 1991.
[92] ROC Yearbook 1992, Government Information Office, Taipei: 1992, p.139.
[93] Hughes, C. Op.Cit. p.68.

transportation, and trade links. During this period, each side should support the other in participating in international organisations. Third, over the long-term, unification would come about based on the principles of political democracy, economic freedom, social justice, and the compliance of the people on both sides of the Straits.[94] Taipei has defined the current period as being in the first stage.

Such a policy approach which is largely dependent on developments upon the mainland, had first been presented by Chiang C.K. who stipulated the need for the mainland to become more like Taiwan as a precondition for unification under the Three Principles of the People The DPP criticised the "stage model" toward unification as not placing the interests of the Taiwanese people first by not allowing them a veto power over any unification deal.

With the progression of political liberalisation under Lee Teng-hui, the political gulf between Taiwan and post-Tiananmen PRC was widening. Lee's policy approach was not a policy change but rather a continuation of Chiang's, albeit under more democratic circumstances. For this reason, Lee's proposals toward unification appeared more radical in content:

> It is our position that it will be possible to realise the reunification of all China only if the Communist authorities make some significant changes...and only when the gap between the political and economic systems on both sides of the Taiwan Strait narrows and an atmosphere of mutual trust develops.[95]

The *Guidelines* allowed for sovereignty to be practised by the population of Taiwan, while for the Chinese nationalists it preserved the principle of one China.[96] Lee himself advocated this new sovereignty as being *"sovereignty in the people."* In his definition, "the people" were not those in the Chinese nation but rather the voters in Taiwan.[97] On the *Guidelines*, Mainland Affairs Council chairman Huang kun-huei stated:

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[94] Hsiao, M.H.H. Op.Cit. p.17.
[95] Lee T.H. Op.Cit. p.4.
[96] Hughes, C. Op.Cit. p.76.
[97] Lee Teng-hui in a speech to the National Assembly, 26th May 1994. Quoted in Ibid. p.96.

> Our view is that China is of course a part of Chinese territory but the Chinese Communist regime is not "China". The current state of separation and mutual hostility is not a Taiwan problem but a Chinese problem. Thus we have the concept that "Both the mainland and the Taiwan areas are parts of Chinese territory." The Chinese mainland and Taiwan are "one country, two areas."[98]

Taipei's deliberate omission from the *Guidelines* of how unification is to be realised and within a specific time-frame is indicative of the less than enthusiastic desire for unification which has merely become something of a spiritual goal. It was becoming increasingly clear that unification was no longer the ultimate objective of the ROC, a unification which may take generations to achieve.[99]

Following the creation of the NUC, to cater for the maturing of the ROC's mainland policy, the Mainland Affairs Council (MAC) was formed on 18th October 1990. The MAC was comprised of senior officials under the Executive Yuan (the cabinet) and charged with policy-making and co-ordinating the mainland policy of the various government agencies. Shortly thereafter, the Straits Exchange Foundation (SEF) was founded on 21st November 1990. Headed by Koo Chen-fu, an influential industrialist and member of the KMT Central Standing Committee, the SEF was authorised by the MAC to carry out contacts and negotiations with the PRC on "non-governmental" matters. The SEF was established to deal with so-called "functional co-operation" across the Taiwan Straits. As contacts grew between Taiwan and the PRC, so did the need for dialogue across the Straits to regulate this contact. This was the functionalist approach to the incremental increase in relations as proposed by theorist David Mitrany.[100]

Since the SEF was designated to be "private", it could circumvent the ROC government's policy of no official with the PRC. Koo was, however, a member of the KMT's central committee and with the SEF receiving funds from MOFA, its "private"

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[98] Ibid, p.76.
[99] Ibid, p.67.

designation was certainly a grey one. Thus through the establishment of the SEF, Taipei deliberately attempted to create a "buffer zone between the socio-economic area and the official political area. The government is shielded; the danger of premature (political) exposure is lessened."[101] Hence the government's insistence upon the "indirectness" of cross-Strait relations. Taipei holds out the possibility of authorising direct trade in return for concessions from the PRC in ending its campaign to isolate Taiwan in the international system. Such an exchange of concessions would allow Taiwan to make progress in its international political status.

The SEF had its first meeting with its parallel organisation from the PRC, the Association of Relations Across the Taiwan Straits (ARATS) which had been established in December 1991, in Beijing to discuss issues of substantive exchange.[102] For Beijing, such contacts were interpreted as being the first steps toward unification. For Taipei, an opposite inference was drawn, that of casting Taiwan as a separate political entity from mainland China with which Beijing had to negotiate with and grant equal status to. On 27-29th April 1993, the chairmen of the SEF (Koo Chen-fu) and ARATS (Wang Daohan) met in Singapore for the so-called Koo-Wang talks which sought to bring about "a new conceptual order in cross-Strait relations by means of increased contacts and talks and [illegible]ual acknowledgement."[103] This meeting followed the Secretary General of the SEF, Chiu Cheyne, calling on the Legislative Yuan to reform the Three No's policy in favour of one of constructive engagement toward the mainland. This was seen to indicate an important change in the ROC's mainland policy.[104] Indeed, the Three No's policy had already become redundant since over fifty percent of the Legislative Yuan's members had already visited the mainland including

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[100] See Dougherty, J. and Pfaltzgraaf, R. Contending Theories of International Relations, Harper and Row, New York, 1981, p.419.
[101] Wu, Y.S. *"Economic Reform..."* Op.Cit. p.128.
[102] The organisations expressed their intention to hold future meetings, increase express delivery services, improve telephonic exchanges, encourage panel discussions by private groups and academic institutions on cross-Strait disputes, co-operate on the repatriation of hijackers, illegal entrants, and the resolution of fishing disputes. Keum, H.Y. Op.Cit. p.10.
[103] Sung, K.C. *"The Koo-Wang Talks: Their Significance and Function in Taiwan-Mainland Relations"* in Issues & Studies, Vol. 29, No. 5, May 1993, p.123.
[104] See Wu, Y.S. *"Taiwan in 1993: Attempting a Diplomatic Breakthrough"* in Asian Survey, Vol. XXXIV, No. 1, January 1994, p.52-3.

both pro-unification and pro-independence legislators from both the KMT and DPP. Many had even met with senior political figures in Beijing.[105]

Such meetings as well as those between the SEF and ARATS were a manifestation of the growing contact between the two sides. The ROC's stated policy of "[illegible] contact" with the mainland had been rendered largely meaningless. Although [illegible] concrete political results came from the Koo-Wang talks, a number of documents were signed on document verification and the exchange of registered mail as well as agreement on future meetings. No substantial gains were made during follow-up discussions in August 1994.[106] An important reason for this was the problem of judicial competence attached to the insistence of the one China principle. As the PRC does not regard the ROC with equal status, it opposes any agreement which can be [illegible]d as "implying two different systems of judicial competence", hence splitting [illegible] China concept.[107]

On 30th April 1991, Lee Teng-hui declared the termination of the of the "Temporary Provisions during the Period of National Mobilisation for Suppression of the Communist Rebellion." Lee announced that the CCP was no longer a "bandit" organisation and that the government of the PRC was no longer an "illegitimate" one. This marked the end of the ROC's state of war with the Communist government in Beijing. It was significant in that it meant that the KMT had come to officially recognise that a "political entity" existed in Beijing and exercised control over the mainland.[108] The first hint of the KMT government's consideration of lifting the "emergency decree" as it was known had come in April 1989. In reply to a question posed in the Legislative Yuan, Justice Minister Hsiao Tien-tzang said that the government would *"consider rescinding the emergency decree since it had recognised*

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[105] Jia, Q.G. Op.Cit. p.54.
[106] These were conducted by Chiao Jen-ho, the SEF's general secretary, and Tang Shubei, vice-chairman of ARATS.
[107] Tsai, C.W. *"The Development of Cross-Strait Policies in China and Taiwan"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.227.
[108] Cheng, T.J. Huang, C. and Wu, S.S.G. (eds.) Op.Cit. p.247-8.

Beijing as another central government effectively controlling mainland China."[109] Shortly thereafter his statement was dismissed by the government.

Even at this comparatively early stage, the KMT was recognising the reality, although not the legitimacy of the PRC government. The termination of the emergency decree later confirmed this. This recognition of the PRC government formed the basis of the ROC's pragmatic diplomacy and had important implications, if not consequences, for Taiwan's international diplomatic relations. With pragmatic diplomacy came a new boldness in the interpretation of the one China principle. On 13th November 1988, the day after Saudi Arabia and the PRC announced the first steps toward the normalisation of relations, the Taiwan press quoted unnamed sources as indicating that Taipei would no longer insist on being recognised as the sole legitimate government of all China. In addition, a foreign ministry spokesman asserted that Taipei would no longer *"flatly reject"* offers to establish relations with countries which already had official relations with Beijing.[110] The loss of Saudi Arabia as a diplomatic partner thus marked the end of ideology in Taiwan's foreign relations.[111]

3.5. Tiananmen Square and Taiwan's Policy Response.

The government's response to the Tiananmen Square 1989 protests was muted. Wanting to avoid confrontation with Beijing, Taipei opted to continue liberalising its policy toward mainland China. Before the movement was violently suppressed, Taipei declared that it would provide only cautious support to the protesters so as not to provoke Beijing and to avoid accusations that it had instigated the demonstrations.[112] After the crackdown, Taipei did not exploit the crisis to the full extent and was careful in its support of pro-democracy defectors. Conservative figures within the KMT

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[109] The China Times, 17 April, 1989, p 2.
[110] The China Post, 14 November, 1988. Cited in Hughes, C. Op.Cit. p.54.
[111] During the 1980's, Saudi Arabia had begun to respond to overtures from the PRC toward the establishment of diplomatic relations. In 1985, following an American refusal to sell such technology, the PRC began to supply Riyadh with ballistic missiles In 1989, each state opened a trade office in each others' capital. These moves heralded the formalisation of relations between the two. See Harris, L.C. *"Myth and Reality in China's Relations with the Middle East"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford; 1994, p.340.
[112] Hughes, C. Op.Cit. p.57.

criticised the party's lack of action, claiming that had Chiang K.S. been alive, he would have sent military forces to the mainland.[113] After the bloodshed at Tiananmen on 4th June, President Lee's response was to call for the use of *"calmness to control motion."*[114]

After the outbreak of violence in Beijing during the Tiananmen demonstrations, ROC Premier Lee Huan stressed that the ROC would not rely on military means to implement its *"national goal of recovering the mainland."*[115] President Lee announced that the ROC would maintain existing exchange programmes with the mainland despite the Beijing regime's military crackdown on the demonstrations.[116] Following the crackdown, travel to the mainland by Taiwanese citizens rapidly decreased and economic ties declined. However, to encourage foreign (particularly Taiwanese) investment, Beijing offered lucrative incentives. Investors from Taiwan were not deterred by the political uncertainty which existed in mainland China during this time. Taiwanese investors quickly resumed investing so that by the end of 1990, Taiwan-mainland economic relations had been fully restored. Between 1989 and 1991, the average growth rate of Taiwanese investment going to the mainland was forty percent per annum. Export growth in 1989 registered thirty percent, although this figure was down from eighty-one percent in 1988. This decline in economic exchange, however, was equally attributable to economic as well as political reasons. The PRC's economic austerity drive from late 1988 resulted in reduced credit for mainland enterprises to purchase goods from Taiwan.

Taipei's subdued response to the Tiananmen incident reflected its desire to pursue a constructive relationship with the PRC, one toward conciliation instead of hostility. This pragmatic approach enabled it to extend its economic relations and pursue an engagement policy toward the mainland. Internationally, Taiwan projected itself as the "democratic China" with its political reforms standing in stark contrast to the PRC's

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[113] Ibid. p.57.
[114] Ibid. p.57.
[115] *"Premier Stresses No Military Attack on Mainland"*, Central News Agency, Taipei, June 20 1989. Cited in Lee, A.K. *"Taiwan's Mainland Policies: Causes of Changes"* in The Journal of East Asian Affairs, Vol. X, No. 2, Summer/Fall 1996, p.367.
[116] Ibid. p.367-8.

repressive human rights abuses during the suppression of the Tiananmen demonstrations.

3.6. Pragmatic Diplomacy and Democratic Taiwan.

Assisting Taiwan's drive to promote itself internationally through pragmatic diplomacy has been its successful transition from an authoritarian to a democratic system of government. Although political considerations alone are not the final determinant of Taiwan's international participation, they do form an important consideration among Western states' decision-makers in their policy formulations toward Taiwan. Democratic progress and respect for human rights have become recent assets of the ROC's international cause. Taipei has thus sought to project an image of democratisation and economic success in the international community. The ROC's claims for a higher international status results from its argument that it is entitled to representation and recognition because of its democratic and economic achievements. Taipei claims that the Western liberal democracies have a moral duty to support Taiwan. Taiwan has cast itself as a "partner nation" to Western states in a number of articles in numerous international publications.[117] In contrast, the PRC remains a totalitarian state which according to Western standards does not show great respect for human rights. Taiwan has certainly come to enjoy the "moral ascendancy" over the PRC. This was clearly evident after Beijing's suppression of the student demonstrations at Tiananmen Square in June 1989 which destroyed the PRC's reform-oriented image which it had been cultivating. The international condemnation which the Beijing killings attracted cast Taiwan as the CCP's Chinese alter-ego. It was commented that Beijing's violent suppression of the demonstrations *"might pave the way for a higher standing for the ROC (Taiwan) in the international community."*[118] These events thrust Taiwan into an advantageous international position vis-à-vis the PRC and provided a fortuitous platform from which pragmatic diplomacy could be launched. However, diplomatic gains by the ROC in the early 1990's were prompted "by lavish new Taiwanese aid offers rather than by any particular revulsion at

[117] These included Time, Newsweek, The International Herald Tribune, The Financial Times, and the Asian Wall Street Journal. Ibid. p.144.

Tiananmen."[119] Beijing's importance in the world did not diminish after Tiananmen and with the international community not willing to maintain lasting sanctions against the PRC, Taiwan was prevented from reaping lasting long-term benefit from the PRC's internal crisis.[120]

However, the positive effects of Taiwan's democratisation on its international relations are shown through statements made by foreign government officials, often made to justify visits of senior officials to and from Taiwan in the face of lobbying pressure from the PRC seeking to prevent such visits. Such prominent figures include former German chancellor Helmut Schmidt, former French President Valery Giscard d'Estaing, and German Vice-Chancellor and Minister of Economic Affairs Juergen Moellenmann. President Lee's visit to the US in June 1995 came as a result of the US Congress' voting almost unanimously urging President Bill Clinton to allow Lee's visit as he had achieved a *"quiet revolution"* of political reforms on Taiwan. The US news media including the New York Times, Washington Post, Chicago Tribune, and Wall Street Journal, all supported Lee's visit to his alma mater Cornell University. *"Such overwhelming support would have been impossible had the ROC government been a one-party regime or autocracy that abused human rights and suppressed the freedom of the press."*[121]

3.7. The ROC-on-Taiwan's International Relations.

3.7.1. Formal Diplomatic Relations.

To ensure its diplomatic survival, it has become essential for the ROC to maintain a minimum number of states with which it has formal relations. International diplomatic recognition has become the top priority of the KMT's foreign policy. With recognition,

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[118] Shaw Yu-ming quoted in *"Shaw Tells Australian Reporter: Hawke Warmed Taiwan Hearts"* in The Free China Journal, June 22, 1989, p.2.
[119] Snow, P. *"China and Africa: Consensus and Camouflage"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice. Clarendon Press, Oxford: 1994, p.311.
[120] Moller, K. *"Does Flexible Diplomacy Improve Taiwan's International Status?"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations. Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.54.
[121] *"Shaw Tells Australian..."* Op.Cit. p.32.

however limited, the ROC is able to continue its claim of international sovereignty over Taiwan as a distinct political entity from the PRC. "If Taiwan is not able to establish its international identity, then it will, by default, be viewed as part of the PRC. This has important security implications, because the resolution of Taiwan's status would then be considered by most states to be an internal matter for Beijing to dictate."[122] Thus for the ROC, "there is a need for the government to gain more international recognition in order to survive."[123] Bilateral relations bolster Taipei's position vis-à-vis the PRC's unification policy as ROC officials believe that *"only by further upgrading our international status can we make the Chinese Communists abandon their current [unification] policies in favour of more pragmatic ones."*[124]

Since the late 1980's, economic interaction with the mainland has resulted in Taiwan's economy becoming integrated with that of the PRC. This trend shows no signs of abating. Taiwan is thus being dragged closer to mainland China. Fearing being absorbed not only economically but politically as well, Taipei's pursuance of diplomatic relations serve as international alleviation to counteract the PRC's growing influence.[125] Diplomatic relations thus serve as "sound insurance against forceful absorption."[126] This has been the most important factor contributing to pragmatic diplomacy. The more Taiwan is drawn toward the mainland economically, the stronger the ROC's efforts to counter its international isolation and seek security from recognition by foreign countries and international organisations.

Taiwan no longer competes with the PRC on the basis of a zero-sum game for diplomatic recognition. The ROC's establishment of relations with Grenada in July 1989, which already had formal relations with the PRC, signalled Taipei's willingness to accept the principle of dual recognition [127] Although dual recognition did not materialise, it was a significant change in the KMT's dogmatic disposition toward multiple recognition. It also marked the first time a third country had simultaneously

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[122] Lasate., M.L. US Interests in the New Taiwan, Westview Press, Boulder: 1993, p.101.
[123] Chen, R.L. *"Lee Defends Diplomatic Moves"* in The China Post, July 26, 1995, p.1.
[124] Pragmatic Diplomacy and China' s Reunification. Government Information Office, Taipei: 1990, p.11.
[125] See Wu, Y.S. *"Taiwan in 1993..."* Op.Cit. p.52.
[126] Chi, S. Op.Cit. p.8.
[127] Wu, H.H. Op.Cit. p.116.

recognised both the ROC and PRC. Beijing responded by "suspending" diplomatic relations with Grenada. Although still rhetorically committed to the one China policy, the ROC's willingness to make concessions to this policy in favour of dual recognition marked a significant shift in the ROC's foreign policy making. Former Foreign Minister, Frederick Chien, stated his government's position as being:

> We still adhere to the position of one China and that Taiwan is a part of China. But in China, there now exist two political entities - one mainland China and one Republic of China on Taiwan. And that is really the theoretical basis of pragmatic diplomacy. Within the nation of China, there exists two political entities and each entity should have the capability of conducting its own diplomacy. They should, each one, have its own place in the world community.[128]

The concept of "two political entities" paved the way for the policy of dual recognition. ROC Premier Lien Chan said of pragmatic diplomacy: *"We want mainland China to understand the goals of pragmatic diplomacy. We are working hard to reunite the country but this can only take place on an equal footing."*[129] Pragmatic diplomacy thus attempts to bolster the ROC's political status by casting it as an equal to the PRC in the international arena. Prior termination of relations with Beijing was not stipulated as a precondition by the ROC. Through increasing the number of its diplomatic partners, the ROC's objective is to elevate its relations with the PRC to the level of that of the two Germanys prior to unification and of that of the two Koreas, thus achieving international dual recognition. The PRC's response to this initiative has been to cancel relations with states attempting to have congruent relations with both Beijing and Taipei. Since the adoption of pragmatic diplomacy as its foreign policy, the ROC has managed to gain a number of small diplomatic partners.

Although dual recognition has not been achieved, the ROC has been able to obtain what has been termed "reciprocal recognition" from several small states. On 24th

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[128] Dr Frederick Chien, foreign minister of the ROC, Taipei, Taiwan, 14th July 1992. Cited in Ibid, p.116-7.
[129] Bodeen, C. *"Lien Back From Trip, Stresses Pragmatism"* in China Post, June 23, 1995, p.1.

September 1992, Taipei signed a joint communiqué of "reciprocal recognition" with Vanuatu and on 26th May 1995, the same model was used to develop relations with Papua New Guinea. Reciprocal recognition provides for each state to treat each other in line with the principles of international law, particularly regarding economic, trade, technical, and international co-operation. Since there is no exchange of ambassadors between the countries, mutual recognition falls short of full diplomatic relations. This distinction is fine to say the least but it has not met with a negative reaction from the PRC. Beijing continues to maintain relations with both states concerned. Such relations are within the limits of acceptability for Beijing, at least for small states.[130] It has been stated that the justification for this is that as long as the PRC can "rationalise that its fundamental interests have not been compromised", such a semi-official relationship can exist.[131]

The greatest cost to the ROC in clinging to the one China principle prior to the launch of pragmatic diplomacy was its international isolation. At the time of writing, the ROC currently has formal diplomatic relations with thirty states. These relations are very regional-specific, concentrated in the developing worlds of Latin America, Africa, and the South Pacific. It has no formal relations in North America, the Middle East nor Asia. The ROC does not have diplomatic relations with any significant industrial country. The decisive factor for developing states in determining their China policies is most often the amount of economic aid which can be acquired from either Taipei or Beijing. With Taiwan, often a willing supplier of aid, and developing states willing aid receivers, the ROC has been able to expand its diplomatic relations within the developing world. This has led critics of Taiwan's pragmatic diplomacy - particularly Beijing - to describe the foreign policy approach as "dollar diplomacy."[132]

At the beginning of pragmatic diplomacy in 1988, the ROC had formal relations with thirteen states in Latin America, its highest regional concentration of diplomatic

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[130] See Hughes, C. Op.Cit. p.130-1.
[131] See Kreisberg, P.H. *"China's Negotiating Behaviour"* in Robinson, T.W. and Shambaugh, D. (eds.) Chinese Foreign Policy - Theory and Practice, Clarendon Press, Oxford: 1994, p.466-7.
[132] See *"Li denies 'money diplomacy' charge"* in The China Post (International Edition), April 17, 1992, p.3.

partners.[133] In 1989, relations were established with Belize (October) and Grenada (July), and in 1990, Nicaragua.[134] In January 1989, ROC Premier Yu -Kuo-hwa made a state visit to the Bahamas, the Dominican Republic, and Guatemala. In return for diplomatic recognition, the ROC offered technical assistance, capital investment, and trade.[135] Recognising the financial need of the Latin American states, Foreign Minister Chien said that this *"give[s] us a much better opportunity because of this very drastic shortage of liquid assets."*[136] The importance of Latin America's diplomatic ties with the ROC is evident in the latter's allocation of a third of its total foreign aid to its Central American allies.[137] In May 1994, Lee Teng-hui visited Costa Rica and Nicaragua offering new loans and cancellation of old debt.[138]

By 1988, the ROC had diplomatic relations with only three African states, Malawi, Swaziland, and South Africa, the latter remaining the ROC's most prominent diplomatic partner.[139] The ROC later established relations with Liberia (October 1989), Lesotho (1990), Guinea Bissau (1990), the Central African Republic (1991), Niger (1992), Gambia (1995), and Senegal (1996).[140] Niger had changed its position three times before establishing relations with Taipei and Senegal had already established

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[133] These were: Bahamas, Costa Rica, Dominica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Panama, Paraguay, St. Christopher, St. Lucia, and St. Vincent. To emphasise the importance the ROC attached to the region, it launched the Caribbean Basin Initiative (CBI) in 1984 organised by the Special Committee for the Promotion of Investment in the Caribbean and Central America. This was followed by a number of missions consisting of government and business figures. Wang, Y.S. *"The Republic of China's Relations..."* Op.Cit. p.168-173.

[134] Belize and Grenada received initial loans of US$10 million. It was reported in the Taiwanese press that upon recognition, Nicaragua, which had previously suspended relations with the ROC in 1985, was to receive a loan package of at least US$100 million. Hickey, D.V. *"US Policy and Taiwan's Reintegration into the Global Community"* in Journal of Northeast Asian Studies, Vol. XI, No.1, Spring 1992, p.28.

[135] The ROC gave US$2,5 million in aid to the Bahamas upon the establishment of relations in January 1989. For greater detail, see Wang, Y.S. *"The Republic of China's Relations..."* Op.Cit. p.160.

[136] Quoted in Baum, J. *"'Free Lunch' Diplomacy"* in Far Eastern Economic Review,, November 14, 1991, p.31.

[137] Ibid. p.34.

[138] Debts amounting to US$17 million were written off for Nicaragua and new loans worth US$30 million promised. See Baum, J. *"Fast Friends"* in Far Eastern Economic Review, June 9, 1994, p.18.

[139] The ROC had sent an agricultural mission to Malawi along with establishing a training centre for its civil servants. In Swaziland, Taipei had established an agricultural mission and training facilities for artisans.

[140] It was reported that upon the establishment of formal relations, Taiwan gave Liberia a loan for US$140 million to upgrade its highways and Guinea-Bissau and Niger both US$50 million in aid and technical assistance. Hickey, D.V. *"US Policy and..."* Op.Cit. p.27-8.

relations with the ROC on three prior occasions.[141] Liberia later switched relations back to the PRC in 1993 as did Lesotho in 1994. Often needing foreign assistance, all these states exchanged diplomatic recognition in return for economic aid offered by Taipei.

From the establishment of diplomatic relations with South Africa in 1976, both states' common interest was founded upon anti-Communism and their respective international pariah status. This, however, did not preclude South Africa having secret contacts with Beijing.[142] Yet with the collapse of the USSR and South Africa's political transformation a multi-party democracy in April 1994, the ROC feared that these developments would herald a break in relations since the new African National Congress-dominated government held old loyalties to the PRC regime. Lee Teng-hui attended the inauguration of President Nelson Mandela in May 1994 with the ROC having contributed a reported US$10 million to the ANC's electoral campaign. The fact that there were three hundred Taiwan-owned companies in South Africa with a reported investment value of US$400 million and providing approximately forty thousand jobs, acted as a strong bargaining chip for the ROC government to attempt to prevent the ANC government from severing diplomatic relations. Also, as a sign of its strong desire to maintain relations, Foreign Minister Chien declared that Taipei would be willing to accept dual recognition with the PRC. Beijing, however, was quick to rule out such a possibility.[143] South Africa was a "pivotal" diplomatic ally of the ROC. The subsequent loss of Pretoria's diplomatic allegiance was a severe blow for the ROC and with it came the likelihood of other African states following the precedent set by South Africa. These included Malawi and Swaziland.

The announcement toward a break in relations did not occur until 27th November 1996 when Nelson Mandela announced the South African government's intention to establish relations with Beijing and cancel those with Taipei with effect from 1st

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[141] Moller, K. *"Does Flexible Diplomacy..."* in Op.Cit. p.55.
[142] The South African National Party government's first formal political contact with the PRC occurred in July 1989 when the South African Consul General to Hong Kong, PJ Botha, visited Beijing. This initial contact took place without authorisation from Pretoria but the relationship was cemented in 1992 with the reciprocal establishment of informal missions in each others' countries.
[143] Moller, K. *"A New role for the ROC-on-Taiwan in the Post-Cold War Era"* in Issues & Studies. February 1995, p.73.

January 1998.[144] This was the first time a state had given more than one year's notice to Taipei before the cancellation of diplomatic relations. This was despite large amounts of Taiwanese investment in the country and the offering of financial aid packages (the impact of this announcement will be considered in the following chapter).

The ROC has also suffered a number of major setbacks in its quest maintaining its diplomatic relations. The loss of relations with Saudi Arabia (July 1990) and South Korea (August 1992) to Beijing was a severe setback for Taipei's international ambitions. Isolated by Cold War power politics from 1979, it was ironic that the cancellation of these relations came about as a result of decline of Communism. The ROC's relations with South Korea and Saudi Arabia were founded upon a strategic interest in opposition to Communist expansionism. From the late 1970's, the PRC's utility as a counter to the USSR was realised. The strategic changes of the late 1980's resulted in the PRC breaking out of the constraints imposed by the Sino-Soviet conflict. This had a negative impact upon the ROC's relationships which were based upon common opposition to Communism. In some instances, the weakening of ideology as a factor in international state relations worked in the PRC's favour. This was the case with Saudi Arabia and South Korea.

Saudi Arabia had been the ROC's primary ally in the Middle East. Riyadh had strongly supported Taiwan's participation in international organisations such as the International Monetary Fund (IMF) and World Bank: "The assistance of Saudi Arabia did help the ROC to enhance its position in the world."[145] Losing Saudi Arabia as a diplomatic partner did, however, make it possible for Taipei to exchange representative offices with Israel.[146]

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[144] See Sheng, V. *"Taipei alters relations with Pretoria"* in The Free China Journal, December 27, 1997, p.1.
[145] Sun, Y.H. *"Sino-Saudi Arabian Economic Co-operation"* in Sino-Arabian Association Bulletin, No. 15. Sino-Arabian Cultural and Economic Association, Taipei: 1978, p.5.
[146] Hsieh, C.C. *"Pragmatic Diplomacy: Foreign Policy and external Relations"* in Take-Off for Taiwan?, Ferdinand, P. (ed.) Chatham House Papers, The Royal Institute of International Affairs, London: 1996, p.100.

South Korea's announcement to break off relations with Taipei in order to establish relations with the PRC came as a serious blow to Taipei and undoubtedly contributed to the launching of its bid for parallel membership of the UN with the PRC.[147] In an attempt to save international face, Taipei broke off relations and severed air links with Seoul on 23rd August 1992. Seoul's de-recognition of the ROC without prior notice came about due to pressure exerted by Beijing and taken as evidence of the PRC's resolve to isolate the ROC in the international community.[148] The ROC spoke of "betrayal" by South Korea and responded by imposing economic sanctions and refused informal relations until one year later. With its policy of rapprochement with Communist and former Communist states and no longer heeding the concerns of Seoul, there was even talk of Taiwan initiating contact with North Korea and Cuba.[149] The loss of South Korea as a diplomatic partner put the number of states having relations with the ROC at only twenty-one. These diplomatic losses overshadowed the gains pragmatic diplomacy had made in expanding Taiwan's international substantive relations. Foreign minister at the time, Chien, described these diplomatic losses as *"his greatest disappointments during his tenure as foreign minister of the ROC."* In Chien's words, *"in both instances it was not the de-recognition that made us sad, it was the way in which it was conducted by those two governments. That is to say, they had told us that if anything should happen, they would come and discuss it with us."*[150]

With the transition of Hong Kong to PRC sovereignty on 1st July 1997, Beijing had placed large degrees of pressure upon states which had both diplomatic relations with the ROC and consular representative missions in Hong Kong to cancel relations with Taipei before the hand-over date. The PRC Foreign Ministry requested eight such countries to de-recognise the ROC and establish relations with the PRC otherwise their

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[147] See Chien, F.F. *"UN Should Welcome Taiwan"* in Far Eastern Economic Review, August 5, 1993, p.23.

[148] South Korea had reduced its embassy staff in Taipei to just seven diplomats and ministerial visits were avoided so as to not damage its growing relations with Beijing. In 1991, Beijing and Seoul had exchanged official trade offices. However, in August 1992, Taiwan was given only a few hours notification from Seoul of the intended break in relations. It was unable to dispose of its vast property holdings in South Korea as well as its embassy complex in Seoul's city centre. The ROC government refused to accept a special emissary sent by Korean President Roh Tae-woo to explain the situation and arrange a framework for a future Seoul-Taipei relationship. Chiou, C.L. Op.Cit. p.38.

[149] Sanford, D.C. Op.Cit. p.225.

consulates in Hong Kong would be in jeopardy.[151] This was most certainly a consideration of the South African government's decision to announce its intention to break relations with the ROC in November 1996 (effective from 1st January 1998). The 1st July hand-over acted as a deadline for a decision on its China policy to be made.

3.7.2. Informal Substantive Relations.

Taiwan has been successful in expanding its "substantive relations" with a number of states in the developing world. With substantive relations forming the bulk of the ROC's international activity, such relations are designed to fill the diplomatic vacuum that the ROC finds itself in due to international isolationist pressure from the PRC. Rather than outright recognition, substantive relations are a lesser degree of "recognition", short of formal diplomatic relations. Thus substantive relations are regarded by the ROC as a step-by-step process toward maximising the degree of recognition, even if official recognition is unobtainable. "The principal outcome of Taipei's pragmatic diplomacy in recent years has been to diversify its relationship among a broader array of international actors, thereby expanding its policy options while skating over the issue of national identity."[152] Such an approach has resulted in an undermining of the one China principle, the interpretation of which has had to become more flexible in order to accommodate the ROC's expanding relations.

Although the ROC has relatively few formal diplomatic partners, it has substantive trade, scientific, technological, and cultural relations with more than 140 countries. Taiwan maintains an unofficial representative network in countries with which it has no formal relationship but interests nonetheless. These are conducted through representative offices not carrying the official ROC title.[153] These missions provide the regular functions of an embassy but in a non-political capacity. The ROC's MOFA adopts an approach of reciprocity toward relations with other countries - the level of

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[150] See Hickey, D.V. Taiwan's Security in... Op.Cit. p.117.
[151] See *"Setting Priorities"* in Free China Review, March 1996, p.33.
[152] See Vuylsteke, R.R. *"The Road Less Travelled"* in Free China Review, July 1995, p.55-6.
[153] The establishment of the "Nationalist China's Association of East Asian Relations in Japan" following that country's de-recognition of the ROC in 1972, provided the model for the handling of relations on an unofficial basis. Tokyo reciprocated by opening the "Japan Interchange Association" in Taipei.

relations is determined by the host state with the ROC accepting whatever degree of unofficial or official relations is offered. Such unofficial representative offices perform tasks that, in essence, are diplomatic or consular in nature. Taiwanese representative offices are staffed by MOFA personnel who enjoy similar privileges to those of normal diplomatic rank according to the 1961 Vienna Convention on Diplomatic Relations.[154] A model of such relations is to be found between Taiwan and the US conducted through the American Institute in Taiwan (AIT) and its Taiwanese counterpart, the Co-ordination Council for North American Affairs (CCNAA). Representatives from these unofficial organisations enjoy inviolability in their communications, tax exempt salaries, holding of property and assets free from any form of seizure or confiscation, legal immunity from their official acts, and exemption from customs checks.[155]

All the ROC's relations in Europe are conducted on such an unofficial basis. Since the opening of an office in Portugal in July 1992, Taiwan has had representative offices in every European Union member state under the title "Taipei Economic and Cultural Office." On 28th May 1992, the European Parliament acknowledged the economic importance of Taiwan and later resolved to conduct bilateral trade talks for the first time in Taipei in October.[156] Later in June 1995, Premier Lien Chan visited a number of European countries - Austria, Hungary, and the Czech Republic. Lien was the highest ROC official to visit Europe since 1949. Although wary of provoking Beijing in the period leading up to the transition of Hong Kong to PRC sovereignty, Great Britain opened an Anglo-Taiwan Trade Committee and British Council office in Taipei to develop commercial, educational, and cultural links with Taiwan. London has expressed its willingness to develop its relations with Taiwan through contacts with its Legislative Yuan and relaxing some restrictions on Taiwan's representative office.[157] However, it was made clear that any changes would *not* affect the status of Taiwan in

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[154] The Vienna Convention divided the heads of diplomatic missions into three general categories: ambassadors, ministers, and charges d'affaires. The Convention set out the conduct of foreign diplomatic as well as the immunities they enjoy when serving in a foreign state. See Couloumbus, T.A. and Wolfe, J.H. Introduction to International Relations, fourth edition, Prentice-Hall, Englewood Cliffs (NJ): 1990, p.140-142.

[155] As set out in the *"Agreement on Privileges, Exemptions, and Immunities"* concluded by the AIT and CCNAA on October 2nd, 1980. Lee, T.B. Op.Cit. p.108.

[156] Hughes, C. Op.Cit. p.135.

[157] Recommendations made by the Foreign Affairs Select Committee in a report on relations between the UK and the PRC up to and beyond 1997. Cited in Ibid. p.136.

international law. Britain would not compromise its relations with Beijing in return for a political upgrade of its relations with Taiwan.

In 1991, French Minister of Industry and Country Planning, Roger Fauroux, became the first European cabinet-level official to visit Taipei in over two decades. A foreign ministry spokesman said that this visit was an *"unacceptable"* action, which *"ran counter to the principles which governed the establishment of Sino-French diplomatic relations"* and *"France's commitments to recognise only one China."*[158] This visit paved the way for other cabinet-level officials to visit Taiwan. From February 1992, a number of ministerial visits from Belgium, Italy, Ireland, Sweden, and Great Britain were made to Taiwan at the invitation of private organisations.[159] Former Prime Minister Margaret Thatcher also made a highly publicised visit to Taiwan. These visits were, in effect, political extensions of commercial relations.[160] The PRC's strong opposition to such contacts was evident in 1992 when Taipei succeeded in purchasing sixty Mirage 2000-5 military aircraft and one-and-a-half thousand missiles from France. The PLA's clout in foreign affairs was evident in November 1992 when a dozen retired generals wrote a letter to Jiang Zemin and Li Peng urging a *"strong reaction"* against the French sale of military hardware to Taiwan.[161] Subsequently, Beijing closed the French consulate in Guangzhou and excluded French companies from lucrative commercial contracts. This lasted until early 1994 when Paris signed an agreement with the PRC pledging an end to future arms sales to Taiwan.[162]

Australia has also increased its relations with Taiwan when its Minister for Resources and Tourism, Alan Griffiths, led a trade delegation to Taiwan in 1992. As an Australian government spokesman stated, *"The visit does not mean that Australia has detoured from its one China policy. The visit, rather, further demonstrates the fast-*

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[158] See Mengin, F. *"The Prospects for France-Taiwan Relations"* in Issues & Studies, Vol. 28, No. 3, March 1992, p.45.
[159] Hickey, D.V. *"US Policy and..."* Op.Cit. p.22.
[160] Wu, L.J. *"Limitations and Prospects of Taiwan's Informal Diplomacy"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.39.
[161] Lam, W.L. China After Deng Xiaoping, John Wiley & Sons, Singapore: 1995, p.197.
[162] Baum, J. *"Menage a Trois: Paris Turns to Beijing, Taiwan Feels Jilted"* in Far Eastern Economic Review, January 27, 1994, p.13-14.

growing economic ties between Australia and Taiwan."[163] The ROC has little choice but to accept such personal contacts as substitutes for formal channels of diplomacy. Except for the US enacting domestic legislation in the form of the 1979 TRA which was designed to maintain and enhance relations between the US and Taiwan, no other state has a formal legal basis for the conducting of unofficial relations with Taiwan.[164]

In the case of Japan, Taiwan was able to upgrade the name of its four offices in Japan to that of "Taipei Economic and Cultural Representative Office" in May 1992. This new title "refers to the ROC more specifically and concretely than the former vague 'East Asian' designation, marking another step towards stronger relations with Japan."[165] Supporting this move were right-wing elements within the Liberal Democratic Party (LDP) which has traditionally sought to maintain close relations with the KMT and Taiwan. The change in title has been described as a "small step of considerable symbolic importance."[166] It also reflected a growing Japanese concern over the increasing influence of the PRC after the end of the Cold War.[167]

The ROC has also attempted to upgrade the state of its relations in other parts of the world. This includes the Middle East. In September 1990, Taipei offered to extend financial aid to Jordan, Egypt, and Turkey which were experiencing economic difficulties as a result of the Gulf crisis. Although Foreign Minister Chien said that the ROC expected *"nothing in return for its assistance"*, these countries declined the offer due to pressure from the PRC.[168] Taiwan's restricted diplomatic status has thus hindered its aid diplomacy. Later, in April 1995, President Lee visited the United Arab Emirates and Jordan to promote Taiwan's economic interests. Although Lee was

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[163] The Free China Journal, 6 October, 1992.
[164] Baum, J. *"Free Lunch diplomacy"* Op.Cit. p.52.
[165] ROC Yearbook 1994, Government Information Office, Taipei; 1994, p.177.
[166] See Yahuda, M. Op.Cit. p.1330.
[167] Ibid. p.1330.
[168] Taipei planned to offer US$5 million each to Turkey and Jordan. Neither state sent officials to Taiwan to accept the aid. After receiving US$3 million from Taipei, they said that they would prefer Taiwan to channel aid through private organisations instead. Following this, Taipei terminated the aid. Wu, L.J. *"Limitations and Prospects..."* Op.Cit. p.43.

unable to meet with these countries' presidents, the Taiwanese press portrayed these visits as a breakthrough in Taiwan's foreign policy in the region.[169]

It is ironic that Beijing's own policy of attempting to isolate Taiwan in the international community to strengthen the perception of "one China" is having the opposite intended consequence of contributing to Taiwan's *de facto* independence from the mainland. Beijing's insistence upon the international non-usage of the term "ROC" in favour of the unofficial "Taiwan" title has inadvertently strengthened the emergence of a Taiwanese identity - a result not intended by the PRC. Through attempting to isolate the ROC in the international community, through its own actions Beijing is contributing to the force of Taiwanese nationalism and undermining the pursuit of an eventual unification. The title "Taiwan" as opposed to "Republic of China" casts the island as a separate geographical and political entity to mainland China.

3.7.3. The Taiwan - United States Relationship.

Of greatest significance for the ROC is its relations with the US. Under both Republican and Democratic administrations, the US has affirmed its commitment to the one China principle and has been content to keep the political status quo. In 1988, then PRC Foreign Minister Wu Xueqian was reported as saying that *"the issue of Taiwan is essentially an issue between China and the US."*[170] Taiwan forms an important part of the US' containment strategy of the PRC and is implicitly used as a bargaining chip against Beijing. Retention of the status quo allows for a working relationship with both PRC and Taiwan - economic and strategic co-operation with the PRC and commercial exchange with Taiwan.[171] Whereas prior to the end of the Cold War the US' relationship with the PRC was dictated by strategic concerns, this has now shifted to take into account the PRC's growing economic power. The KMT government hoped for an improvement in its relations with Washington following the end of Cold

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[169] On Lee Teng-hui's visit to the Middle East see *"Pragmatic Diplomacy"* in Free China Review, July 1995, p.48-51.
[170] Quoted in Zhan, J. Op.Cit. p.133.
[171] Cohen, M.J. *"One China or Two: Facing up to the Taiwan Question"* in World Policy Journal, Vol. IV, No. 4, Fall 1987, p.642.

War tensions. As Chang Shallyen, then Vice-Minister of Foreign Affairs, predicted in 1992:

> The collapse of the Soviet Union has meant the disappearance of the so-called China card. The importance of mainland China in the eyes of the White House people definitely has decreased to a great extent because of the collapse of the Soviet Union - it is quite evident. In that regard, I think our ties with Washington D.C. can be strengthened.[172]

However, the US' constructive engagement approach toward the PRC has not allowed for a formal political upgrading of its relations with Taiwan which is governed by the TRA under which the US seeks *"to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the US and the people on Taiwan."*[173] Taiwan currently has thirteen representative offices in the US, including one in Washington, while approximately twenty US states have trade offices in Taiwan. The increased travels of senior European officials to Taiwan probably contributed to the Bush Administration's decision to send a delegation of the President's Export Council to Taiwan in February 1992, the most senior level visit since Washington established relations with the PRC in 1979.[174] This followed intense pressure from the American business community in Taiwan.[175] The sale of 150 F-16 fighter aircraft to Taiwan announced in 1992 was a significant sign of Washington's willingness to support Taiwan in the face of strong opposition from the PRC.[176] "Threats of retaliation from the PRC seem to have proved lacking when weighed against the survival of General Dynamics Corporation in a US election year."[177] Taiwan has sought external military supplies at times by offering privileged access to its own market. A recent study claims that Taiwan makes such concessions in part

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[172] Quoted in Hickey, D.V. *"Taiwan's Security in .. "* Op.Cit. p.70-1.
[173] TRA, Section 2 (b)(1). Cited in Ibid. p.643.
[174] Hickey, D.V. *"US Policy and... "* Op.Cit. p.22.
[175] Ibid. p.28.
[176] The Formosan Association for Public Affairs, a Washington-based Taiwanese separatist organisation, claimed that the US' sale of F-16's to Taipei would *"lessen the likelihood that China will respond to force once Taiwan declares itself independent, for the sale will come with an implicit guarantee of US protection... [and] by selling to Taiwan as a country, the US implicitly recognises Taiwan's independent status."* Quoted in Hickey, D.V. *"Taiwan's Security in... "* Op.Cit. p.147.
[177] Hughes, C. Op.Cit. p.135.

"because its primary goals in the arms market are neither military, technological, nor economic, but political." Further, "Taiwan enters the arms market seeking friends, influence, and international legitimacy - all of which provide 'situational deterrence.'"[178]

The Bush Administration's policy of supplying advanced military equipment to Taiwan was continued under President Bill Clinton. In April 1994 a bill was passed by which the clause in the TRA providing for the supply of sufficient armaments would be given priority over the commitment to reduce arms sales as stated in the 1982 PRC-US joint communiqué. The bill also recommended the support of Taiwan's participation in international organisations, high-level exchanges, as well as changing the place of origin of Taiwanese in the US to "Taiwan."[179] In July, Secretary of State, Warren Christopher, announced his government's intention to bolster relations through cabinet-level visits.[180] In September, the US permitted Taiwan to change the name of its representative office to that of the "Taipei Economic and Cultural Representative Office." In December, US Transportation Secretary, Federico Pena, travelled to Taipei - a move heralded by the ROC government as "an important breakthrough" in US-Taiwan relations.[181] However, these changes in US policy were made for economic rather than political reasons: *"the primary goal [of the recent changes in policy] is to make it easier to conduct business with Taiwan, which is now the US' fifth largest trading partner and has more than US$80 billion in foreign exchange reserves."*[182]

Taiwan has attracted a large measure of bipartisan support in the US Congress.[183] This was partly due to Congress' critical attitude toward the PRC after the Beijing Tiananmen suppression which is still prominent in the minds of many Congressmen today. From 1982 to 1992, over four hundred Congressmen and Senators visited

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[178] Jencks, H. W. *"Taiwan in the International Arms Market"* in Sutter, R.G. and Johnson, W.R. (eds.) in Taiwan in World Affairs, Westview Press, Boulder: 1994, p.95.
[179] Hughes, C. Op.Cit. p.137.
[180] Moller, K. *"A New Role..."* Op.Cit. p.76.
[181] Hickey, D.V. *"Taiwan's Security in..."* Op.Cit. p.120.
[182] Ibid. p.104.
[183] On 10th June 1994, the Senate passed a resolution in support of Taiwan's bid for entry into the UN. On 1st July, the Senate ratified a proposal to revise the Taiwan Relations Act so as to allow for visits by high-ranking ROC officials to the US. On 12th August, thirty-seven members of Congress signed a joint invitation for President Lee to visit the US. Hughes, C. Op.Cit. p.146.

Taiwan. The first cabinet-level visit since the termination of relations in 1979 took place when US Trade Representative Carla Hills visited Taiwan in November 1992 to take part in the sixteenth joint conference of the ROC-US and US-ROC economic councils.[184]

A number of prominent figures in the US have called for Washington's upgrading of political relations with Taiwan. These include Newt Gingrich, the Republican Speaker of the House of Representatives, who called for the US to *"recognise Taiwan as a free country."*[185] Calls for an upgrading of the relationship with Taiwan are also heard from the Democratic camp. Senator Paul Simon expressed his support for Taiwan by asserting that, *"...in light of the dramatically different ways in which the domestic situations of Taiwan and the mainland have evolved, I would argue that it is high time that we tilted the balance a bit toward a somewhat more official relationship with Taiwan."*[186] Lloyd Bentsen has called for *"a new relationship with the new Taiwan."*[187] Strong bipartisan support exists for Taiwan's bid to rejoin the UN with approximately fifty percent of the Senate voicing its favour toward this end.[188] Beijing is correct when it claims that, *"there is a union between [US] liberals who oppose China on issues such as human rights and right-wing 'friends of Taiwan' who want to promote American hegemonism."*[189] Under the Clinton Administration, the Congress has been described as the "most pro-democracy, pro-Taiwan, pro-Tibet, anti-CCP and anti-PLA Congress in recent memory."[190]

Responding to domestic pressure, the Clinton Administration endorsed a bill which came into effect on 30th April 1994 which gave priority to the Taiwan Relations Act's commitment to supply defensive arms to Taiwan over the commitment to reduce arms

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[184] Ibid. p.137.
[185] Bodeen, C. *"ROC Welcomes Gingrich's Call for Ties"* in China Post, July 11, 1995, p.1.
[186] Senator Paul Simon in Sino-American Relations: Current Policy Issues, US Congress, Senate, Hearings Before the Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations, 102nd Congress, 1st Session, June 13, 25, and 27, 1991, Washington DC: US Government Printing Office, 1991, p.4. Cited in Hickey, D.V. Taiwan's Security in... Op.Cit. p.103.
[187] Ibid. p.103.
[188] In May 1994 Republican Senators Paul Simon and Frank Murkowski introduced separate bills calling for US support of Taiwan's bid for UN membership and to place greater emphasis on the TRA. Far Eastern Economic Review, June 23, 1994, p.24.
[189] Quoted in Hickey, D.V. *"Taiwan's Security in..."* Op.Cit. p.70.
[190] Chanda, N. *"Storm Warning"* in Far Eastern Economic Review, December 1, 1994, p.14.

sales to Taiwan contained in the 1982 PRC-US Joint Communiqué.[191] In September, a comprehensive inter-agency review of US policy toward Taiwan was completed. The Department of State called for several policy adjustments to be made. These included: (i) Senior economic and technical officials would be allowed to visit Taiwan; (ii) Taiwan's leaders may make transit stopovers in the US, but senior Taiwanese officials would still be prohibited from visiting Washington or conducting official business in the US; (iii) Taiwan would be permitted to change the name of its representative offices in the US from the "Co-ordination Council for North American Affairs" to the "Taipei Economic and Cultural Representative Office; and (iv) the US would support Taiwan's membership in international organisations where statehood is not an issue and would support opportunities for Taiwan's voice to be heard in organisations where it is denied membership.[192] Such events mark an incremental improvement in Taiwan's relations with the US.

The PRC has charged Washington with emboldening secessionist groups in Taiwan through its vocal and material support for the ROC government. According to Beijing, the US is *"increasing its interference in Taiwan's affairs, strengthening its political, military, and economic infiltration and control with a view to consolidating the situation in the Taiwan Strait of no peace no war, no unification no independence, no economic rapprochement or estrangement."*[193] Despite such claims, of greatest importance to the US is the peaceful settlement of the unification question between the two sides as stated in the 1972 Shanghai Communiqué. The ROC's major foreign policy goal is to achieve a political upgrading of its relations with the US. Although formal diplomatic recognition is extremely unlikely, KMT government officials admit that Washington remains Taiwan's foremost priority. Chen Hsi-fan, former vice minister of foreign affairs, had revealed that *"re-establishing official relations with the US has always been the top priority of the Foreign Affairs Ministry...Our efforts toward this goal have not ceased for a single day."*[194]

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[191] Hughes, C. Op.Cit. p.137.
[192] *Taiwan Policy Review*, Department of State Dispatch, 17 October, 1994, Vol. 5, No. 42, p.11. Cited in Hickey, D.V. Op.Cit. p.76.
[193] See Nathan, A.J. Op.Cit. p.215-6.
[194] *"Taiwan Reiterates One China Policy at Meeting,"* Central News Agency, July 19, 1995 in Foreign Broadcast Information Service, China, July 19, 1995, p.58. Cited in Hickey, D.V. Taiwan's Security in... Op.Cit. p.117.

The ROC's lobbying efforts were successful in securing a visa for Lee Teng-hui to visit his alma mater Cornell University in June 1995. With large amounts of support in the US Congress and House of Representatives, this was a major diplomatic coup for the ROC.[195] Washington also hoped that Lee's visit would boost his chances for re-election in March 1996 - a more desirable outcome in terms of cross-Strait stability than if the pro-independence DPP won the presidential election. Lee's visit marked the apex of the ROC's strategy of pragmatic diplomacy in that it succeeded in furthering its relations with its primary ally the US.[196] For the US, however, it had the effect of damaging relations with Beijing. For granting Lee Teng-hui a visa, although not an official reception, the PRC accused the US of going against the Shanghai Communiqué of 1972 and violating the one China principle.

The PRC's conducting of military exercises in July and August were in direct response to Lee's visit to the US and were intended to intimidate the KMT government into curtailing its international political ambitions - an attempt to restrict Taiwan's foreign policy. In this, it has been partly successful. Although not ruling out the granting of a future visa for Lee Teng-hui, wanting to maintain stability across the Taiwan Straits and not desiring a deterioration in relations with Beijing, Washington would be reluctant to provoke a forceful reaction from the PRC once again. During a summit meeting in October 1995 in New York, Clinton told Jiang Zemin that future visits by Taiwanese leaders to the US would be rare, unofficial and by personal invitation and that they would be considered on a case-by-case basis only.[197] Lee himself has expressed fears that another visit to the US would damage US-PRC relations. When asked by Newsweek following the March 1996 elections if he would visit the US

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[195] The US Congressional vote in the House of Representatives was 396-1 and in the Senate 97-1 in favour of President Lee's visit to the US. The ROC's lobbying efforts were successful in contributing to Lee being granted a visa. These included a large financial donation to establish the Lee Teng-hui Chair at Cornell University and the ROC government's payment of US$4,5 million to a lobbying firm with contacts within the US Congress. It has been reported that Taiwan pays approximately thirty lobbying companies in the US to promote its interests. Coinciding with Lee's visit was an order from Taiwan two largest airlines, China Airlines and Eva Airways, for twelve jetliners from Boeing Corporation. Wu, L.J. *"Does Money Talk..."* Op.Cit. p.33.

[196] Moller, K. *"Does Flexible Diplomacy..."* Op.Cit. p.53.

[197] Far Eastern Economic Review, November 2, 1995, p.15-16. Cited in Ibid, p.58.

again, Lee replied that *"America won't let me go."*[198] Lee subsequently declined an invitation to the junior conference of the US-ROC and ROC-US economic councils to be held in Alaska in September 1995. Some analysts believe the Clinton Administration regards Taiwan's UN bid as "an irritating distraction" which acts to damage US-PRC relations. Former US President George Bush voiced his opposition to Taiwan gaining admission to the UN.[199] Thus the pursuit of national interest in the Washington-Beijing relationship continues to act as a powerful constraint on Taipei's appeals for greater recognition.

Taiwan's security however, continues to be of major concern to the US. The PRC's aggressive stance toward Taiwan in the run-up to its March 1996 democratic elections forced the US to consider its national interest with regard to the island. The US' deployment of a naval task force comprising two aircraft carrier battle groups in the region of Taiwan during the March 1996 elections was a significant sign of Washington's pledge to uphold the TRA which declares that, *"any effort to determine the future of Taiwan by other than peaceful means, including boycotts or embargoes, will be regarded as a threat to the peace and security of the Western Pacific area and of grave concern to the United States."*[200] It should be noted, however, that not being a mutual defence treaty, the TRA does not commit the US to defend Taiwan. Rather, it provides the US with an *option* to come to Taiwan's defence.[201] Washington did state, however, that an attack directed against Taiwan would not be tolerated and *"could"* lead to a US military response.[202] In the words of former Republican presidential candidate Robert Dole, this ambiguous position is *"necessary"* as it allows the US a greater degree of flexibility in the formulation of its China policy.[203]

Taiwan cannot thus fully depend upon the US for its security needs against the PRC. This assertion is reinforced by public opinion in the US which shows that a large

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[198] Lee Teng-hui Interview, *"Building a 'New Culture'"* in Newsweek, 20 May 1996, p.18-19.
[199] Bodeen, C. *"Bush Says Not to Expect UN Changes"* in The China Post, 19 November, 1993, p.1. Cited in Hickey, D.V. *"Taiwan's Return to..."* Op.Cit. p.74-5.
[200] TRA, Sec. 2 (b)(4).
[201] Hickey, D.V. Op.Cit, p.40.
[202] Ibid. p.185.
[203] Dole, R. *"The Challenges to Peace and Prosperity in Asia"* in The Free China Review, September 197, p.26-35.

majority of American citizens oppose sending military forces to protect Taiwan from a mainland invasion. A 1995 poll found that only twenty-two percent of the US public believed that the US should help defend Taiwan if attacked. As a KMT representative remarked, *"The US cares and supports us but it will not pay any price to protect our safety."*[204] Republican House of Representatives Speaker, Newt Gingrich, has been more assertive in stating the US' commitments to Taiwan's security. During a visit to Taiwan in April 1997, Gingrich said, *"It is important to be explicit with both the PRC and Taiwan that should Beijing seek to reunify Taiwan with the mainland by force or intimidation, the US will use all means necessary to prevent it."*[205]

Over the Taiwanese election period, the decision to position its forces in the region as a show of strength was made, as failure to show US resolve would result in states within the region questioning the US' commitment to security and stability in East Asia. "The inextricability of Taiwan's security with the regional stability of East Asia prompted it to respond."[206] This followed the November 1995 statement to senior officers of the PLA in Beijing by US Assistant Secretary of Defence, Joseph Nye, that instability in the Taiwan Strait area would be a threat to American security interests.[207] Washington thus continued to oversee Taiwan's security which has enabled it to maintain its political existence since the US' de-recognition in 1979.

3.7.4. Taiwan's Relations in the Eastern/Communist Bloc.

Pragmatic diplomacy was designed to expand Taiwan's foreign relations, even if such relations conflicted with previous policies of staunch anti-Communism. Taking South Korea's Nordpolitik which allowed Seoul to establish diplomatic relations with a number of East European nations as an example, Taipei's pragmatic foreign policy sanctioned the expansion of relations in the Communist bloc. Although Taipei has not

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[204] Hickey, D.V. Op.Cit. p.178.
[205] *"Newt Gingrich Warns Beijing Against Use of Force on Taiwan"* in The Korea Times, 3 April, 1997, p.1.
[206] Mufson, S. *"Chinese Ships, Planes Manoeuvre Near Taiwan"* in The Washington Post, 13 March, 1996, p.A18. Cited in Yu, T.F. *"Taiwanese Democracy under Threat: Impact and Limit of China's Military Coercion"* in Pacific Affairs, Vol. 70, No. 1, Spring 1997, p.30.
[207] *"'China Attack' Poser"* in Far Eastern Economic Review, 28 December 1995 - 4 January, 1996, p.15.

been able to replicate the successes of South Korea in diplomatic terms, it has managed to extend its influence in the region.[208] The expansion of these relations coincided with the beginning of pragmatic diplomacy, *before* the domino collapse of Communism in the region. The extent to which the KMT was willing to compromise its long-held anti-Communist stance was displayed by its readiness to expand relations with such states. Though economic opportunities were not great, Taipei's initiatives in the region helped fill a "missing link in the island's world-wide network of commercial ties."[209] Economic reform measures offered opportunities for the ROC to make economic and political inroads into the region.

In March 1988, the ROC authorised direct trade with seven East European states marking the region's inclusion into the focus of pragmatic diplomacy.[210] In 1989, Taipei approved direct investment, tourist travel, and the opening of offices by public and private enterprises. In 1990, the China External Trade Development Council (CETRA), a semi-official trade organisation, opened a representative office in Budapest, Hungary, its first in Eastern Europe.[211]

Contacts with the Soviet Union were more gradual. In October 1988, a ROC governmental delegation from the Ministry of Economic Affairs and the Board of Foreign Trade accompanied a trade mission to Moscow - hitherto an enemy. This attracted heavy criticism from conservative elements within the KMT. During a meeting of the Central Standing Committee, Shen Chang-huan, secretary general of the presidential office, bitterly criticised Foreign Minister Lien Chan and Minister of Economic Affairs Chen Li-an, for being supportive of the delegation's visit to the USSR. This attempt by the Non-Mainstream faction to stop the ROC's policy of reconciliation with the Communist world was followed shortly thereafter by Shen's resignation.[212] Another trade mission from Taiwan went to the USSR in May 1989. Before the disintegration of the country, in March 1990 Taipei approved direct trade

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[208] Chang, P. Op.Cit. p.71.
[209] Baum, J. *"Free Lunch Diplomacy"* Op.Cit. p.30.
[210] These were: Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and Yugoslavia.
[211] Clough, R.N. *"The Republic of China and the International Community in the 1990's"* in Issues & Studies, Vol. 29, No. 2, February 1993, p.5.
[212] Wu J.J. Op.Cit. p.145-6.

and investment ties with the USSR along with telecommunication links.[213] Russian Foreign Minster, Andrei Kozyrev, stated that his government wanted *"unofficial business relations"* with Taiwan *"corresponding in their extent, their level, and their character to the kind of relations being practised between the island and the majority of states."*[214] Moscow was clear to point out that contact with Taiwan was "unofficial" in nature. The Russian Foreign Ministry described the signing of a fisheries pact in March 1992 with Taipei as being non-political; *"We are not talking about an inter-government agreement. Russia considers Taiwan as an integral part of China."*[215] A government representative office was establish in Moscow in October 1993 with Russia opening a reciprocal unofficial office in December 1994. Former Soviet President Mikhail Gorbachev visited Taipei in March 1994. Other such representative offices were subsequently opened in Belarus and the Ukraine.[216]

With the disintegration of the former Communist bloc in Eastern Europe, the number of independent states within the region increased dramatically. Along with the accordant regime change in these territories, the ROC has been presented with many diplomatic opportunities from which to take advantage. Taiwan has been successful in expanding its relations in the former Eastern bloc and the Commonwealth of Independent States (CIS). Taiwan was able to make political gains in the emergent states, several of which agreed to establish consular ties with the ROC - a level of relations just below that of official recognition. Despite establishing relations with the PRC, the Baltic States - Latvia, Estonia and Lithuania - expressed their willingness to opening political contacts with the ROC. Latvia even intended exchanging representative offices with Taiwan which would enjoy "full diplomatic privileges."[217] The PRC responded by closing its recently established embassy and recalling its diplomatic staff. However, in July 1994, Latvia broke its consular relations with the

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[213] Clough, R.N. *"The Republic of China..."* Op.Cit. p.5.
[214] Moller, K. *"A New Role..."* Op.Cit. p.8-9.
[215] ROC officials from the Council of Agriculture announced on 3rd March 1992 that a delegation had signed a fishery "protocol" with their counterparts in Moscow. This provided for the establishment of a joint investment firm in Taiwan and other such ventures. Cited in Wu, L.J. *"Limitations and Prospects..."* Op.Cit. p.39.
[216] The Taiwan trade office in the Ukraine was designated to carry the name "Republic of China." See Mark, J. *"Taiwan Finds Diplomatic Gold Mine in Relations with New CIS Nations"* in Wall Street Journal, February 7, 1992, p.A10.

ROC after receiving little investment from Taiwan and having a larger trade relationship with the PRC.[218] Although Taiwan has not been able to expand its formal diplomatic relations in the region, it has been successful in increasing its substantive relations. A large part of the world, hereto closed to contacts from Taiwan, was now opened by pragmatic diplomacy providing an opportunity for the ROC to expand its international relations.[219]

In Asia, a Communist party government in Vietnam did not prevent Taiwan from courting the state economically. Vietnam's move to open its economy to foreign investment made it an attractive destination for Taiwanese investors. In 1988, a CETRA mission went to Vietnam to explore trade and investment opportunities in the country. Direct trade was authorised at the end of 1989. By the end of 1991, Taiwan had become the largest foreign investor in Vietnam with investments totalling US$743 million.[220] This investment has increased since a "Taiwan Economic and Cultural Office" was established in June 1992 in both Hanoi and Ho Chi Minh City. In April 1993, an investment agreement was also signed between the two governments. Taiwan allocated numerous soft loans and technical assistance programmes to Vietnam in 1993 and 1994.[221]

Taiwan has also pursued links with Communist North Korea - a fellow pariah state. Taipei's contact with Pyongyang followed South Korea's de-recognition of Taiwan in 1992. The two have engaged in trade and Taiwan business has shown interest in investing in North Korea which, like Vietnam, has a strong industrial base.[222] In April 1996, Pyongyang set up a tourism office in Taipei to issue "travel certificates" (visas) for Taiwanese tourists and businessmen.[223] This assisted the expansion of bilateral

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[217] Tyson, J.L. *"Taiwan Besting China, Sets up Ties to Baltics"* in Christian Science Monitor, December 27, 1991.
[218] Wu, Y.S. *"Taiwan in 1994..."* Op.Cit. p.65.
[219] Clough, R.N. *"The Republic of China..."* Op.Cit. p.6-7.
[220] Ibid. p.7.
[221] For greater detail on ROC aid initiatives to Vietnam see Lin, T.C. Op.Cit. p.16-18.
[222] In September 1996, a Taiwanese business delegation visited North Korea under the Chinese National Federation of Industries (CNFI). The delegation was comprised of 31 business executives from the textile, food processing, plastics, and machinery industries.
[223] *"Taiwan Business Group to Leave for North Korea"* in The Korea Times, 24 September, 1996, p.1.

trade (via Hong Kong) which was estimated to be around US$400 million in 1996.[224] In January 1997, Taiwan signed an agreement with North Korea to ship nuclear waste for storage in that country.[225] Due to international opposition, Taiwan cancelled the contract in December the same year.[226] However, it is likely that Taiwan and North Korea will initial a commercial agreement in the first half of 1998 to administer the increasing economic contacts between them.[227] The Taiwan- North Korea relationship is, however, politically limited due to restrictions imposed by outside forces. In the case of Taiwan, by the US and the international community; for North Korea, its principal ally, the PRC, which seeks to limit Taiwan's international activities.

3.7.5. Southeast Asia and the Southward Policy.

Taiwan's economic success has made it an important regional player in the Southeast Asian economy. During the 1970's, Taiwan's economic activity in the region increased rapidly after the government sought to diversify its export markets away from the US. Southeast Asia offered an attractive destination due to its geographic proximity, rich natural resources, seventeen million overseas ethnic Chinese, and in the Association of Southeast Asian Nations (ASEAN), market-inclined economies such as Taiwan's. Most of the countries in the region had adopted liberal foreign investment policies designed to attract foreign capital and expertise. The overseas Chinese communities in the ASEAN states were also courted as an important economic and political resource.[228]

Several factors contributed to Taiwanese business shifting investment to the region. These were: continued domestic investment had resulted in a large accumulation of

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[224] Lee, C.S and Baum, J. *"Radio[illegible]Ruckus"* in Far Eastern Economic Review, February 6, 1997, p.16.

[225] The Taiwan Power company agreed to pay a reported US$1 150 per barrel of nuclear waste to be shipped and stored in North Korea. The total payment for up to 200 000 barrels would amount to US$230 million. Ibid. p.16.

[226] This was after the Atomic Energy Council (AEC) vetoed the proposed shipment due to North Korea's inadequate nuclear waste disposal storage facilities. See *"Taiwan to scrap nuclear waste deal with North Korea"* in The Korea Herald, 17 December, 1997, p.4.

[227] The Seoul government has not voiced any opposition to Taiwan's growing commercial activities with Pyongyang. Seoul quietly promotes such investments as it may help stave off an economic collapse of North Korea which would result in instability on the Korean peninsula. Information obtained from a senior ranking ROC diplomat.

capital in Taiwan, money that could earn greater returns in less competitive overseas markets; greater productivity through lower land and labour costs could be obtained in the region in comparison to Taiwan; and the rise of environmental consciousness in Taiwan resulted in many mass demonstrations against companies polluting the environment and having to pay large amounts in compensation. Environmental regulations were less strict in Southeast Asia.[229] Since the 1970's, Taiwanese trade and investment in the region has undoubtedly helped to contribute to the high economic growth rates achieved by these states which have averaged seven percent per annum.

Lien Chan has not only emphasised Taiwan's geographic proximity to the ASEAN region, but has also said that, *"in a broad sense, the ROC is a Southeast Asian country."*[230] Launched in 1993, Taipei's Southward Policy has three objectives: to divert Taiwanese companies' investments from the PRC to Southeast Asia to avoid growing economic dependence upon mainland China; to make Southeast Asia an intermediary for investing in mainland China after Hong Kong's reversion to the PRC after July 1997; and to serve as a useful mechanism to contribute toward a credible political role in the region.[231] On the Southward Policy, former Foreign Minister Chien, said, *"The Southward Policy is mainly intended for economic co-operation and is not directed against any third power. No one should read anything more into it."*[232] Although Taipei denies the political connotations to the Southward Policy, it is clear that it is intended to raise the ROC's political profile in the region.

It needs to be pointed out, however, that the launch of the Southward Policy was officially announced only *after* Taiwanese investment in the region had already peaked in the early 1990's. Taiwan had been employing economic diplomacy in the region long before the official announcement of the Southward Policy.[233] It coincided with a pledge to initiate a second wave of investment focusing upon domestic-oriented projects and technical products, rather than labour-intensive investment which

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[228] Hughes, C. Op.Cit. p.48.
[229] Chen, H.Y. Op.Cit. p.127.
[230] The Free China Journal, 30 March, 1989.
[231] Chen, H.Y. Op.Cit. p.84-5.
[232] Baum, J. *"Looking South"* in Far Eastern Economic Review, March 10, 1994, p.18.
[233] Ho, K.L. *"New Directions in Taiwan-Southeast Asia Relations: Economics, Politics, and Security"* in Pacific Focus, Vol. X, No. 1, Spring 1995, p.97.

characterised the first wave. Investment in the region peaked in the early 1990's, and declined after 1992 with Taiwanese investors favouring mainland China instead. It was concern over this decreased level of investment in the region and growing dependence on the PRC that induced the government to initiate the Southward Policy.[234] This had raised doubts over the government's ability to encourage Taiwanese companies to increase their investments in the region.

Through its increasing economic activity in the region, Taipei has been able to secure a number of investment guarantee pacts with the ASEAN states. In 1989, the ROC and Singapore used official titles when they signed an Agreement on Investment Protection. In December 1990, a pact was concluded between the Taipei Economic and Trade Office and the Indonesian Chamber of Commerce in Taipei. The Commercial Arbitration Association of the ROC concluded a commercial agreement with the Board of Trade of Thailand in August 1991. Taiwan currently provides the second largest source of foreign investment to Thailand. Similar agreements have been signed with the Philippines (February 1992), Malaysia (February 1993) and Vietnam (April 1993).[235] Taiwan is also one of the largest investors in Cambodia wit ore than US$100 million in investment entering the country between 1994 and 1996.[236] In December 1995, Taiwan opened a representative office in Cambodia.[237] However, due to political change within Cambodia with the rise to power of Second Prime Minister Hun Sen, Phnom Penh ordered the closure of the Taipei Economic and Cultural Representative Office in July 1997 claiming that Taiwan had *"engaged in politics and threatened the national security of Cambodia."*[238]

Official negotiations with Malaysia were the most problematic for the ROC. Taiwan had originally concluded an Investment Protection Agreement with Malaysia in early 1988 but Kuala Lumpur signed an equivalent agreement with the PRC in the same year

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[234] Ibid. p.86.
[235] Ibid. p.129-130.
[236] See Baum, J. and Lee, M. *"Trail Blazers"* in Far Eastern Economic Review, April 3, 1997, p.51.
[237] Kuo, D. *"Cambodia Opens Taipei Office"* in The China Post, January 3, 1996, p.1.
[238] Taipei denied the charges claiming that *"Our diplomatic policy is to establish friendly ties with other countries on a reciprocal basis and equal footing, but never to get involved in their internal affairs."* See *"Cambodia closes Taiwan's office"* in The K... n Herald, 23 July 1997, p.1.

and postponed the contract with Taiwan.[239] The ROC's Legislative Yuan responded by blocking two sizeable investments to Malaysia in 1991 and 1992 citing a lack of investment guarantees.[240] In May 1992, Jiang Bin-kun, under-secretary of the ROC Economic Ministry, publicly criticised the Malaysian business environment. Jiang went so far as to say that the ROC government would discourage Taiwanese firms from investing in Malaysia because of its failure to offer investment incentives, rising wage rates, and increasing incidences of crime and extortion affecting Taiwanese businessmen.[241] After such pressure from the ROC, Malaysia finally conceded and signed an Agreement on Investment Protection with Taiwan in February 1993. By 1993, the volume of bilateral trade between Taiwan and ASEAN (and Vietnam) amounted to US$16,3 billion, ten percent of Taiwan's total trade.[242] Today, ASEAN has become the destination for more than sixty percent of Taiwan's overseas investments.[243]

The question which needs consideration is the connection between the ROC's economic involvement and political-diplomatic gains in the Southeast Asian region. The political implications of this policy are consequential for the ROC. The accrual of political capital from the ROC's economic diplomacy would give credence to its policy of pragmatic diplomacy. In 1991, Taiwan received the support of ASEAN and the Asia-Pacific countries in its bid for membership of APEC. Its admission into the organisation was a significant gain for Taipei. In July 1992, with the support of Filipino Foreign Minister Raul Manglapus, Taiwan proposed joining ASEAN as a dialogue partner at the Conference of Foreign Ministers of ASEAN in Manila.[244] However, conscious of the PRC's strategic importance, both regionally and globally, Southeast Asian states cannot afford to neglect the PRC diplomatically. Also, concern over the

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[239] Kuala Lumpur contended that Malaysian domestic law was sufficient to protect agreements concluded by non-governmental organisations. Ho, K.L. Op.Cit. p.128.
[240] In 1990, the Chinese Steel Mill Company (CSMC) was to enter into a joint venture project with the Malaysian government to build a steel mill worth US$2.7 billion. The ROC Legislative Yuan stated that as CSMC was a public enterprise, its assets needed to be fully protected, and until Malaysia agreed to conclude the investment Protection Agreement, the project should be suspended. A similar veto over an investment was enacted by the Legislative Yuan when it reviewed the Chinese Petroleum Company's plan to invest US$1,26 billion in a Malaysian oil refinery. Ibid. p.128-9.
[241] See The China Times, 29 May 1992, p.4.
[242] Chiang, P.K. *"Review of Our Country's Current Southward Policy"*, Report of the Minister of Economic Affairs to the Economics Committee, Legislative Yuan, December 28, 1994, p.2.
[243] Hernandez, C.G. Op.Cit. p.53.

PRC's "extraterritorial reach into their region requires some meaningful accommodation with the PRC which only formal relations can secure." For this reason, Taiwan's role in Southeast Asia has been manifested by strong economic but weak political links. In the region, no country has maintained formal relations with the ROC. Former Thai Foreign Minister, Arsa Sarasin, was quoted as saying, *"We took note of the Taiwanese request for some kind of relationship with ASEAN but at the same time we have to be cautious because of the political ramifications."*[245]

A strengthening of the ROC's economic relations with the member states of ASEAN have served as limited compensation for the loss of diplomatic relations with Malaysia (1974), Thailand and the Philippines (1975). The ASEAN states have adopted a policy of separating politics from economics in their dealings with Taiwan. As the ASEAN nations are unwilling to sacrifice their relations with the PRC in favour of political relations with the ROC, Taiwan will have to be content with purely economic relations in the region. As ASEAN becomes increasingly integrated as a regional economic bloc, pressure will grow on Taiwan to maintain harmonious relations with the organisation and its individual members. Taiwan cannot afford to be economically as well as politically isolated in the Asia-Pacific region.

Since 1988, a greater number of high level dignitaries have visited Taiwan. This has coincided with the ROC's own officials making more frequent and prominent trips abroad. So labelled "vacation diplomacy", Lee Teng-hui has made a number of publicised visits abroad attempting to expand Taiwan's relations. These trips were designed to create international publicity for Taiwan and possibly upgrade Taiwan's relations in that particular region. The ROC government has managed to stage a number of high-profile visits to various ASEAN countries. In December 1988, former Foreign Minister Lien Chan made an unpublicised visit to a number of ASEAN states. In March 1989, Lee Teng-hui made the first trip abroad by an ROC president since 1950 when he visited Singapore. As Singapore did not, at that time, have relations with either Taipei or Beijing, the visit did not contravene the one China policy. Lee was received in Singapore as "the President from Taiwan." Commenting on this title,

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[244] Chen, H.Y. Op.Cit. p.132.

Lee said, *"I am not satisfied, but it is acceptable, given the current situation."*[246] This acceptance highlighted the KMT government's search for a formula which would allow it to re-enter international affairs as a political entity.

Although Singapore shortly hereafter established relations with the PRC, the visit encouraged Lee to strive toward a more visible presidential presence overseas. He expressed his intention to visit states with which Beijing had relations if such an invitation was extended. In July 1991, John H. Chang, led a Taiwanese delegation to the Philippines, Thailand, Indonesia, and Malaysia. In January 1994, Lien Chan visited Malaysia and Singapore where he met with Malaysian Prime Minister Mahathir Mohamed and Singaporean Prime Minister Goh Chok Tong and former Prime Minister Lee Kuan Yew. Later in the month, Lee Teng-hui paid unofficial "informal visits" to Singapore and Malaysia and later to the Philippines, Indonesia, and Thailand in February. Lee met with Presidents Fidel Ramos, Suharto, but not Thai Prime Minister, Chuan Leekpai, because of pressure from Beijing. This vacation diplomacy as it came to be termed was based on Taiwan's US$15 billion in investment in the region. In June 1994, the ROC's IECDF announced that the Philippines, Vietnam, and Indonesia had been selected as key aid recipient countries over the coming years. This formed a "concrete step fulfilling the ROC's Southward Policy."[247]

The Southward Policy has added another dimension to the ROC's foreign policy, one that aligns Taiwan's interests with its outgoing economic flows rather than placing absolute focus on Washington. Despite exhibiting greater flexibility than in the past, there are recognised limits to the Southward policy. Dual recognition is not achievable in the region. The Southeast Asian states are very willing to accept Taiwan's economic interaction in the region but unwilling to accommodate the political ambitions that are included in the policy. They do not want to be used as political pawns in the diplomatic struggle between the PRC and ROC in the international arena. For this reason, the Southward Policy is viewed with some cynicism in the region.

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[245] Quoted in Ho, K.L. Op.Cit. p.96.
[246] Moody, P. Political Change in Taiwan: A Study of Ruling Party Adaptability, Praeger, New York: 1992, p.144.
[247] Lin, T.C. Op.Cit. p.10.

3.8. Taiwan's Economic Foreign Policy.

The ROC had used economic diplomacy as a foreign policy tool since the 1960's. As Taiwan progressed economically, the intensity of its overseas trade and investment has increased commensurately. By the late 1980's, Taiwan's economic success enabled it to use its growing financial resources to promote its diplomatic interests abroad. By 1988, Taiwan was the world's twelfth ranked economy, with a per capita income of approximately US$6 500 and foreign exchange reserves amongst the world's highest at US$78 billion. As Taiwan's participation in the international economy increased, the stronger the arguments for an international role commensurate with its economic power became. As such, economic diplomacy, involving trade, investment and economic assistance, has become the most important component of Taiwan's international relations. "Economic diplomacy" and "pragmatic diplomacy" are two sides of the same foreign policy coin of the ROC. Undoubtedly, the ROC's rendering of economic assistance to developing states contributes to the number of its diplomatic partners. So much so that it is no exaggeration to say that external economic relations have become the most important guarantee for the ROC's diplomatic survival.[248] Taiwan foreign aid policy is thus politically motivated.[249] This has been endorsed by the government in its *Foreign Affairs Report*, the first foreign Affairs White Paper published by MOFA in December 1992.[250] Trade and investment are thus "influential in maintaining ties with countries recognising the ROC and facilitating interaction with countries which do not recognise Taiwan."[251] Economic incentives are "the primary avenue that Taipei decision-makers consider when they wish to initiate bilateral relations."[252] It is reported that MOFA plays the predominant role in deciding and allocating the ROC's foreign aid.[253] MOFA also contributes to the staff of Taiwan's

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[248] Chen, H.Y. *"Taiwan's Economic Relations With Southeast Asia"* in Taiwan in the Asia-Pacific in the 1990's, Klintworth, G. (ed.) Allen & Unwin, St Leonards: 1994, p.133.
[249] Lin, T.C. *"The ROC's Foreign Aid and the Southward Policy"* in Issues & Studies, Vol. 31, No. 10, October 1995, p.4.
[250] Chan, G. *"Taiwan as an Emerging Foreign Aid Donor: Developments, and Problems, and Prospects"* in Pacific Affairs, Vol. 70, No. 1, Spring 1997, p.40.
[251] Bellows, T.J. *"Taiwan's Foreign Policy in the 1970's: A Case Study of Positive Adaptation and Viability"* in Asian Survey, Vol. 16, No. 7, July 1976, p.569.
[252] Wu, L.J. *"Does Money Talk..."* Op.Cit. p.22.
[253] Ibid. p.26-7.

international non-representative offices in over ninety states. Consequently, Taiwan's foreign policy has become a function of its economic capability.

Although Taiwan's foreign policy has had an important economic dimension since the 1960's and 1970's, as its international isolation has intensified, economic diplomacy has become more of an integral part of its foreign policy during the 1990s.[254] This developed in line with the ROC's economic progress. There has been a continuity in Taiwan's foreign policy over the last three decades with the inclusion of economic tools to achieve political ends. Premier Lien Chan stated that the ROC will *"enhance ties with other countries by granting economic assistance to counter Beijing's deliberate attempt to isolate the ROC by wooing countries with economic benefits."*[255] Taiwan's legitimacy as a political entity ultimately relies to a great extent upon its economic strength and commercial vitality. In October 1990, in reference to the forging of links with the USSR, Foreign Minister Chien said that, *"The government must rely on the assistance of businessmen because it is not convenient for government officials to do the job."*[256] Through informal commercial interests, Taiwan attempts to upgrade its substantive relations. David Liu, Deputy Director of Market Development at CETRA, describes this as:

> Trade commissions in the ROC and other countries start having contacts and these issues are followed by discussions on other issues such as telex, shipping and insurance matters. Oftentimes these businessmen, who are also politically important, influence their government's decision on setting up representative offices here or upgrading the status of existing ones.[257]

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[254] During the 1960's, an increasing number of countries began to vote for the PRC's admission into the United Nations. The ROC countered by launching a diplomatic strategy so as to retain support in the General Assembly. This took the form of economic aid to Third World states and African states in particular. In January 1961, the ROC launched its "Operation Vanguard" programme designed to provide agricultural and technical assistance to such countries. For greater detail see Slawecki, L.M.S. *"The Two Chinas in Africa"* in Foreign Affairs, Vol. 41, January 1963.

[255] Wu, L.J. *"Does Money Talk..."* Op.Cit. p.26.

[256] Quoted in Ibid. p.24.

[257] Quoted in Lo, A. *"Pragmatic Diplomacy, Creative Economics"* in Free China Review, May 1991, p.7.

Taiwan's Six-Year National Development Plan (1991-1996) with over US$300 billion in infrastructural investments has also encouraged foreign governments to increase their contacts with Taiwan in search of lucrative contracts. Described as *"the world's largest market for major construction projects"*, the plan provides for US$100 billion for foreign companies involvement.[258] Such incentives are an important part of the ROC's diplomacy and have attracted the interest of North American, West European and Japanese governments.

To promote itself in the developing world, in October 1988 the ROC established the International Economic Co-operation and Development Fund (IECDF)[259] with the intention of making available US$1,1 billion of financial resources to "friendly" developing countries.[260] According to Taiwan's Foreign Affairs Report, "friendly" countries were those which: (i) have diplomatic relations with Taiwan; (ii) do not have diplomatic relations but allow Taiwanese representative offices to operate under the title "ROC" in their countries; (iii) have substantive relations with Taiwan; (iv) are trying to improve relations with Taipei; and (v) are not hostile to Taipei.[261]

The IECDF was thus designed as an economic tool used for political ends. There are however, disagreements between MOFA and the Ministry of Economic Affairs (MOEA) over which countries should be given priority in the allocation of aid. MOEA gives priority to states and regions where Taiwan can maximise its economic gains, hence the MOEA's emphasis on Asia.[262] For MOFA, a different set of priorities exist. It regards political gains as the major determinant of aid allocation. Eastern Europe and Latin America are the regions which MOFA views as offering the greatest political returns on the rendering of aid. The Taiwanese press reports of frictions existing between the two ministries. In December 1995, the Legislative Yuan and the

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[258] Weinberger, C. W. *"Taiwan's Rosy Future"* in Forbes, October 28, 1991, p.33.
[259] At its creation, the IECDF was originally entitled the Overseas Co-operation Development Fund. In 1991, its title was changed to include the words "International Economic." This signified a more political purpose to the organisation. Aid was to be "international" in nature and therefore extended through interstate relationships. See Chan, G. Op.Cit. p.53.
[260] The IECDF offers assistance in three ways: (1) to provide direct or indirect loans; (2) development project investment; and (3) finance technical assistance. Ibid. p.26. Also, see Moller, K. *"A New Role..."* Op.Cit. p.69.
[261] See Chan, G. Op.Cit. p.42.

Presidential Office in January 1996 approved the change of replacing MOEA with MOFA as controlling the co-ordination of the IECDF's aid programmes. A shift from economics to politics has occurred as the major guiding force in Taiwan's aid policy.[263] The ultimate control of the IECDF lies with a seven-member cabinet-level council including the foreign minister. As of mid-1995, almost forty percent of the total loans allocated by the IECDF were to projects *"with strong diplomatic significance."* MOFA has been accused of exerting pressure on the IECDF in approving the loan applications without proper consideration of their economic feasibility.[264]

According to Taipei, the creation of the IECDF marked "the ROC's transformation from a recipient of aid to a donor of financial assistance to developing countries."[265] President Lee has openly stated that the ROC will, *"use its economic, scientific-technical, and cultural strength to expand its external relations. The ROC has substantial foreign exchange reserves, but many other nations are short of capital for developing their economies. So we should give them a helping hand. In doing so, we can also improve our relations with them."*[266] As of June 1995, the IECDF has allocated loans totalling US$331 million to sixteen developing states.[267]

In addition to the IECDF, another organisation, the Committee of International Technical Co-operation (CITC) administers the allocation of overseas assistance programmes and is financed by the government. Projects include agricultural production, fisheries, handicrafts, veterinary care, sugar refining, and highway building. CITC despatches missions to foreign countries and provides for training programmes in Taiwan itself.[268]

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[262] In March 1993, MOEA established the following list in descending order of prioritisation: Asia, Central and South America, Eastern Europe, and Africa.
[263] Chan, G. Op.Cit. p.53-4.
[264] Ibid. p.53.
[265] Central News Agency, Taipei, October 10, 1992. Cited in Wu, L.J. *"Does Money Talk..."* Op.Cit. p.26.
[266] Quoted in *"Pragmatic Diplomacy"* in Free China Review, July 1995, p.51.
[267] Lin, T.C. Op.Cit. p.5.
[268] Cheng, T.Y. *"The ROC's Changing Role in the Asia-Pacific Region"* in Taiwan in the Asia-Pacific in the 1990's, Klintworth, G. (ed.) Allen & Unwin, St Leonards: 1994, p.66-7.

In the post-Cold War era, the relations of states in the developing world are no longer dependent upon ideological or strategic considerations. An important criterion for having relations with either the PRC or Taiwan is therefore economic attraction.[269] Thus for Taiwan, it is hoped that economic strength will translate into political influence. A prominent example of Taipei using its financial strength for political gains was its rendering of US$1,12 billion to Manila in a bid to influence the Philippine National Assembly to pass the Taiwan Mutual Relations Act in 1989.[270] This was made during a period of economic trouble and external debt for the Philippine economy. Anxious to attract Taiwanese investment to the country, many Filipino government officials were persuaded to consider enacting a piece of legislation similar to the US Taiwan Relations Act to govern relations between the two. Some even called for a review of the country's one China policy.[271] Beijing threatened to break diplomatic relations if the bill was passed. For the Philippines, competing pressure from the PRC and Taiwan lobby came at a time of economic difficulty and did little to make the Aquino government's task of political consolidation any easier.[272] Taiwan's economic diplomacy has thus sometimes "created domestic difficulties as well as foreign policy problems for its economic partners."[273]

In January 1993, Lee Teng-hui expressed Taiwan's intention to make use of its financial resources to promote its bid for membership in the UN: *"We should make good use of our overseas development fund and all other possible resources to promote more pragmatic participation in world organisations... This will expedite our ultimate goal of returning to the United Nations."*[274] ROC Vice-Minister of Foreign

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[269] Moller, K. *"A New Role..."* Op.Cit. p.70.
[270] Wu, L.J. *"Does Money Talk..."* Op.Cit. p.26.
[271] Beijing charged that *"the essence of the bill is to treat Taiwan as a country, to carry on official contact or contacts of official nature with Taiwan, so as to upgrade the present relations between the Philippines and Taiwan."* See Lee, K.H. Op.Cit. p.90. and Hernandez, C.G. *"Towards a Credible International Role for Taiwan"* in Sino-American Relations, Vol. XXI, No. 1, Spring 1995, p.51.
[272] In July 1987, following the visit of a Filipino delegation to Taiwan which included the ministers of Labour and Employment, Finance, and Chairman of the Co-ordinating Council of Trade and Industry, the PRC recalled its ambassador and threatened to downgrade relations to that of charge d'affaires level. In October 1989, similar protests were heard from the PRC after the Philippines foreign minister Raul Manglapus visited Taipei. Chen, H.Y. Op.Cit. p.131.
[273] See Bautista, L.C. *"The Political Weight of Taiwan's Investments in the Philippines"* in Foreign Relations Journal, Vol. V, No. 1, March 1990, p.85-104. Cited in Ibid. p.51.
[274] United Press International, Taipei, January 1, 1993.

Affairs Fang Chin-yen has said that the ROC is willing to donate US$1 billion to a fund for developing nations if it is granted a seat in the UN.[275]

The author would go so far as to contend that in light of increasing pressure from the PRC for the establishment of formal relations, the ROC's international diplomatic relations are dependent upon the continuance of economic assistance to the states in question. Even this will serve as no guarantee of these relations. With little prospect of the PRC showing flexibility on Taiwan's participation in the international system of states, Taipei has little choice but to continue its economic diplomacy. Economic means will thus remain the most important means through which Taipei seeks to expand its influence in the international community. Taiwan's use of its resources to counter its international isolation call for an increasingly flexible interpretation of the one China principle.

3.9. The ROC-on-Taiwan and Participation in International Organisations.

Membership in international organisations enables the ROC to expand its international relations and increase its legitimacy in the international system. It also promotes Taiwan's commercial interests and safeguards its economic relations overseas. The ROC seeks to upgrade its relations with the important trading nations through such organisations. Membership helps Taiwanese businesses to overcome the obstacles posed by the lack of formal relations possessed by the ROC. Taiwan "cannot afford to be isolated internationally from the established organs of international decision-making."[276]

The greater willingness by the KMT to show flexibility in its international dealings was evident by the mid-1980's, before Lee Teng-hui became president of the ROC. In 1984, the Taiwan business community gained representation in the Pacific Economic Council (PBEC) under the title "Chinese Member Committee of PBEC in Taipei." Of greater significance was Taipei's decision to partake in the 1984 (Los Angeles) Olympics alongside the PRC under the name "Chinese Taipei." Beijing's concession to

[275] United Daily News, Taipei, 27 June, 1995, p.2. Cited in Ibid. p.28.

allow Taiwan to participate under an "unofficial" title also paved the way for its entrance into the Pacific Economic Co-operation Council (PECC) in 1986. Shaw Yu-ming, former government spokesman, stated in 1985 that *"Taipei has repeatedly attempted to exercise flexibility within a fixed posture of one China...So long as it is a non-governmental gathering, the ROC is willing to be...I over backwards to join."*[277] ROC Government officials cite that;

> Membership in world economic and trade organisations allows us to work through multilateral channels and international arbitration to gain reasonable treatment and ensure our economic interests, avoiding bilateral consultations, where we're often at a disadvantage because the other side is too strong.[278]

When the PRC joined the Asian Development Bank (ADB) in 1986, it pressurised the organisation into downgrading the status of Taiwan which had been a founding member of the organisation. In order to retain membership, Taiwan had to concede to the use of the title "Taipei, China", insisted upon by Beijing. In the eyes of the international community, such a title cast Taiwan as a locality, subordinate to Beijing. For the PRC, it was a successful attempt to relegate the Taipei government to one of local status. In Beijing's view, if "Taipei, China" could be used to describe Taiwan in international affairs, then it would be ultimately considered in the same category as "Shanghai, China" or "Hong Kong, China" creating the impression that the KMT was merely a local government subordinate to the central PRC government.[279]

Wanting to limit its growing isolation, the ROC did not want to withdraw from the ADB. In April 1986, a group of thirty members of the Legislative Yuan issued an appeal for the government to adopt extraordinary measures to maintain its membership within the ADB.[280] The retention of membership within the ADB was important since the Taiwanese economy was increasingly dependent on international economic activities and the ROC had already been forced to leave both the IMF and World Bank

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[276] Zhan, J. Op.Cit, p.43.
[277] Shaw, Y.M. *"Taiwan: A View From Taipei"* in Foreign Affairs, Summer 1985, p.1054.
[278] Wei, H.C. *"Opening Doors to International Organisations"* in Sinorama, Vol, 17, No.1, January 1992, p.84.
[279] Wu, H.H. Op.Cit, p.188.

in 1980. These were serious blows for Taiwan as "the loss of the seat would inevitably further isolate Taiwan from the international community and prevent the island from obtaining certain economic information and consultation restricted to IMF members."[281] For the ROC, changing its title was a case of "whether Taipei could adjus s policies to take account of current realities and seek a formula to allow it to maintain a formal role in international affairs."[282] The choice was one of "the lesser of two evils - isolation or reduced status."[283]

Taipei was thus willing to coexist with the PRC in the international system, even though it was unable to use the official title of the ROC.[284] Partly responsible for this change in policy were the younger generation of reformist technocrats within the ROC government, most of them within the KMT itself. Taipei's participation in the ADB was something of an accommodation of sorts by Beijing which agreed to Taiwan's continued presence in the organisation. The ROC's concession on the title under which it is to be represented in the face of pressure from the PRC, has been applied so as to secure membership in other international organisations where membership is denied it if its official title "ROC" is used. It is extremely unlikely, however, that Beijing will acquiesce to such an arrangement being applied for Taiwan's bid for UN membership.

It should be noted that Taiwan's participation in the Olympics, PBEC, PECC, and ADB occurred before the announcement of pragmatic diplomacy. Thus pragmatic diplomacy was a continuity rather than an initiator of policy. However, after 1988, pursuance of participation in international organisations accelerated.

Although retaining its membership, the ROC had refused to attend the ADB's annual meetings since 1986 in protest at it having to change its title to qualify for membership. In April 1988, four months after assuming the Presidency, Lee sent a delegation to

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[280] Wu, H.H. Op.Cit. p.188.
[281] Yu Kuo-hua, Governor of the Central Bank of the ROC on the ROC's departure from the organisation. Wu, H.H. Op.Cit. p.184.
[282] Goldstein, C. *"An Alias to Save a Seat"* in Far Eastern Economic Review, January 23, 1986, p.36.
[283] Weng, B.S.J. *"Taiwan's International Status Today"* in The China Quarterly, No. 99, September 1984, p.468.
[284] Taipei's acquiescence to an unofficial title followed Ronald Reagan sending a close associate, William Clark, a former national security adviser, to Taiwan to persuade it into accepting the new name and not withdraw from the ADB. Goldstein, C. Op.Cit. p.36.

attend the ADB meeting in Manila. This marked the first time that both the ROC and PRC had jointly attended a meeting of an international government organisation.[285] Of even greater significance was ROC Finance Minister Shirley Kuo's trip to the PRC to attend the annual ADB meeting in May 1989. This marked the first time that an ROC official had set foot on the mainland since 1949.[286] Despite charges to the contrary, Taipei insisted that there was no change in its long-held positions of anti-Communism and the one China principle. Rather, it was contended that Taiwan had an obligation to attend being a member of the ADB and that Kuo attended in the capacity of an ADB governor and not that of the ROC's finance minister. Therefore the ROC claimed that its delegation at the ADB conference had no political implications and nothing to do with Taipei's mainland policy.[287] On 8th May, the day Kuo returned from the PRC, President Lee stated that the *"only reason"* for sending the Kuo delegation to the ADB meeting was to protect the ROC's rights and to fulfil its obligations to that international organisation as a founding member. Lee stressed that the Three No's policy remained firmly unaffected.[288] He was, however, under pressure from figures within his own party. In October 1988, KMT legislator Huang Zhu-wen and thirty other law makers had filed a petition requesting the government to drop the Three No's policy.[289]

Lee's denial, however, did not diminish the significance of Kuo's visit. The implication was that the ROC had adopted a more pragmatic approach to expand its foreign relations in response to its isolation, even if this meant official contact with the PRC in defiance of its Three No's policy. For the first time, the ROC had implicitly recognised the reality of Communist rule on the mainland and departed from the one China principle. Kuo's visit also indicated a furthering of détente, this time in the political

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[285] The ROC delegates at the meeting covered the ADB's designated name "Taipei, China" on their name cards to protest the change of the official title of the ROC. Cheng, T.J. Huang, C. and Wu, S.S.G. (eds.) Op.Cit. p.242.

[286] It is ironic to note that Shirley Kuo was the cousin of Peng Min-min, the exiled Taiwanese dissident who would later become chairman of the opposition DPP.

[287] Wu, H.H. Op.Cit. p.189-90.

[288] *"President: Three No's Intact Despite Presence at Peking ADB Meeting"* in The China News, 9 May, 1989. Cited in Hu, J.C. *"The Policy of the Republic of China Towards the Mainland"* in Asian Outlook, Vol. 25, No.4, May-June 1990, p.22.

[289] Sanford, D.C. Op.Cit. p.229.

realm, with the mainland.[290] Beijing's response to Taipei's new approach was a positive one.[291] In Taiwan itself, the response from different sides of the political spectrum was generally positive but for different reasons. The conservative Non-Mainstream faction of the KMT which wanted an eventual reunification regarded the visit as productive in that it brought the two sides closer together, although a number wanted to uphold the Three No's policy. On the other hand, DPP pro-independence figures argued that it was evidence of Taipei's "practice and demonstration of a two Chinas or 'one China, one Taiwan' policy."[292] Thus both sides supported this new approach in foreign policy although for opposite reasons. The Three No's were further undermined in May 1990 when Lee Teng-hui announced his willingness to participate in government-to-government discussions with Beijing.[293]

In 1990, the ROC applied for membership to the GATT, the predecessor organisation to the World Trade Organisation, as the representative of the "Customs Territory of Taiwan, Penghu, Kinmen, and Matsu." Membership of the GATT and other trade organisations would serve to safeguard Taiwan's overseas economic interests. Due to PRC opposition to Taiwan becoming a member of the organisation, it was (belatedly) announced in September 1992 that Taiwan's membership had been postponed indefinitely. GATT's Council Chairman stated that he had:

> ...carried out extensive consultations during recent months on the subject of establishing a working party to consider the possible accession to the GATT of Chinese Taipei, in GATT known as the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (hereafter referred to as Chinese Taipei). All contracting parties acknowledge the view that there is only one China, as also expressed in the United Nations General Assembly's Resolution 2758 of October 25, 1971. Many contracting parties, therefore, agree with the view of the People's Republic of China (PRC) that Chinese Taipei, as a separate

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[290] Hu, J.C. Op.Cit. p.190.
[291] According to a senior Xinhua (official Chinese News Agency) figure, Kuo's visit was positively regarded and the more high-ranking Taiwanese officials visiting the mainland, the better-able Taipei's decision-makers would be to understand the PRC and make more realistic policies towards it. Independence Morning Post, 11 May, 1989, p.2. Cited in Ibid. p.190.
[292] Ibid. p.191.
[293] See Sanford, D.C. Op.Cit. p.226.

> customs territory, should not be acceded to the GATT before the PRC. Some contracting parties do not share this view. There is, however, a general desire to establish a working party for Chinese Taipei.[294]

Taiwan regarded the PRC's pressure contributing to the downgrading of its status to that of "Chinese Taipei" as denying it a separate political entity. Beijing remains insistent that it must first acquire membership before Taipei can be admitted under its auspices. The PRC Minister of Foreign Economic Relations and Trade was quoted as saying, *"As long as our entrance is accepted earlier than that of Taiwan, even by one minute, there is a possibility (for joint Chinese-Taiwanese membership)."*[295] This was a serious embarrassment for the ROC which originally expected to be admitted to the organisation regardless of the PRC's non-membership. Economics Minister Vincent Siew insisted that Taiwan would join GATT but not at the expense of national character, dignity or sovereignty.[296] MOFA added that as a "political entity", Taiwan expected to be granted the same diplomatic privileges as all other members.[297] Criticism arose in Taiwan over its omission from the organisation and the one China principle which was regarded as retarding Taiwan's international participation.

In the early 1990's, ROC officials perceived the need to join international organisations to offset the danger of isolation from the global trend toward economic integration and regional trading blocs. This created pressure on Taiwan for *"strengthening its presence in Asian-Pacific trade organisations."*[298] In order to obtain membership in APEC in 1991, the title "Chinese Taipei" was used. Chien stated the ROC's position as such;

> We have joined non-governmental international organisations under different names. For example, in the Olympic Games we use "Taipei, China." But with regard to formal government organisations, we would still like to use the "ROC" as the name. This is the reason why, when the Asian Development

[294] See The Free China Journal, Vol. 2, No. 6, October 1992.
[295] Ho, K.L. Op.Cit. p.93.
[296] Hughes, C. Op.Cit. p.78.
[297] The Free China Journal, Vol. 2, No. 6, October 1992.

> Bank changed our name arbitrarily...we refused to attend for a number of years. Today we participate, but under pressure.[299]

For Taiwan, its admission into APEC was considered a breakthrough with its membership signifying its acceptance into the international economic community.[300] Taipei spoke of having achieved a degree of "autonomous legitimacy."[301] In 1992, Taiwan gained entry to the South Pacific Forum using the name "Taiwan/Republic of China." Although reluctant, the ROC has had to make concessions otherwise it would be barred from participation in such organisations. Koo Chen-fu, chairman of Taiwan's National Association of Industry and Commerce stated, *"We aren't happy with all the 'weird names' for us, but if we don't belong to international organisations, we don't have a forum to make our point. We can't seek to change things unless we're on the inside."*[302] Once becoming a member of an organisation, Taiwan attempts to upgrade its representative status within that organisation.[303] It is upon this unofficial basis that the ROC is able to interact in the international arena.

> As far as political significance is concerned, membership in international organisations provides us with a channel for formal contacts with many important countries, and it has a very positive effect on raising our international status and increasing our substantive relations with other countries.[304]

The ROC now participates in 893 government and non-governmental international organisations.[305] The ROC is, however, excluded from participation in prominent organisations such as the UN, the International Monetary Fund (IMF), the World

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[298] See *"Siew Advocates Regional Footholds"* in The Free China Journal, August 27, 1991, p.3. Cited in Hickey, D.V. Taiwan's Security in... Op.Cit. p.127.
[299] Ibid. p.122.
[300] Ho, K.L. Op.Cit. p.92.
[301] Moller, K. *"A New Role..."* Op.Cit. p.82.
[302] Wei, H.C. Op.Cit. p.85.
[303] For example, at the twenty-sixth annual conference, the governor of Taiwan's Central Bank of China, Samuel Shieh, reportedly offered to give US$1 million to the ADB if it removed the comma from "Taipei, China" as he believed that the comma relegated Taiwan to the status of a *"tributary part"* of China. Kynge, J. *"Taiwan's Diplomacy, Is It Worth It?"* in China Post, July 17, 1995, p.2.
[304] Quoted in Hickey, D.V. *"Taiwan's Return to..."* Op.Cit. p.70.
[305] ROC Yearbook 1997, Government Information Office, Taipei: 1996, p.136.

Bank, and the World Trade Organisation (WTO). Through pragmatic diplomacy, Taipei is lobbying to join these international bodies.

Another consideration is Taiwan's strategic plan to promote itself as a regional financial and banking centre in Asia as a rival to Hong Kong. Membership of international financial organisations would assist Taipei in integrating itself into the world's financial markets: *"Joining financial organisations will help us to become an international financial centre... We should actively pursue entry to the IMF, which regulates the international financial system, and the World Bank, which aids developing countries."*[306] The prospect of Taiwan gaining membership of prominent organisation such as the Organisation of Economic Co-operation and Development (OECD), the World Bank, or IMF is dependent upon the state of relations between Taiwan and the PRC.

3.10. Taiwan and United Nations Membership.

To counter the political implications of its increasing integration with the mainland as well as co-opting the independence-minded policies of the opposition DPP, the KMT government launched an initiative to re-enter the UN under a "divided state formula." DPP officials claimed that *"the DPP was the impetus... We think that it was because of the DPP continuously pressing the issue, and by pressing this issue making the general populace more aware of it and the problems behind it, that the KMT picked up on this issue."*[307] This followed widespread demands in Taiwan for UN membership. In 1991, mass rallies supporting UN membership drew crowds of twenty thousand in Taipei and over thirty thousand in Kaohsiung - the largest demonstrations since the lifting of martial law in 1987.[308] Bipartisan lawmakers responded to the public pressure by approving a resolution calling upon the government to return to the UN. In turn, MOFA upgraded the level of its liaison office in New York and increased its budget.[309] An opinion poll conducted in August 1993 found that 58,7 percent of

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[306] Wei, H.C. *"Economics Comes Before Politics: Koo on Joining International Bodies"* in Sinorama, Vol. 17, No. 1, January 1992, p.91.
[307] Hickey, D.V. *"Taiwan's Return to..."* Op.Cit. p.72.
[308] Hickey, D.V. *"US Policy and..."* Op.Cit. p.24.
[309] Ibid. p.24.

people agreed with the government bid for UN membership. Thirty-four percent wanted to use the name "ROC" for membership, thirteen percent preferred "Taiwan", while twenty-three percent were flexible on the title to be used for membership.[310]

Lee Teng-hui's constitutional reforms of 1991 which recognised the PRC as a political entity and not a rebel movement and the recognition of the ROC as having political control over Taiwan and its offshore islands, laid the domestic legal basis for the ROC's application.[311] The bid for re-entry into the UN is the ROC's most ambitious international initiative to date. Membership is intended under the divided nation model of Germany (East and West) and Korea (North and South) whereby each state had or continues to have separate representation in the world organisation. According to Taipei, since both political entities (i.e. ROC and PRC) have effective control over their own territories, each should be entitled to international representation. The ROC government proposes pursuing the Korean model of separate representation which would lead to ultimate unification. Under this model, both South and North Korea achieved "cross-recognition" and were able to jointly enter into the UN. South Korea's policy of "cross recognition" was successful in forcing North Korea to acquiesce to separate but equal representation in the international system. This was attainable due to four reasons: (i) the attractiveness of South Korea's economy; (ii) the precedent of dual recognition had been established; (iii) Seoul encouraged influential Western states to improve their relations with Pyongyang; and (iv) North Korea chose not to break-off relations with socialist states that had opened relations with the South. With the success of Seoul's "Nordpolitik" (Northern policy) in extending relations with states which formed part of the Eastern bloc, North Korea would not have been able to tolerate the diplomatic isolation that would result from the cancellation of relations with these states.[312] The PRC has had little trouble in breaking relations with small states which have decided to establish formal ties with the ROC.

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[310] Hsiao, M.H.H. Op.Cit. p.19.
[311] Hughes, C. Op.Cit. p.140.
[312] See Sanford, D.C. *"An Assessment of Taiwan's 'Flexible Diplomacy'"* in One Culture, Many Systems - Politics in the Reunification of China, McMillen, D.H. and DeGolyer, M.E. (eds.) The Chinese University of Hong Kong, Hong Kong: 1993, p.235-6.

Amongst divided nations, both former and current, the ROC is "in the least enviable position."[313] Having no explicit support from a superpower (as existed in the case of Germany and Korea) and a physical and population size a fraction of the mainland, Taiwan is in a far weaker position vis-à-vis the PRC. For these reasons, the relevance of the Korean and German models has been described as *"superficial."*[314] Jason C. Hu, former director general of Taiwan's government Information Office and currently ROC Foreign Minister, contends,

> We are certain that, if the ROC were allowed an active presence in the United Nations, there would be many opportunities for the political entities on both sides of the Taiwan Straits to engage in constructive interaction and dialogue, to build mutual trust and to work toward the reunification of China.[315]

Hu stresses that *"for the sake of our own existence and development, and for the sake of our honour, dignity, rights and interests, we must establish a reasonable international presence prior to reunification."*[316] On the ROC's representation in the UN, Lee Teng-hui has stated that Taiwan's exclusion is an *"aberrant situation...at variance with the principles and spirit of the UN Charter. It is high time for the UN to face this issue seriously and search for a solution."*[317] Even when considering the principle of one China, a possible precedent exists for Taiwan to enter into the UN having a separate political existence to the PRC. This was set by the former Soviet republics of Byelorussia and Ukraine which, although part of the same country, enjoyed separate representation in the UN along with the USSR. It has been reported,

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[313] Chou, D.S. *"The International Status of the Republic of China"* in Issues & Studies, Vol. XX, No. 5, May 1984, p.18.
[314] Phillip M. Chen, President, Cross-Strait Interflow Prospect Foundation, Taipei, interview, January 1998.
[315] Hu, J.C. *"How UN Seat Would Help Unify China"* in The Free China Journal, September 22, 1995, p.7.
[316] Ibid. p.7. Cited in Hickey, D.V. Taiwan's Security in... Op.Cit. p.124.
[317] Taiwan considers itself having a legitimate claim to statehood as set out in the Montevideo Convention on Rights and Duties of States of 1933. To fulfil the qualifications to be considered a state in international law, the following is necessary: (i) a permanent population; (ii) a defined territory; (iii) a government; and (iv) a capacity to enter into relations with other states. Hickey, D.V. *"Taiwan's Security in..."* Op.Cit. p.122. Chen C.I. *"'One Country, Two Seats?': An Option for the ROC's Re-entry into the United Nations"* in Issues & Studies, Vol. 29, No. 7, July 1993, p.128.

although unconfirmed, that Beijing has offered Taiwan membership in the UN on the condition that it agrees to a timetable toward reunification.[318]

On 6th August 1993, seven Latin American states which had diplomatic relations with the ROC called upon UN Secretary General Boutros Boutros-Ghali to place the issue of the ROC-on-Taiwan's UN representation on the agenda for discussion:[319] "Request for the Inclusion of a Supplementary Item in the Agenda of the Forty-eighth Session" in "Consideration of the Exceptional Situation of the ROC-on-Taiwan in the International Context, Based on the Principle of Parallel Representation of Divided Countries at the UN."[320] These states had benefited from Taiwan's previous US$37,5 million loan to the Latin America Development Bank. In addition, twenty-three UN member states endorsed Taiwan's cause in the General Assembly. Due to pressure from the PRC, the effort failed with Boutros-Ghali saying that Taiwan could not become a member of the UN since the organisation had resolved that Taiwan was an integral part of China.[321] Subsequent bids for membership in 1994, 1995, and 1996 endorsed by twelve, fifteen, and sixteen states respectively, were similarly quashed by Beijing.[322] Even Taiwan's offering in June 1995 to provide US$1 billion in assistance to developing nations if it was allowed to re-enter the UN has not persuaded states with which it has no formal relations to officially support its UN bid.[323]

In light of Beijing's opposition and Taiwan's political isolation, the UN is prevented from considering the question of its self-determination. Taiwan's bid for membership has drawn heavy criticism from the PRC, which with its rigid adherence to the one China policy and unitarianist belief of the Chinese state, has described Taipei's bid as

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[318] See Moller, K. *"Does Flexible Diplomacy..."* Op.Cit. p.59.

[319] These countries were: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Yu, S. *"Seven Nations Ask UN to Consider ROC Role"* in The Free China Journal, August 13, 1993, p.1.

[320] Yang, S.T. Op.Cit. p.131.

[321] Boutros-Ghali made this statement during a visit to Japan in December 1993. Ibid. p.140-1.

[322] The countries supporting the ROC in 1994 were: Burkina Faso, the Central African Republic, Dominica, Dominican Republic, Grenada, Nicaragua, Niger, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Solomon Islands, and Swaziland. In 1995, the states were: Burkina Faso, the Central African Republic, Dominica, Dominican Republic, Grenada, Guinea-Bissau, Saint Lucia, Saint Vincent and the Grenadines, Guatemala, Nicaragua, Niger, Panama, Solomon Islands, and Swaziland. In opposition to the ROC's attempt at UN membership in 1994, the PRC mobilised seventeen UN member nations into objecting to the ROC's membership bid. Included amongst these were Russia and India. Hughes, C. Op.Cit. p.141.

an "attempt to split state sovereignty."[324] Beijing's insistence of Taiwan as a province of "Greater China" and the ROC's UN bid are thus incompatible.[325] If Taiwan was to gain membership of the UN (or any other prominent international organisation) it would undermine the one China principle, the main foreign policy pillar of the PRC. Beijing is therefore not tolerant of any initiative by the KMT which it perceives as intended to split the Chinese state.

For Taiwan to be admitted into the UN, it would require a vote of two-thirds majority in the General Assembly and a three-fifths majority in the Security Council (including its four permanent members) as well as the consent of the PRC. Under the present international dispensation and strong opposition from the PRC having a Security Council veto power, Taiwan will not be able to regain a seat within the UN organisation.[326] The CCP asserts that *"regardless of whether Taipei uses the title 'Republic of China' or 'Republic of Taiwan' to rejoin the United Nations, Beijing will never accept its readmission to the United Nations."* Moreover, *"it is impossible for Taiwan to enter the United Nations under whatever name in whatever way."*[327] This suggests that Taipei's move to obtain a seat in the organisation was initiated for domestic consumption rather than a realistic attempt to enhance its international status. ROC authorities acknowledge this. Stephen S.F. Chen, former Vice Minister of Foreign Affairs, conceded that Taiwan's attempt to rejoin the UN is largely due to the "universal demand on the part of the population that the government do something to rejoin the international community."[328] Besides the PRC's power of veto, another factor obstructing Taiwan's entry into the UN is that Taiwan does not consider itself to be an independent political entity. Although a declaration of independence would

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[323] Bodeen, C. *"Lee puts Forth Boldest ROC Pitch to UN So Far"* in China Post, June 27, 1995, p.1.
[324] Moller, K. *"A New Role..."* Op.Cit. p.83.
[325] Gu, X.W. *"Taiwan: Time Bomb in the Far East"* in Aussen Politik, Vol. 47, No. 2, November 1996, p.202.
[326] Article 4, Paragraph 2, of the UN Charter stipulates that the admission of any new member in the UN will be *"effected by a decision of the General Assembly upon the recommendation of the Security Council."* The International Court of Justice has interpreted this as meaning that the recommendation of the Security Council must precede the decision of the General Assembly. Under Article 27(3) of the Charter, the PRC as a permanent member, has a power of veto over Taiwan's application for admission to membership. Chen, L.C. *"Taiwan, China, and the United Nations"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.194.
[327] Quoted in Hickey, D V. *"Taiwan's Return to.."* Op.Cit, p.
[328] Ibid. p.72.

provoke a forceful reaction from the PRC which denies that Taiwan has a right to self-determination, it has not been resolved how Taiwan could acquire membership without declaring itself an independent state first.

3.11. Taiwan's Presidential Elections and Growing International Confidence.

In response to Lee Teng-hui's visit to the US in June 1995, the PRC postponed indefinitely the proposed SEF-ARATS talks which were to be held in Beijing scheduled in August, accusing Taiwan of *"destroying the relations"* between the two and condemning Lee Teng-hui as a *"schemer"* who should be tossed into the *"dustbin of history."*[329] Thus following Lee's trip to the US, political relations between the ROC and PRC came to a standstill. As Taiwan has become more assertive in involving itself in international affairs, the PRC has come to regard this as constituting a serious challenge to its national integration programme of the "one country, two systems." Beijing has consequently adopted a harder line policy toward Taiwan. Beijing's belligerent policy stance toward Taiwan reflected its impatience over the lack of political progress toward unification which was expected with growing economic integration. It has been suggested that "Peking's threat to Taiwan in the 1990's will be somewhat higher than in the 1980's, despite the greater interaction across the Taiwan Strait."[330]

In July 1995, the MAC stated that foreign policy would be given equal priority with the mainland component of this policy. However, by September, officials in the SEF were stating that the mainland component carried greater weight than foreign policy due to concerns over national security.[331] President Lee stated that his administration *"first must take into account Taiwan's security as the top priority."* He said that he would *"pursue unification with patience"* but that there must be *"mutual respect and the mutual realisation that we can become a single family within the international*

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[329] Keum, H.Y. Op.Cit. p.13.
[330] Lasater, M. *"Taiwan's Security in the 1990's"* in Asian Outlook, Vol. 25, No. 6, September-October, 1990, p.1.
[331] Ibid. p.93.

order, and that we really help each other to build friendship."[332] Such a shift in emphasis was confirmed by Foreign Minister Chien on numerous occasions between December 1995 and the March 1996 presidential elections. In his New Year's speech, Chien confirmed that a pragmatic foreign policy would not come at the expense of overall national (meaning China) objectives.[333] Of significance was President Lee's softening of approach toward proposed talks between Taipei and Beijing.

Tempering his stance on political communication with Beijing, in September 1995 Lee Teng-hui no longer insisted upon the renouncement of the use of force by Beijing as a precondition before talks between the two sides could take place. This was seen by the Taiwanese press as a significant change in policy. In his April 1996 inauguration speech after his presidential electoral victory, Lee made a dramatic conciliatory gesture toward the mainland by announcing his intention to meet with the top leadership in Beijing. This was, however, conditional on being accepted as a political equal and not a subordinate to Beijing. This contrasted with the CCP insistence on Taiwan being a provincial government. Jiang Zemin stated the PRC's policy toward Taiwan in his New Year's speech on 30th January 1995 in the form of an Eight Point Proposal. Jiang called for an end to the state of hostility and for Taiwan to accept official exchanges based *"on the premise that there is only one China."*[334] On 8th April, Lee Teng-hui responded to Beijing's proposals through the NUC setting forth six guiding principles as preconditions for the improvement of cross-Strait relations.[335] Lee agreed to negotiate an end to the state of hostility across the Straits but refused to begin such

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[332] Myers, R.H. *"A New Chinese Civilisation: The Evolution of the Republic of China on Taiwan"* in The China Quarterly, No. 148, December 1996, p.1076.

[333] United Daily News, 1 January 1996. Cited in Ibid. p.94.

[334] In respect to its Taiwan policy, Jiang emphasised the following: (1) the one China principle is the basis and prerequisite for the realisation of a peaceful unification. Beijing opposes such theories as "Taiwan independence", "Split Sovereignty and Divided Rule" and "Transitional Stage of Two Chinas;" (2) Beijing does not oppose Taiwan developing civilian, economic, and cultural relations with foreign countries, but it rejects Taiwan's attempts to conduct such activities as to "Expand International Survival Space" with the aim to promote "Two Chinas" and "One China, One Taiwan.; (3) Both sides should enter negotiation and reach a peace agreement to end hostility; (4) Beijing will not promise to abandon the use of force in order to prevent Taiwan's independence. Ibid. p.12.

[335] The six points were: (1) Pursue China's reunification based on the reality that the two sides are governed respectively by two governments; (2) Strengthen bilateral exchanges based on the common Chinese culture of both sides; (3) Enhance trade and economic relations to develop mutually beneficial and complementary relations; (4) Ensure that both sides join international organisations on an equal footing and that leaders on both sides meet in a natural setting; (5) Adhere to the principle of resolving all disputes by peaceful means; and (6) Jointly safeguard prosperity and promote democracy in Hong Kong and Macau. Ibid. p.12.

talks with Beijing until it renounced the use of force against Taiwan. The six-point speech did not indicate a willingness on the part of the government to increase economic relations with the mainland but only to *"assist the mainland in developing its economy and upgrading the living standards of its people on the basis of its existing investments and trade relations."*[336] Included in the six-points was a "bold proposition to share with the PRC the responsibility of Hong Kong's and Macao's future" following their transition to the PRC's sovereignty:

> Continued prosperity and life under freedom and democracy are the common aspirations of the people of Hong Kong and Macau; they are also a major concern for the Chinese around the world as well as all countries. What is more important, they are a responsibility both Taiwan and the mainland cannot shirk.[337]

Despite the PRC becoming Taiwan's fourth largest foreign trading partner and Taiwanese business the second largest investor in mainland China (1995 figures), a political rapprochement between the two sides had failed to materialise.[338] In January 1996, the Beijing leadership declared for the first time since the founding of the PRC that the division of the nation was "not indefinite." This indicated Beijing's setting of a timetable toward unification with Taiwan.[339] In light of the failure of the PRC's political pressure on, economic integration with, and diplomatic containment of Taiwan to stem the island's moves toward an independent existence, Beijing felt compelled to use military means as a key policy instrument to forge unification.

Functional integration across the Straits could seemingly not act to improve the fragile political relations between Taipei and Beijing. This was a reflection of the growing influence of the military in the PRC's Taiwan policy. The military exercises were "attributable to a considerable degree to the insistence of the generals."[340] Generals Chi Haotian and Zhang Zhen were at the forefront of pushing the leadership toward a more

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[336] Cabestan, J.P. Op.Cit. p.1265.
[337] Ibid. p.1265.
[338] Gu, X.W. Op.Cit. p.198-9.
[339] People's Daily, 8 December, 1995. Cited in Ibid. p.200.
[340] Ibid. p.200.

hawkish policy towards the "breakaway province." During visits to ASEAN states, the generals attempted to persuade their hosts to bar Taipei from regional and international functions.[341] The PLA was no longer willing to let the civilian leadership dominate policy toward Taiwan and was prepared to take military initiatives on its own.[342] It can be argued that except for the days of the first phase of the Cultural Revolution in the 1960's when the PLA had to restore order in the country, the army had never had so much influence in policy-making as in the mid-1990's.[343] At this time, with the pending succession of Deng Xiaoping foremost in their minds, no CCP leader could risk having his nationalist credentials questioned by "appeasing" Taiwan and adopting a conciliatory policy toward Taipei.[344] The PLA had assured the CCP leadership that it had the *"capability, optimism and methods to restore national unity."*[345] This was an implicit threat to Taiwan's national security. Such threats bode ill for the future of political relations across the Straits.

The exercises held by the PLA were the largest seen since the 1950's. Tensions had already escalated in the Straits in 1994. In September of that year, the PLA held military manoeuvres off the coast of Fujian province and in October, PLA soldiers made threatening moves toward the Taiwanese forces stationed on Quemoy island. In November, the ROC fired a number of artillery shells from the offshore island of Kinmen into a village in Amoy on the mainland and wounded four people. This followed rumours publicised by Taipei of the PRC's planning to launch an invasion of Taiwan in the summer of 1995. Although Taipei later offered *"deep regrets"* for what it described as an accident, the incident reflected the increasing tension between the two.[346]

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[341] Lam, W.L. Op.Cit. p.398.
[342] Jiang Zemin warned against "rash" military actions against Taiwan as it would have an adverse impact upon the upcoming reversion of Hong Kong to the PRC in July 1997. Yu, T.F. Op.Cit. pp.15, 26.
[343] Lam, W.L. Op.Cit. p.196.
[344] Yu, T.F. Op.Cit. p.33.
[345] People's Daily, 1 February 1996. Quoted in Ibid. p.202.
[346] Hsiung, J.C. *"The Paradox of Taiwan-Mainland Relations"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996. p.213.

After Lee Teng-hui's trip to the US, the PLA's missile tests of August 1995 coincided with the KMT's fourteenth congress which was to decide the party's presidential candidate. Hardliners in Beijing apparently hoped that through threatening manoeuvres, the PRC would be able to disrupt Lee's re-election bid, influence Taiwan domestic debate on mainland and foreign policies, and build up internal pressure for a more conciliatory policy toward itself following the election.[347]

The military exercises in early 1996 involved a mock amphibious assault in Fujian province and missile tests near Taiwan's port cities of Kaohsiung and Keelung, disrupting Taiwan's transport links with the rest of the world. Taiwan suffered an outflow of people and capital and its financial markets were severely affected. Beijing launched a personal campaign against Lee Teng-hui whom it accused of trying to split the Chinese motherland by pursuing Taiwanese independence. For the CCP, Lee paid only lip service to unification and was regarded as the primary obstacle to Taiwan's integration into the PRC. Opposing Lee Teng-hui was intended by Beijing "to stop the menacing development of separatism in Taiwan."[348] Beijing tried to establish a causal linkage in the minds of Taiwanese voters between the increased likelihood of military confrontation and Lee's moves toward independence.[349] The PRC's threatening actions were intended to place large amounts of pressure on Lee to "alter the course of his pragmatic diplomacy."[350] The People's Daily denounced Lee Teng-hui's policies by saying that;

> Lee Teng-hui has not brought real political democratisation to the Taiwan masses, but instead [used] dictatorship, money politics, mafia control as well as Taiwan independence to accommodate anti-China foreign countries who want to split Taiwan and the mainland.[351]

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[347] Tien, H.M. and Chu, Y.H. *"Building Democracy in Taiwan"* in The China Quarterly, No. 148, December 1996, p.1169.
[348] Wong, K.Y.T. *"Missile Tests: The Objective and Risk of Gambling"* in Singtao Daily, March 8, 1996.
[349] An opinion poll found that 74 percent of Taiwanese people believed that the missile exercises were intended to influence the outcome of the presidential elections. Yu, T.F. Op.Cit. pp.17, 24.
[350] Wu, Y.S. *"From a Clash of Ideologies to a Duel of Nation States - The Impact of the PRC's Missile Tests"* in Asia View, Vol. 6, No. 1, Murdoch University, Perth, Australia, April 1996, p.1.
[351] People's Daily (Overseas Edition), March 22, 1996.

The PRC attempted to drive a wedge between Lee Teng-hui and the voters of Taiwan through its military exercises as well as launch a propaganda campaign against Lee himself.[352] With the military manoeuvres, Beijing openly linked its aggressive actions with the electoral process in Taiwan. The PLA's actions were intended to intimidate Taiwanese voters into not supporting pro-independence candidates. PRC Foreign Minister Qian Qichen warned of a *"real disaster"* if independence was supported on the island:

> We have never undertaken to give up the use of force. This is not directed against the Taiwan compatriots, but against foreign forces attempting to interfere in China's internal affairs and make intrusions, and those on the island trying to bring about Taiwan independence.[353]

Democratisation on Taiwan thus carries with it a risk of provoking a military confrontation from the PRC. Beijing seeks to constrain Taipei's "freedom of action", block any progress in the direction of independence, and press the KMT to enter into political negotiations. However, at the same time, Taiwan's attainment of democracy has become an important ingredient of its national security. It has helped to enhance its international legitimacy, nullify Beijing's aggressive policy stance, and discredit the PRC's claim to sovereignty over the island in the international community.[354] It is doubtful that the US would have shown such strong support for Taiwan's national security in March 1996 had Taiwan been an authoritarian regime and not one holding democratic elections. Beijing's original strategy of using the KMT to check Taiwanese independence within Taiwan has proved untenable due to the loss of its political monopoly over ROC politics.[355] Other political players such as the DPP are playing an increasingly prominent role in the determination of the ROC's future political direction.

Taiwan's economic integration with the mainland and the region over the last decade has, however, made a military resolution of Chinese reunification increasingly costly and therefore more unlikely. Nevertheless, should Beijing resort to the use of military

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[352] Hughes, C. Op.Cit. p.119.
[353] Quoted in The New Times, 23 March 1996.
[354] Tien, H.M. and Chu, Y.H. Op.Cit. p.1170.

force against Taiwan, the impact this would have not just on the economy of Taiwan but on the Asian-Pacific region, would be dire. Lee Teng-hui has labelled the PRC's threats and actions *"state terrorism."* Lee even began to publicly muse about a *"long term nuclear option"* for Taiwan.[356] Torn between the pro-independence sentiment in Taiwan and the one China doctrine of ultimate unification with the mainland, it seemed that the legislative elections of November 1995 would be characterised by rhetoric over national unification.[357] This, however, was not the case. Political parties, including the DPP, avoided making the issues of reunification and independence the focus of their campaign strategies.[358] These issues were side-stepped and far less prominent than in previous elections. The issues were, however, under the electioneering surface and the Taiwanese electorate were, in effect, determining the international status of the ROC-on-Taiwan. This was denied by Beijing which claimed that, *"Neither changes in the way in which Taiwan leaders are produced nor their result can change the fact that Taiwan is a part of China's territory."*[359] For Beijing, the fear existed that if it showed any sign of concession to Taiwan, a dangerous precedent would be set which may encourage parts of the PRC's territory, Tibet, Xinjiang, Inner Mongolia, or Northeast China, to call for independence:

> Since they [the PRC] think they are the central government, how could they let any part of the PRC be independent? If Taiwan can be independent, Tibet can be independent, Xinjiang can be independent, Inner Mongolia, can be independent - the whole country could fall apart.[360]

The March 1996 presidential election lent further support to Taiwan's claim of sovereign statehood as the Taiwanese were able to elect their own president for the fist time.[361] The elections were contested between Lee Teng-hui and his running mate Lien

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[355] Wu, H.H. Op.Cit. p.49.
[356] Far Eastern Economic Review, August 10, 1995, p.20-1.
[357] Following the legislative elections, in the 164-seat Legislative Yuan the KMT won 85 seats, the DPP 58, and the New Party 21.
[358] During a September 1995 trip to the US, DPP Chairman Shih Ming-teh, publicly stated that *"the DPP need not and will not declare independence once it comes to power, because Taiwan has already been independent [from the PRC] since 1949."* The China Times, September 15, 1995, p.2.
[359] The New York Times, 26 March, 1996.
[360] Former ROC General Chiang Wego, quoted in Hickey, D V. Op.Cit. p.194.
[361] Yu, T.F. Op.Cit. p.15.

Chan, the DPP's pro-independence Peng Min-min and Frank Hsieh, the New Party's Lin Yang-kang and Hau Pei-tsun who were Chinese nationalists, and Chen Li-an, an independent candidate with strong ties to Taiwan's Buddhist organisations who sought compromise with the mainland. Three of the four presidential candidates (Peng excluded) originated from the KMT camp. Lin and Hau had been expelled from the KMT in December 1995 for challenging Lee Teng-hui as the party's presidential candidate by deciding to stand in the elections on their own ticket.[362] Claiming that Lee Teng-hui had abandoned the ideology of the KMT, they later joined the neo-conservative New Party.

The results of the elections were as follows: Lee Teng-hui received fifty-four percent of the vote, Peng Min-min (DPP) polled twenty-one percent, and the pro-unification candidates Lin-Yang-kang and Chen Li-an receiving fifteen and ten percent respectively. Beijing attempted to downplay the sizeable percentage of the vote received by Lee and Peng (seventy-five percent), both of whom Beijing perceived to be pro-independence, by emphasising the combined vote of the anti-independence candidates which surpassed the figure obtained by the DPP. The popularity Lee enjoyed was due to his centrist policy stance between unification and independence. Pro-independence voters regard Lee as slowly leading Taiwan toward an independent existence, separate to that of the mainland, while pro-unification groups see him as committed to the KMT's historical mission of recovering the mainland. Thus Peng represented *explicit independence* while Lee represented *tacit independence* for Taiwan.[363]

Having been present in Taiwan to observe the presidential elections, it is the author's opinion that were it not for the threat of the use of direct force from the PRC against Taiwan in the event of a declaration of independence, the DPP would have received a higher percentage of the vote. Lee Teng-hui was regarded as being a safe, middle way vote between outright independence and Chinese nationalist allegiance. Taiwan's

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[362] In the KMT's Central Standing Committee (CSC) charges against Hau and Lin included that of *"viciously attacking"* President Lee and *"seriously damaging the party's image and prestige."* See Baum, J. *"Talk the Talk, or Walk"* in Far Eastern Economic Review, December 28, 1995 - January 4, 1996, p.23.

[363] Chen, L.C. Op.Cit. p.204.

voters at this stage were not willing to completely abandon the one China principle in favour of independence. In addition, threats from the PRC resulted in a "rally-around-the-leader" effect with Taiwanese voters "resenting the idea that Beijing could dictate Taiwan's internal politics."[364] Taiwan's democratisation had not resulted in direct votes for independence which has characterised many of the secessions of the former Soviet Union. Concerning the one China principle, Beijing's forceful stance against the ROC's moves toward a more independent existence distinct from its mainland history caused the ROC government to downgrade the emphasis given to international policy in relation to its policy toward the mainland.

The elections have left Taiwan with an uncertain international identity. Taipei has to reconcile its international activities through its foreign policy and its "domestic" (i.e. Chinese) interests through its mainland policy. Taiwan's international interests were increasingly being pursued at the expense of its national Chinese interests. The questioning of national identity is the major domestic determinant in Taiwan's foreign policy-making.

3.12. Conclusion.

Taiwan's re-assessment of its own identity and consequent adoption of its pragmatic foreign policy was largely driven by domestic forces for democratisation. This foreign policy has moved away from one of dogma to flexibility in tandem with political changes within Taiwan itself. The KMT's adherence to the one Chi principle served to obstruct Taiwan's diplomacy - holding it hostage to relations with the PRC. With the passing of Chiang Ching-kuo, the KMT's rhetoric has progressed from a rigid commitment to the one China policy to Lee Teng-hui's more flexible formulas of "one country, two governments" formula , "one country, two areas", and more recently, to the notion of two "political entities."[365]

With Taiwan's moves toward democratisation, pragmatic diplomacy has moved Taipei's foreign policy toward one of an independent, sovereign state in the

[364] Tien, H.M. and Chu, Y.H. Op.Cit. p 1170.

international community. The KMT has *"come under the pressure of public opinion to move in the direction of a divided nation."*[366] This new foreign policy is a vehicle for Lee Teng-hui's KMT for securing international awareness, if not support, for maintaining the political status quo in the interest of Taiwan's ultimate independence.[367] Pragmatic diplomacy launched a diplomatic offensive aimed at extending its significant economic presence attained in the 1970's and 1980's to include a political component.[368] It "essentially represents either simple acceptance of realities in a limited sphere, or actions considered advantageous to itself [the ROC]."[369] It thus seeks to create a niche for the ROC through the promotion of substantive relations without the privilege of diplomatic recognition.[370]

The progress and impact this novel foreign policy approach adopted by Taiwan over the past decade has had upon its international relations and status will be examined in the following chapter. In addition, the political direction in which pragmatic diplomacy is leading Taiwan will be assessed.

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[365] Hughes, C. Op.Cit. p.89.
[366] Kau Ying-mao, president of the 21st Century Foundation, a KMT think-tank, Quoted in Emerson, T. and Wehrfritz, G. *"Getting Lonelier and Lonelier"* in Far Eastern Economic Review, September 7, 1992, p.41.
[367] Moller, K. *"Does Flexible Diplomacy..."* Op.Cit. p.62.
[368] See Ho, K.L. Op.Cit. p.94-5.
[369] Durdin, T. *"The View from Taiwan"* in Asian Affairs, Vol. 8, No. 1, September/October 1980, p.3.
[370] Hughes, C. Op.Cit. p.141.

Chapter 4.

An Assessment of Pragmatic Diplomacy.

4.1. Introduction.

The preceding chapters provide an overview and analysis of the ROC-on-Taiwan's foreign policy of pragmatic diplomacy. From its official beginnings in 1988 until the 1996 presidential elections, pragmatic diplomacy has projected Taiwan's political and economic interests in the international community. Lee Teng-hui's foreign policy initiatives have resulted in him being labelled a "risk taker" - risking Taiwan's national security in return for greater international political returns. The extent to which pragmatic diplomacy jeopardises or secures Taiwan's national interests and security will be examined in this final chapter.

This chapter will assess the effectiveness and prospects of Taipei's pragmatic diplomacy in terms of Taiwan's international relations, particularly its diplomatic ties which continue to guarantee Taiwan a modicum of international legitimacy. Thus how successful has pragmatic diplomacy been as a foreign policy vehicle for the interests of Taiwan?

4.2. Pragmatic Diplomacy - An Assessment.

Pragmatic diplomacy as a policy developed as a balance between Taiwan's increasing demands for domestic reform, the demands of Chinese nationalism, and the reality of Taipei's international isolation.[1] However, rather than acting to resolve the contradictions that had emerged in Taiwanese society by the late 1980's, pragmatic diplomacy has only widened the gap between ROC nationalist claims and political practice. Taiwan's domestic political reform and the resultant re-evaluation of its foreign status has severely undermined the KMT's nationalist mythology;

[1] Hughes, C. Taiwan and Chinese Nationalism - National Identity and Status in International Society, Routledge, London: 1997, p.46.

"Democratisation has resulted in the breaking of the nationalist link that binds Chinese identity with the single Chinese state."[2] Today, Taiwan's people are in greater control of their own destiny than at any other time in their history. Since Taiwan's first direct presidential elections in March 1996, Beijing has had to face up to the reality of the constituency of the Taiwanese people as an instrumental player in Chinese reunification politics.[3] Domestic demands for a greater international presence and Taiwan's re-interpretation of the one China principle has allowed it to attempt to assert itself on the international stage as a political entity in tandem with the PRC. But as a result, Taiwan's international political identity has become even more blurred than previously with Taiwan currently existing as something between a subordinate political entity and an independent state.

Taiwan's political definition is an ambiguous one. This is especially revealing in the case of ROC-PRC relations. According to the Mainland Affairs Council, *"relations between the two sides of the Taiwan Strait are not those between two separate countries, neither are they purely domestic in nature."*[4] What they *are* is not stated. In terms of cross-Strait relations, there is a difficulty in defining Taiwan's foreign policy. The distinction between foreign and domestic policy is not a definite one. This thesis has contended that the ROC's policy toward the mainland since 1949 has in reality been a foreign rather than a domestic policy, despite claims to the contrary by the ROC government. However, ROC authorities now recognise that *"it is an unfortunate thing that China has been divided for the past forty-six years, but that is the reality."*[5] Interaction between two separate political entities takes place on an international level and therefore foreign (policy) basis. The ROC can justify its relations with the mainland as being domestic in nature due to its continued adherence to the one China principle which holds out for an ultimate political reunification between Taiwan and

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[2] Ibid, p.95.
[3] Henckaerts, J.M. *"Self-Determination in Action for the People of Taiwan"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.243.
[4] Mainland Affairs Council, *Relations Across the Taiwan Straits*, Mainland Affairs Council, Taipei: July 1994, p.9. Cited in Hickey, D.V. Taiwan's Security in the Changing International System, Lynne Rienner Publishers, Boulder: 1997, p.141.
[5] Former ROC Foreign Minister Frederick Chien, February 1996. Cited in Ibid. p.141.

the mainland. But the objective reality of the situation does not correspond to the subjective claims of the KMT government.

Despite rhetoric to the contrary, Taiwan's pragmatic diplomacy is severely eroding the one China principle. There are indeed, two Chinas, not a single Chinese political entity comprising the mainland and Taiwan. Across the Taiwan Straits, there exist two separate and autonomous governments "that exercise effective jurisdiction over their respective territories and peoples."[6] As growing exchange and interaction between Taiwan and the PRC rendered the Three No's policy obsolete, Taiwan's seeking of a greater international presence is revealing the fiction of one China. The rigid doctrine of the one China principle is not compatible with the flexible conduct of the ROC's foreign relations which today is stressed purely for domestic political purposes.[7] Adherence to "one China" rhetoric also serves as a security guarantee against threats of military force from the PRC.[8] The continued rhetorical adherence to the one China principle by the ROC enables Taipei to aim toward an ultimate unification within the domain of internal politics while pursuing an independent international foreign policy.

What pragmatic diplomacy has succeeded in doing is having created an international niche for Taiwan to exist and participate (although to a limited extent) in the international community as a separate political and economic entity to the PRC. Although this niche lacks a formal definition, it allows Taiwan to operate as a *de facto* independent state without the privilege of diplomatic recognition. As such, its international position is better than it was at the height of its international isolation during the 1970's and early 1980's.

Pragmatic diplomacy has allowed Taiwan to maximise the diplomatic tools available to it - those resulting from its economic success, social progress, and political reforms.[9] With increasing integration across the Taiwan Straits, Taipei's fear of the international

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[6] Kau, M.Y.M. *"The ROC's New Foreign Policy Strategy"* in Taiwan - Beyond the Economic Miracle, Simon, D.F. and Kau, M.Y.M. (eds.), M.E. Sharpe, New York: 1992, p.249.
[7] Ibid, p.250.
[8] Andrew L.Y Hsia, Director, Department of International Organisations, interview, January 1998.
[9] Wu, L.J. *"Limitations and Prospects of Taiwan's Informal Diplomacy"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.37.

community increasingly regarding Taiwan as falling under the sovereignty of the PRC is a very real one. Through international publicity and expansion of Taiwan's overseas contacts, pragmatic diplomacy maintains this *de facto* independence, without which, Taiwan would not be able to withstand political pressure from the PRC for unification: *"Only by further upgrading our international status can we make the Chinese Communists abandon their current [unification] policies in favour of more pragmatic ones."*[10] *"To have diplomatic relations with twenty-nine countries does give Taiwan some bargaining chips in dealing with China, but it is not enough."*[11]

Pressure upon Taiwan has significantly increased since the reversion of Hong Kong to the sovereignty of the PRC on 1st July 1997. Jiang Zemin stated that unification with Taiwan would come after the PRC exerted its sovereignty over Hong Kong in 1997 and Macao in 1999[12] with Beijing seeking to *"accomplish the reunification of the two sides of the Taiwan Straits by the same method as that for the Hong Kong issue, namely, the principle of 'one country, two systems'"*[13] On the day Hong Kong reverted to Chinese control, Jiang said that, *"The prospect of complete unification is now in sight."*[14] An exact time period for a reunification was, however, not specified, but Beijing's announcement in January 1996 that the division of the nation was not indefinite coupled with its military actions aimed at Taiwan from July 1995 to March 1996 indicate that Beijing is indeed, working on a timetable of unification.[15] Taipei has rejected the "one country, two systems" formula. By accepting this model for unification, the ROC would immediately become a subordinate provincial government to Beijing and would lose its identity and international personality.

Progress toward a settlement depends largely upon the smoothness of the Hong Kong transition and the Hong Kong SAR's continued political and economic stability under

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[10] Ibid. p.46.
[11] Jean-Pierre Cabestan of the French Research Centre on Contemporary China based in Taipei. Quoted in Baum, J. *"Virtual Diplomacy"* in Far Eastern Economic Review, May 8, 1997, p.24.
[12] Yu, T.F. *"Taiwanese Democracy under Threat: Impact and Limit of China's Military Coercion"* in Pacific Affairs, Vol. 70, No. 1, Spring 1997, p.27.
[13] Phipps, J. *"Linking Hong Kong's and Taiwan's Future"* in One Culture, Many Systems - Politics in the Reunification of China, McMillen, D.H. and DeGolyer, M.E. (eds.) The Chinese University Press, Hong Kong: 1993, p.196.
[14] Baum, J. *"Wishful Thinking"* in Far Eastern Economic Review, July 17, 1997, p.20.

the sovereignty of the PRC. If the SAR model of political integration is successful, Taiwan's leaders will be more willing to co-operate with Beijing to pursue an eventual union, albeit on a different basis to that of the SAR model which the ROC government has rejected. However, provided the Hong Kong SAR model proves feasible, international pressure will mount upon Taiwan to incline toward acceptance of it. Provided stability is maintained and political reform adopted in the PRC, the international community, seeking a peaceful resolution to the long-standing dispute between Taipei and Beijing, will pressurise the ROC to accept the "one country, two systems" model of unification. However, if Hong Kong under PRC governance proves to be a failure, the Taiwanese leadership will seek to maintain their own independence from the mainland. This could possibly result in Beijing resorting to a military option to effect unification.[16]

While Hong Kong is dependent upon Beijing for its future stability and prosperity, Taiwan still retains a degree of economic independence from the mainland economy. However, this independence is under threat from increasing Taiwanese trade and investment with the mainland economy. As economic co-operation between the two sides progresses, Taiwan's economic future will become increasingly intertwined with that of the PRC. The point will be reached whereby either side will be unable to take measures against the other without causing severe disruption to its own economy.[17] This follows the model of Hong Kong's integration into the PRC economy.

Taiwan has repeatedly declared that it will not succumb to pressure from the PRC to enter into negotiations. Pragmatic diplomacy is thus a foreign policy with no alternative. Without promotion and expansion of its overseas interests, Taiwan would not be able resist the PRC's pressure for unification and would continue to "drift into international oblivion."[18] This would hold serious implications for its national security.

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[15] Gu, X.W. *"Taiwan: Time Bomb in the Far East"* in Aussen Politik, Vol. 47, No. 2, November 1996, p.200.
[16] See Faust, J.R. and Kornberg, J.F. China in World Politics, Lynne Rienner Publishers, Boulder: 1995, p.23.
[17] Phipps, J. Op.Cit. p.196.
[18] Hughes, C. Op.Cit. p.124.

> If Taiwan is not able to establish its international identity, then it will, by default, be viewed as part of the PRC. This has important security implications, because the resolution of Taiwan's status would then be considered by most states to be an internal matter for Beijing to dictate.[19]

Pragmatic diplomacy has thus been described as *"a means of national survival"*[20] which increases the ROC's *"international survival space."*[21] International relations, both formal and informal, act to offset the threat posed by the PRC for a forceful solution to the issue of independence. By promoting these relations, pragmatic diplomacy may enhance Taiwan's security. However, this may be counteracted by the impact Taiwan's international self-promotion has in provoking forceful reactions from the PRC. This was evident in Beijing's military response to Lee Teng-hui's visit to the US in June 1995 which was the "apex" of his policy of pragmatic diplomacy.[22] Through doing so, Beijing set the limits beyond which pragmatic diplomacy is unable to advance. The extremely strong reaction on the part of Beijing to Lee's US visit was largely unanticipated within Taipei government circles. The rapid deterioration of cross-Strait relations resulted in a questioning of policy within government to the extent to which pragmatic diplomacy should be pursued.[23] Pragmatic diplomacy may thus increase the likelihood of a military confrontation across the Taiwan Straits. Taiwan is unwilling to make substantive concessions to the PRC including the abandonment of its efforts to secure international recognition which would negatively impact upon its claims to state sovereignty. The stabilisation of relations with the PRC "without abandoning its national purpose, will be a challenging task for Taiwan."[24]

4.3. Prospects of Pragmatic Diplomacy.

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[19] Lasater, M.L. US Interests in the New Taiwan, Westview Press, Boulder: 1993, p.101.
[20] Tsai Cheng-wen, National Taiwan University. Cited in Hickey, D.V. On.Cit. p.128.
[21] Phillip M. Chen, President, Cross-Strait Interflow Prospect Foundation, Taipei, interview, January 1998.
[22] Moller, K. *"Does Flexible Diplomacy Improve Taiwan's International Status?"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.53.
[23] Information obtained from various ROC government sources during a trip to Taiwan in January 1998.
[24] Yu, T.F. On.Cit. p.33.

It is very difficult to assess the prospects for Taiwan's foreign policy (pragmatic diplomacy) without determining the ultimate goal of this foreign policy track. The ROC's foreign policy has two components: maintenance and expansion of its international relations (both substantive and diplomatic), and constructive (economic) interaction with the mainland. Through mutual interaction, the second objective seeks to improve the economic, social, and political conditions on the mainland by re-creating the "Taiwan experience." It is believed that through economic development of the PRC, the gap between the two sides will be narrowed ultimately creating a favourable environment in which reunification can occur. A modified system in the PRC would also serve to enhance Taiwan's national security. Economic engagement with the PRC is thus consistent with the ROC's stated goal of ultimate unification.

What is questionable, however, is whether the ROC's pursuit of diplomatic relations and equal representation with the PRC in international organisations is compatible with reunification. This is dependent upon the interpretation of the one China principle. Officially, pragmatic diplomacy is designed to increase Taiwan's international status and forge an eventual unification along the divided state model (Germany and Korea). This, however, is arguable. Rather than creating a peaceful atmosphere conducive to unification, pragmatic diplomacy is projecting Taiwan as a separate independent entity and in so doing driving a political wedge between Taiwan and the PRC. Rather than bringing the two sides closer together, pragmatic diplomacy serves to highlight the differences which exist between them. Therefore it is very doubtful that pragmatic diplomacy is indeed compatible with an ultimate unification across the Straits.

4.4. Pragmatic Diplomacy and Taiwan's Diplomatic Relations.

Pragmatic diplomacy was originally based on the hope that Beijing would desist from isolating Taiwan n the international community in the face of states of growing importance recognising the ROC. This, however, has failed to materialise. Beijing continues to insist that, *"The PRC, as the sole legal government of China, has the right and obligation to exercise state sovereignty and represent the whole of*

China..."[25] Taiwan has not been successful as South Korea vis-à-vis North Korea was in setting a precedent for dual recognition. States such as the Bahamas, Grenada, Liberia, Belize, Lesotho, and Guinea-Bissau which have established formal relations with the ROC have not been able to maintain relations with the PRC. Beijing has responded by cancelling diplomatic relations and closing its embassies in these states. Thus the campaign for "'cross recognition' resulted merely in 'cross-over' recognition by a few small countries in Africa and Central America."[26] Pragmatic diplomacy has resulted in something of an international political stalemate emerging between Taiwan and the PRC. This can be seen by the oscillation of small states which gain economically by switching recognition between Taipei and Beijing.[27] Almost all of the countries offering the ROC diplomatic recognition do so in exchange for material aid from Taiwan. These relations are thus very tenuous. These relations could well be strained further if the PRC is able to increase its economic and foreign aid to states with formal relations with the ROC.

With the loss of formal relations with South Africa, Taipei's diplomatic allies remain small and mostly politically insignificant states. These formal relations are a result of economic attraction rather than political affinity.[28] Taiwan will not be able to extend its official relations beyond the level of the thirty developing states currently having diplomatic relations with the ROC. Diplomatic gains will be neutralised by diplomatic losses elsewhere to Beijing. South Africa's decision to break off relations with Taipei in favour of a formal relationship with the PRC brings into question the viability of Taiwan's economic diplomacy as a safeguard of its diplomatic relations.[29]

South Africa was Taiwan's most important diplomatic partner. However, the ROC's economic relationship with South Africa did not correspond to the political one. Since South Africa's change of government following its April 1994 democratic elections,

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[25] Hickey, D.V. *"Taiwan's Return to International Organisations: Policies, Problems and Prospects"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.73.
[26] Sanford, D.C. Op.Cit. p.225.
[27] Hughes, C. Op.Cit. p.139.
[28] Moller, K. *"A New role for the ROC-on-Taiwan in the Post-Cold War Era"* in Issues & Studies, February 1995, p.67.
[29] South Africa formally established relations with the PRC on January 1st 1998, downgrading relations with the ROC to the level of "liaison office."

Taiwan's diplomatic relations with Pretoria were placed in jeopardy. With the end of South Africa's international isolation and the pro-PRC stance of the newly-elected ANC-dominated government, an announcement of recognition of the PRC seemed imminent. However, despite rhetoric to the contrary, Taipei did not offer South Africa measures of economic and financial aid commensurate to its political significance as its largest diplomatic ally to in an attempt to avoid de-recognition. Taiwanese foreign direct investment in South Africa was minimal when compared with South East Asia and the PRC. It is ironic that the primary destination of Taiwanese capital is the PRC which acts in a hostile manner toward Taiwan rather than the ROC's own diplomatic allies. This brings into question the ROC's willingness to commit sufficient resources to maintain its diplomatic relations. The inability of economic diplomacy to counter de-recognition is due partly to a lack of policy clarity amongst ROC decision-makers. There lacks a consensus within government over how much resources should be allocated toward safeguarding diplomatic relations. This relates to the lack of political objectives which surround pragmatic diplomacy and the utilisation of its economic diplomacy arm. The rendering of sufficient amounts of aid to ensure continued diplomatic recognition may thus merely be a delaying strategy on the part of Taipei during which time cross-Strait relations improve to the point that international competition for recognition with the PRC becomes redundant.

Following South Africa's cancellation of formal relations, Taipei has realised the need to pursue relations not just with the foreign government of the recognising state but also the opposition parties within that state.[30] With the global trend toward democratic government, Taipei has had to increase its foreign policy efforts in improving relations with political parties in foreign states. The fear of a domino de-recognition by African states following South Africa's lead is a very real one. States such as Swaziland and Malawi maintain close relations with South Africa. To counter such a trend emerging, shortly after Pretoria established relations with the PRC, Lee Teng-hui announced his

[30] Bau Tzong-Ho, Professor and Chairman, Department of Political Science, National Taiwan University, interview, Taipei, 13th January 1998.

intention to visit Africa in 1998 which is home to ten of the ROC's diplomatic partners.[31]

A characteristic of Taipei's diplomatic relations is that they have been inextricably linked to, and dependent upon, a small number of pivotal states. By this, it is meant that following the withdrawal of these states' diplomatic recognition from the ROC, many other states followed suit in announcing their intention to break off formal relations with Taiwan. The de-recognition of the ROC by France (1964), Japan (1972), and the US (1979) all had strong regional impacts upon Taipei's foreign relations i.e. Francophone states in Africa, numerous South-East Asian countries, and a number of Latin America states, all followed the lead of the dominant regional power by de-recognising the ROC. This history exacerbates Taiwan's fear of total isolation. For Taipei, de-recognition by a prominent state most often results in a diplomatic contagion of de-recognition.

As of 1997, Taiwan had two "pivotal" diplomatic partners remaining in its foreign relations - South Africa and the Vatican (Holy See). It is likely that South Africa's withdrawal of formal relations will result in other African states doing the same. The ROC has only one West European diplomatic partner in the Holy See (the Vatican) which is represented in Taipei by a papal nuncio with the rank of cardinal. The Vatican is a significant diplomatic partner to Taipei. Relations with the Vatican has helped to secure the ROC's formal relations in the predominantly Catholic Central American region, the base of Taiwan's diplomatic support. There is a very real danger for the ROC that if it were to lose its formal relationship with the Vatican, a number of Latin American states would follow suit in de-recognising the ROC as the official government of the Chinese state. With the PRC's increasing wariness of international criticism over its human rights practices and its apparent overtures toward tolerance of religious freedom, it is seemingly only a matter of time before the Vatican will pursue a formal relationship with Beijing. This could only come at Taiwan's expense. It has

[31] See "*Foreign Ministry announces Lee's plans to visit Africa*" in The China Post, January 12, 1998, p.20.

been reported that the Vatican has made overtures to the PRC toward such an end.[32] An establishment of relations between the Vatican and the PRC would be a severe diplomatic blow to Taipei.

Central America forms the regional mainstay of the ROC's diplomatic relations. President Lee's visit to the region in September 1997 where he met with heads of state of eight of Taiwan's diplomatic partners was his first overseas trip in two years. At the same time, Lee participated in the "Universal Congress on the Panama Canal." The conference, funded by Taiwan, was largely boycotted by the invited heads of state because of pressure from Beijing.[33] For Panama, this was a political embarrassment.[34] Taiwan has sought to cement its relations with Central America through loans, aid, and most importantly for the states involved, private investment.[35] This economic diplomacy culminated in Taipei's signing of the System of Central American Integration which makes Taiwan a party to the region's development of a free-trade area.[36] Taiwan will continue to attach great importance to the diplomatic relations it enjoys with this regional grouping which account for over half its diplomatic partners. If pragmatic diplomacy is unable to continue to secure these relations, Taiwan's claims to international state sovereignty will diminish.

Taiwan's remaining diplomatic allies serve three important functions: they bolster Taiwan's position as a political entity, undermine the PRC's claim to sovereignty over

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[32] Hsieh, C.C. *"Pragmatic Diplomacy: Foreign Policy and external Relations"* in Take-Off for Taiwan?, Ferdinand, P. (ed.) Chatham House Papers, The Royal Institute of International Affairs, London: 1996, p.79.

[33] The only heads of state attending the conference besides Taiwan were those of Panama, Honduras, and Nicaragua. Pressure from Beijing also resulted in agencies withdrawing their support for the event. Taiwan sponsored the cost of organising the event to the amount of US$800 000.

[34] *"This was meant to be an important act of presentation to the international community, in which Panama would tell the world it knows how to manage and modernise a waterway that will soon be ours, and is ready to assume a more serious and responsible role. Instead it is a major lost opportunity."* Ricardo Arias Calderon, leader of Panama's opposition party, the Christian Democratic Party. Quoted in *"A Panama Canal 'Congress' Rams a China-Taiwan Rock"* in The International Herald Tribune, 9 August 1997, p.3.

[35] Taiwanese projects in the region include: an industrial development zone in Panama (US$56 million); a similar project in Honduras (US$15 million); low interest loans of US10 million each to these states to develop small and medium size enterprise; a US$20 million loan to Paraguay; and Taiwan's MOFA has pledged to capitalise 80 percent of a Central American Development Fund with US$240 million over a twelve year period. See Baum, J. *"Let's Tango"* in Far Eastern Economic Review, October 9, 1997, p.29-32.

[36] See *"Free Trade Pact"* in Far Eastern Economic Review, September 25, 1997, p.32.

Taiwan, and dampen sentiment for independence on the island.[37] Pragmatic diplomacy has been cited as intending to "pre-empt domestic advocacy of formal independence."[38] Taiwan's diplomatic relations give credence to its claims of international political legitimacy. As former Deputy Foreign Minster Chang Shallyen stated, *"If no countries recognise us, then we will be another Hong Kong."*[39] Formal relations thus act as a diplomatic life support system as well as to increase Taipei's bargaining power in the international community. During the PRC's recent military exercises aimed at Taiwan, Taipei was successful in "internationalising" the situation with the result that the PRC was unable to justify its actions as being one of "China's internal affairs."[40]

4.5. Pragmatic Diplomacy and Taiwan's Membership in International Organisations.

The ROC's pragmatic diplomacy aims to increase Taiwan's separate international representation to the PRC. Membership in international organisations helps to expand Taiwan's interests while providing an international forum for discussions on the issue of unification. In terms of membership in international organisations, pragmatic diplomacy has only been able to secure membership in organisations focused on economic matters and only then under an unofficial name. Taipei's attempts at joint membership with the PRC in international organisations and to upgrade the political status of trade representations in Taipei to formal foreign government offices have generally not been successful. A diplomatic deadlock exists with the PRC which insists upon subordinate membership for Taiwan in such cases.

Pragmatic diplomacy has, however, enabled Taiwan to acquire membership along with the PRC in a number of important international economic organisations such as the

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[37] Hickey, D.V. *"Taiwan's Security in..."* Op.Cit. p.104.
[38] Winckler, E.A. *"Taiwan: Changing Dynamics"* in Joseph, W.A. (ed.) China Briefing, 1991, Westview Press, Boulder: 1992, p.145. Former ROC Vice Minster of Foreign Affairs Fang Chin-yen, acknowledged that the government hoped that pragmatic diplomacy would *"decrease the possibilities of our countrymen resorting to radical measures with a sense of frustration."* See Hickey, D.V. *"Taiwan's Security in..."* Op.Cit. p.125-6.
[39] Kristof, N.D. *"Taiwan Winning New Friends, Hopes for Another One in Clinton"* in The New York Times, January 18, 1993, p.A12. Cited in Ibid. p.124.
[40] Hughes, C. Op.Cit. p.141-2.

ADB and APEC but not in political bodies such as the UN. Despite claiming that membership in the WTO is purely an economic matter, Taipei has been unable to acquire membership due to Beijing's opposition to Taiwan's accession ahead of the PRC. Taiwan has also failed to gain the status of "dialogue partner" to ASEAN, to become a member of the ASEAN Regional Forum (ARF) and of the "two-track" Council for Security Co-operation in the Asia-Pacific.[41] In light of Beijing's opposition, which regards Taiwan's UN bid as a challenge to its unitarianist concept of the Chinese state[42], Taiwan's bid has been described as *"futile."*[43] Realising this, Taiwan's bid for UN membership has been moderated, but not abandoned: *"If discontinued, the international community will take Taiwan for granted."*[44] Taiwan's campaign would be bolstered if it was able to expand the number of states with which it has diplomatic relations. This would increase its number of votes in the General Assembly. The ROC is facing a similar situation as the PRC did in the 1960's and early 1970's prior to unification - trying to garner enough votes to gain admission into the UN.

The ROC's UN policy has succeeded in its original goal of attracting international publicity to the ROC's international cause but it is unrealistic in achieving its stated objective of obtaining full membership in the UN and its affiliated organisations. Taipei is currently pursuing membership with less vigour and allocates less resources in mobilising allied countries to support its annual bid to raise the issue in the General Assembly. Taipei does not want to pursue UN membership at the expense of seriously damaging cross-Strait security.[45] Taiwan's future economic and international development thus depends to a large extent upon stable relations with the PRC.

4.6. Negative Characteristics of Pragmatic Diplomacy.

[41] The 1993 initiative by Philippine president, Fidel Ramos, to include Taiwan as one of ASEAN's dialogue partners was unsuccessful. Moller, K. Op.Cit. p.62.
[42] PRC officials assert that, *"It is impossible for Taiwan to enter the United Nations under whatever name in whatever way."* Quoted in Hickey, D.V. *"Taiwan's Return to..."* Op.Cit. p.74.
[43] Professor Moon Chung-In, Department of Political Science, Yonsei University, Seoul, South Korea. Interview, 22nd December 1997.
[44] Interview with a senior ROC Ministry of Foreign Affairs figure who wishes to remain unnamed
[45] Information obtained from a senior ranking ROC diplomat who wishes to remain anonymous.

Pragmatic diplomacy has been criticised for the lack of clarity which exists over its ultimate political objectives. The policy is designed to deal with current realities rather than determine a long-term political objective for Taiwan. This reflects the difficulty in defining Taiwan's foreign policy - an entity that exists somewhere between independence and the subordinate sovereignty of another state.

The limitation of pragmatic diplomacy is that it is unable to solve the issue of Chinese sovereignty. All countries are aware of Beijing's sensitivities and are both unwilling and unable to offer diplomatic relations to both the PRC and ROC. Formal diplomatic relations means the granting of recognition. This entitles a state to the legal qualification necessary to play a full role in the international community. Largely lacking such formal recognition, Taiwan must continue to rely upon its substantive and informal relations in order to function effectively in the international community. Promoting this end, senior Taiwanese government officials will continue to irk Beijing by travelling to foreign countries in their "private" capacities. Such "vacation diplomacy" will mostly serve Taiwan's economic needs without upgrading the island's international political status. The pressure Beijing is able to exert upon states with which it has formal relations counteracts Taipei's attempts to expand its political relationship with those states. Former ROC Premier Lien Chan has been able to visit states with which Taiwan has strong economic influence. Trips to Ukraine in August 1996, and Iceland and Austria in October 1997, were successful in gaining international publicity but not diplomatic recognition.[46]

Taiwan's attempts to promote itself internationally through dual recognition poses a challenge to the PRC and its interpretation of the one China principle. This acts to provoke Beijing which may further seek to isolate Taiwan in the international community. In September 1997, Beijing announced a strategy labelled "peripheral warfare" designed to undermine Taiwan's international standing and curtail its overseas activities. This is to be achieved through restricting Taiwan's room for international manoeuvre by reducing the number of states with which it has formal

[46] Lien Chan was forced to cancel a planned visit to Spain after the PRC had threatened *"serious consequences"* to any country which hosted Chan. See *"Lien Rebuffed"* in Far Eastern Economic

links. For Beijing, this is, *"resources well spent...this would be much less than the costs incurred if we [the PRC] were to go to war with Taiwan."*[47] Therefore, any success attained through pragmatic diplomacy will be met with commensurate political resistance from Beijing.

4.7. Pragmatic Diplomacy and Cross-Strait Relations.

In the mid-1990's, many observers believed that "official" contact between Taipei and Beijing would occur by 1995.[48] However, the political tension between the two sides following Lee Teng-hui's visit to the US in June 1995 has resulted in any such talks being delayed indefinitely. Impeding the talks from the Taiwan side is the ROC government's fear that direct talks with Beijing could jeopardise its international political status. If talks were conducted on the basis of the KMT being a local governing authority (as the PRC insists) rather than of a sovereign government entity (as it claims to be), the international legitimacy of the ROC would be further undermined.[49] For Taipei, negotiations in a superior-subordinate relationship (central government to local government) are unacceptable.[50] Such a format may encourage Taiwan's diplomatic partners to reassess their relations with Taiwan in favour of shifting their relations to the PRC. For this reason, Taiwan insists that any discussions with Beijing take place on an equal "government-to-government" basis. Vice President Lien Chan outlined the relationship between pragmatic diplomacy and national unification when he stated, *"We want mainland China to understand the goals of pragmatic diplomacy. We are working hard to reunite the country but this can only take place on an equal footing."*[51]

Despite these misgivings, the administration's main goal is to normalise its relations with Beijing. This is to begin with the resumption of non-governmental talks with the

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Review, October 23, 1997, p.13. See also *"Taipei Chief's Kiev Trip Fuels Fears of Tensions"* in International Herald Tribune, 21 August 1996, p.4.

[47] See *"Diplomacy cheaper than war"* in South China Morning Post, September 8, 1997, p.10.

[48] See Zhan, J. Ending the Chinese Civil War - Power, Commerce, and Conciliation Between Beijing and Taipei, St. Martin's Press. New York: 1993, p.129.

[49] Beijing has called for "party-to-party" talks with Taipei, and more recently, "party-to parties" talks so as to include the DPP.

[50] Henckaerts, J.M. Op.Cit, p.248.

[51] Bodeen, C. *"Lien Back from Trip, Stresses Pragmatism"* in The China Post, June 23, 1995, p.1.

mainland. Lee Teng-hui has expressed his intention to forge a political agreement with Beijing. During the March 1996 presidential elections, Lee claimed that if elected, a peace agreement with the mainland would be *"the most important work"* of his administration.[52] After his re-election, Lee expressed his willingness to travel to Beijing to meet with the CCP leadership.[53] Lien Chan has also stated that, *"we [the ROC] are interested in seriously thinking about a peace treaty and a lot of preparations need to be done for that."*[54] Lee has stated that any negotiations with the PRC *"will be difficult"* until the issue over the succession of Deng Xiaoping is resolved.[55] With the reduction in cross-Strait tension since March 1996 and following Jiang Zemin's succession to the posts of President and Party Chairman of the CCP in September 1997, the short term prospects for an improvement in cross-Strait relations have increased. Taking this into account, negotiations through the SEF and ARATS are likely to be renewed in mid-1998. This is dependent upon three factors: firstly, the continued steady cordial improvement in cross-Strait relations; secondly, the health of the respective ageing heads of the SEF and ARATS, Koo Chen-fu and Wang Daohan; and thirdly the role of the US in bringing the two sides to the negotiating table. The planned visit of US President Clinton to the PRC in June 1998 will act as a catalyst for the resumption of cross-Strait negotiations. This signifies the important role the US plays in inter-Chinese relations.[56] However, with contact steadily growing across the Straits as well as Taipei's decision to allow government officials to take part in meetings between the SEF and ARATS from February 1995, the importance of the SEF as a negotiating organ is likely to diminish. In August, the status of the SEF was relegated from that of "principal negotiator" to a "supportive role."[57] It has, however, been reported that clandestine negotiations have taken place between Taipei and

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[52] See *"We're Ready for Anything, Says Lee"* in The China Post, February 27, 1996, p.1.
[53] Chen, R.L. *"Lee Holds Out Olive Branch"* in The China Post, May 20, 1996, p.1.
[54] Wan, A. *"Vice President Holds Out Hope of Peace Treaty"* in Hong Kong Standard, March 28, 1996. Cited in D.V. *"Taiwan's Security in..."* Op.Cit, p.50.
[55] Yu, S. *"Lee Links High-Level Talks to Mainland Bid for Power"* in The Free China Journal, May 17, 1996. p.1.
[56] Phillip M. Chen, interview, January 1998.
[57] In March 1995, the ban on visits to Taiwan of heads of PRC economic organisations, excluding minister-level cadres, was lifted. In August, more PRC professionals were allowed to enter Taiwan as well as a growing number of mainland officials holding Communist Party, political or military positions. In November, the MAC announced that PRC vice-ministers would be permitted to travel to Taiwan. Lee Teng-hui in his inaugural address in May 1996 announced that Taiwanese governors, mayors, and county magistrates could visit the mainland as private individuals. Cabestan, J.P.

Beijing on a frequent basis. It is likely that both governments secretly communicated during the March 1996 missile crisis.[58] However, Taiwan's democratisation does not allow "non-transparent channels of communication to play any critical role in cross-Strait relations."[59]

Formal high level talks between Taiwan and the PRC are not just becoming possible but may even be characterised as being imminent. The likelihood of a meeting between Lee Teng-hui and Jiang Zemin is on the cards. A pre-condition is a willingness by Beijing to improve cross-Strait relations in spite of Taiwan's pragmatic diplomacy which it regards as "disguised independence."[60] The possibility of high level political meetings taking place will increase following President Clinton's pending visit to the PRC. Such a high-level political meeting would not be designed to pursue reunification but rather to contribute to an improved atmosphere across the Taiwan Straits through a reduction in tension. To ensure continued economic progress and social stability, Taiwan needs to safeguard its national security. A summit meeting between Lee and Jiang would go a long way in improving cross-Strait relations.

A future meeting between Lee and Jiang will be the most politically significant event in cross-Strait Chinese relations in the past half century. A cross-Strait summit would negate the ROC's 1991 *Guidelines for National Unification* which called for a renunciation of the use of force against Taiwan and the end of Beijing's policy of isolating the ROC in the international community before direct or political contact could take place. In reality, the *Guidelines* are no longer a fixed policy approach of the ROC. Rather, it is has become *"redundant"*, merely providing a rough guide for cross-Strait relations.[61] This poses a dilemma for Taiwan's policy-makers - to reconcile the

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"Taiwan's Mainland Policy: Normalisation, Yes; Reunification, Later" in The China Quarterly, No. 148, December 1996, p.1270-1.

[58] In February 1995, it was reported in the Taiwanese press that Liu Taiwan-ying, the head of the KMT economic empire, had met with PRC officials on a regular basis as a representative of Lee Teng-hui. In April, the New Party accused Su Chih-cheng, the director of Lee's secretariat, and Cheng Shu-min, chairman of the Cultural Planning and Development Council, of having had secret talks with mainland officials. Although officially denied, reports claimed that Lee Yuan-tse, president of the Academia Sinica, met Liu Huaqiu, PRC Vice-Minister of Foreign Affairs, in the US on 10th March 1996. Ibid. p.1271.

[59] Ibid. p.1271.

[60] Gu, X.W. Op.Cit. p.198.

[61] Phillip M. Chen, interview, January 1998.

practice of political contact with the PRC with the rhetoric of its unification politics. This may well result in significant ramifications for the ROC's international policy, both in the China region and in the international community.

4.8. Political Economy Across the Taiwan Straits.

Through economic interaction with the mainland, the ROC is becoming increasingly dependent upon the PRC economy, rendering it susceptible to possible political leverage from Beijing. For the PRC, economic and trade co-operation forms the core of its relations with Taiwan. Reunification is occurring through economic rather than political integration. With vast economic flows taking place between Taipei, Hong Kong, and the Eastern coastal regions of the PRC, a "Greater China" economic circle is emerging. The ROC Ministry of Economic Affairs has adopted the term "economic reunification" to define what "it believes to be its contribution to reunification through promotion of trade and investment in the mainland."[62] This investment is, however, limited in size - large-scale investments are prevented from going to the mainland.

The lack of direct links between Taiwan and the mainland is another measure being enforced by Taipei in an attempt to stem the large flows of investment to the mainland. The reluctance of the KMT government to increase Taiwan's direct transport links with the mainland is impeding its ambition to project itself as a regional financial centre in competition with Hong Kong. Isolation from the PRC market makes it impossible for Taipei to achieve its objective of becoming an Asia-Pacific business operations hub. Such a project was launched in 1995 and entitled the Asia Pacific Regional Operations Centre (APROC). The APROC proposal was seemingly an *"immature announcement"* by the government. The progression of the island's infrastructure, financial system and cross-Strait policy all need to be developed prior to an APROC launch.[63] The greatest obstacle to APROC is, however, political: *"Taiwan's relationship with China will determine the island's economic future... but the government appears not to recognise this."* For this reason, APROC is *"mere wishful*

[62] Sanford, D.C. Op.Cit. p.242.
[63] Phillip M. Chen, interview, January 1998.

thinking without direct and easy access to China's markets and resources."[64] In addition, the APROC plan will remain stillborn as long as the potential for military conflict across the Straits remains. Multinational companies will be unwilling to commit to Taiwan without the assurance of long-term stability on the island.[65] According to the ROC government itself, *"No matter how alluring the potential economic gains of removing all restrictions on cross-Strait trade and investment, economic considerations may never override those of national security."*[66]

4.9. Political Opposition and Foreign Policy.

With the passage of time and the dominance of Taiwanese rather than those of mainland origin over ROC politics, Taiwanese society has become more "local" in nature. Taiwanese are experiencing higher levels of education than previously and the use of the local dialect rather than mandarin from the mainland is prevalent. Taiwan's social changes and political reforms have left Taiwanese with greater control over their own destiny than ever before. Under Lee Teng-hui, the state has encouraged the development of an integrated Taiwanese society.[67]

The consolidation of Taiwanese society has ramifications for Taiwan's identification vis-à-vis China. The arch-independentists within the DPP argue that if the political link with the Chinese mainland is broken, the way is left open for the development of ties with the PRC without entailing the imperative for political amalgamation between the two sides of the Taiwan Strait.[68] A number of this group left the DPP and formed the

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[64] American Chamber of Commerce, Taipei, October 1997. See *"A Sore Point"* in The Economist, 18 October 1997, p.29-30.

[65] Ferdinand, P. *"Conclusion"* in Take-Off for Taiwan?, Ferdinand, P. (ed.) Chatham House Papers, The Royal Institute of International Affairs, London: 1996, p.109.

[66] ROC Premier Vincent Siew. Quoted in *"A Sore Point"* Op.Cit. p.30.

[67] The Lee Administration has sought to reduce ethnic tensions on the island with the unveiling of a commemorative monument in Taipei for the 228 Incident in February 1995 which involved the killing and political repression of Taiwanese in 1947. Lee announced that the "228 Park", as the memorial was named, had ushered in a new era for Taiwan and brought together a *"Gemeinschaft of shared sorrows and joys."* Hughes, C. Op.Cit. p.99.

[68] On the 100th anniversary of the ceding of Taiwan to Japanese colonial rule in April 1995, radical elements within the DPP staged a "Goodbye China" rally calling for (i) abolishment of the National Unification Council, (ii) enacting a new constitution, (iii) entry into the UN, and (iv) safeguarding Taiwan for a separatist destiny. Hsiung, J.C. *"The Paradox of Taiwan-Mainland Relations"* in The International Status of Taiwan in the New World Order - Legal and Political Considerations, Henckaerts, J.M. (ed.) Kluwer Law International, London: 1996, p.215.

Taiwan Independence Party (TIP) in October 1997 advocating an independent Republic of Taiwan. The DPP has recently tempered its stance on independence. Several important members of the DPP have stated that in the event of their party coming to power, a declaration of independence would not be made nor a referendum on the question held. Under threat from the PRC, the missile crisis of 1995-6 contributed to making this policy public. In September 1995, former DPP Chairman Shih Ming-teh announced in the US that his party would not declare independence if the DPP were to come into government. Such remarks were echoed by the presidential candidate Peng Min-min during the March 1996 election campaign so as to avoid a damaging split in the party. The DPP reasons that Taiwan already acts as an independent state and therefore a declaration of independence would be redundant. Such rhetoric has been adopted by the KMT's Lee Teng-hui who claims that Taiwan is already a *de facto* independent state and for this reason a declaration of independence is unnecessary.

No matter the demands of the radical elements within the TIP advocating political independence of the island from the mainland, in the context of Taiwan as a Chinese entity, the people of Taiwan may not wish to formally separate themselves from the sphere of China and "turn their back on the benefits of being located in the 'living tree' of Chineseness" which may occur in the event of a formal declaration of independence. Despite adopting a more moderate policy stance, a DPP electoral victory would add to the sense of insecurity on Taiwan and may destabilise the island's economy and divide the society in general.[69] The issue of independence in ROC politics reached a climax during the 1996 presidential elections. Since this time, the impetus for independence has declined and does not attract the domestic interest it did previously. ROC elections are now more contested on the basis of "bread and butter" issues rather than abstract political concepts. Barring any significant deterioration in cross-Strait relations or instability in the PRC, this trend is likely to continue. This is due to the maturing nature of ROC politics which has become more centrist, sidelining radical parties on both sides of the political spectrum.

[69] Hughes, C. Op.Cit. p.61.

Political moderation has also come about due to pressure from the US on Taipei to pursue policies conducive to stability in cross-Strait relations.[70] The 1995-6 crisis has made Taiwan even more dependent than before upon the US for both military and political security. Thus in the future, Washington may exert more pressure on Taiwan's pragmatic diplomacy so as to maintain the balance between Taiwan and the PRC which is conducive to stability and in the interests of the US. Washington may even lend more vocal support to the more conciliatory policies as espoused by the New Party.[71]

Fearing moves toward independence on Taiwan, which it charges pragmatic diplomacy of bringing about, the PRC has declared Taiwanese independence as one of the four major threats confronting China:[72] *"If the Taiwan authorities continue to promote so-called 'pragmatic diplomacy', it will only do great harm to relations between the two sides of the Taiwan Strait and do no good for the survival and development of Taiwan."*[73] Senior PRC military figures have made clear that should Taiwan declare independence, *"We definitely will use force."*[74] The decision to use coercive force directed at Taiwan from mid-1995 was due to Beijing's rising concern that Taiwan's "democratisation and diplomatic offensives were rendering its strategy of national unification ineffective."[75] In January 1996 the PLA assured the CCP leadership that it had the "capability, optimism, and methods to restore national unity."[76]

The policy of pragmatic diplomacy has sought to tread the fine line of maximising Taiwan's political gains while avoiding the wrath of Beijing. Pragmatic diplomacy has attempted to "maximise the benefits of Taiwan being a branch on this tree (of 'Chineseness') while not compromising the island's political independence from the

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[70] K.H. Shia, Taipei Mission in Korea, interview, Seoul, 3rd January 1998.
[71] It is ironic that the NP objected to the US naval presence in the seas around Taiwan during the March 1996 missile crisis claiming it to be an interference in Chinese affairs. The China Post, 15 March 1996, p.19. Cited in Cabestan, J.P. Op.Cit. p.1275.
[72] See *"Beijing's 'War Plan' in Bid to Isolate Taiwan"* in South China Morning Post, September 10-11, 1994, p.1. The three other "major threats" to China are: (1) US and Western attempts to contain China; (2) the challenge posed by the rapid economic growth of other Asia Pacific nations; and (3) instability in countries and areas of critical importance to China such as North Korea. Hickey, D.V. *"Taiwan's Security in..."* Op.Cit. p.148.
[73] Statement made by Xinhua News Agency. *"China warns Taiwan in diplomatic drive"* in The Korea Herald, 11 September, 1996, p.1.
[74] PRC General Zhang Wannian. Quoted in Hickey, D.V. *"Taiwan's Security in..."* Op.Cit. p.187.
[75] Yu, T.F. Op.Cit. p.8.
[76] Gu, X.W. Op.Cit. p.202.

mainland more than is necessary."[77] This state of existence (i.e. maintenance of the political status quo) has been labelled Taiwan's "post-nationalist identity."[78] However, in this "post-nationalist" Taiwan, support for independence is often exaggerated. Surveys show that possibly around only ten percent of the population are in favour of *"independence as soon as possible"* or *"status quo leading to independence."*[79]

Because of domestic opposition to a declaration of independence and its move away from such a radical policy stance, if the DPP were to win the upcoming 2000 presidential elections, it is unlikely that Taiwan's foreign policy would undergo any significant change. The goal of Taipei's foreign policy, regardless of which party controls the presidency, is to guarantee national security and maintain stability on the island. Without public support, the DPP would be unable to pursue any type of formal independence. Besides, a declaration of independence without international recognition would not "make Taiwan a sovereign state independent of China."[80] It may even provide states already having relations with Taipei an opportunity to reassess their diplomatic relations with the ROC. Such a move of independence would only serve in provoking a military response from the PRC in defence of its dogmatic adherence to the one China principle. In the event of a DPP government, the only foreign policy shift would likely to be a greater allocation of resources toward increasing Taiwan's international political interests and status.[81] Therefore, Taiwan's pragmatic diplomacy in pursuance of the status quo has developed into a bipartisan foreign policy - the DPP as well as the Lee Teng-hui administration seek to preserve the status quo for Taiwan i.e. *de facto* independence. Taiwan's foreign policy is thus seemingly immune to political shifts brought about through democratic forces.

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[77] See Tu, W. (ed.) The Living Tree: The Changing Meaning of Being Chinese Today, Stanford University Press, Stanford: 1991. Cited in Hughes, C. Op.Cit. p.95.
[78] Hughes, C. Op.Cit. p.95.
[79] A public opinion poll taken in September 1995 found that 3.7 percent of those surveyed favoured an immediate declaration of independence with 8 percent supporting a declaration of independence in the future. The poll was conducted by the Election Study Centre, National Chengchi University, Burke Marketing Research Ltd. and the China Credit Information Service. Cited in Hickey, D.V. *"Taiwan's Security In..."* Op.Cit. p.188.
[80] Yu, T.F. Op.Cit. p.9.
[81] Bau Tzong-Ho, interview, 13th January 1998.

The minority New Party (fourteen percent of the electorate) favours a more conciliatory policy toward the mainland. The party receives support from a significant section of the business community. It proposes the rapid establishment of direct transport links with the mainland and claim that Lee's foreign policies have put Taiwan in jeopardy. For the NP, an ultimate unification is to be negotiated with Beijing first for the creation of a confederal entity, followed at a later stage by a federation embracing the two Chinese states.[82] Admission into the UN should be "non-hostile" to Beijing and under the principle "one country, several seats." The NP is willing to compromise with Beijing in order to prevent, "at any cost" Taiwan's independence. Although enjoying a small percentage of electoral support, the NP's close connections to the business community, growing contacts with Beijing, and strong opposition to Lee Teng-hui, may pose difficulties for the Lee administration's foreign policies in the future. The extent of the NP's national support will be determined in the next national elections.[83]

4.10. Conclusion.

Pragmatic diplomacy is the logical result of domestic pressure within Taiwan to seek greater international recognition and resist the PRC's unfavourable unification proposals. It cannot be separated from Taiwan's internal politics and the China question itself. Pragmatic diplomacy is a foreign policy vehicle designed to secure local and primarily international attention so as to be able to maintain Taiwan's political status quo vis-à-vis the PRC. It is a half-way measure between conceding to the sovereignty of the PRC and an outright declaration of *de jure* independence.

As long as the issue of Chinese representation in the international system continues to be contested by the PRC and ROC, Taiwan's relations will predominantly be of the informal kind. These relations are dependent upon a foreign policy of continued flexibility on the part of Taipei. This foreign policy, however, remains inextricably linked to the issue of Chinese reunification. It is limited as it has to function within the constraints of the one China principle. Pragmatic diplomacy will continue to harness

[82] Cabestan, J.P. Op.Cit. p.1274-5.
[83] Ibid. p.1275.

Taiwan's economic and financial muscle for attempted political gain. This is the foremost goal of pragmatic diplomacy - to maintain Taiwan's economic prosperity and uphold the political status quo so as to avoid further international isolation. This status quo leaves Taiwan in a grey area in the international community as a diplomatically isolated state.[84]

Pragmatic diplomacy benefits Taiwan in three ways:[85] (i) Taiwan's increasing integration into the global economy increases other states' awareness of Taiwan's economic strength; (ii) the political environment of economic relations continues as politics and economics cannot be divorced from another; and (iii) such integration necessitates some form of official contact with other states with foreign governments becoming increasingly willing to interact with Taiwan to the point of falling short of drawing opposition from Beijing: "...it will remain difficult for other members of the international community to cross certain boundaries which Beijing wishes to draw."[86]

Pressure on the part of the PRC seeking to limit Taiwan's foreign policy goals is likely to grow as the next century progresses. With the rise of the PRC as a global economic power, Taiwan will increasingly lose its economic advantage in the developing world over the PRC in the conduct of foreign affairs. Unable to compete on a political or economic level, Taiwan's diplomatic relations will be threatened with the island finding it increasingly difficult to sustain its status as a *de facto* separate political entity from mainland China. Thus pragmatic diplomacy's attempts of diplomatically projecting the ROC as a political entity in the international community will ultimately depend upon the political will of the PRC regime. Until the PRC is willing to revise its rigid adherence to the one China principle and the international enforcement thereof over Taiwan, the ROC's foreign policy will not be able to make further significant political breakthroughs. Thus Taiwan's "diplomatic apartheid" is a political trend that will not be reversed despite the bold initiatives of pragmatic diplomacy.

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[84] Henckaerts, J.M. Op.Cit. p.247.
[85] See Wu, L.J. Op.Cit. p.45.
[86] Ibid. p.52.

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Author: Davies, MartynJ.
Name of thesis: The roots and policies of the Republic of China-on-Taiwan's foreign policy of pragmatic diplomacy, 1988-1996.

PUBLISHER:
University of the Witwatersrand, Johannesburg
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