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Managing Stability in the Taiwan Strait: Non-Military Policy towards Taiwan under Hu Jintao

Wu-ueh Chang and Chien-min Chao

Abstract: China's Taiwan policy has been one of coupling intimidation (the "stick" approach) with coercion (the "carrot" approach), a policy mix which, in the near term, is not likely to change, as is evidenced by the passage of the "Anti-Secession Law" in March, 2005. However, under Hu Jintao, the focus has been on pragmatism. The warm atmosphere that presently reigns in the Taiwan Strait area is unprecedented. Further talks are expected before the two cross-Strait leaders are slated to step down, simultaneously, in 2012. An era of reconciliation and negotiations has dawned. For the first time there is consensus regarding norms of interaction between the two sides. Cross-Strait relations have stabilized after years of tumult. More open, stable and predictable cross-Strait relations are in the interests of both sides. Difficulties surely lie ahead, but they will be dealt with in a different manner than what has been witnessed in the past.

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Keywords: Taiwan, Hu Jintao, cross-Strait relations, Leading Small Group, ARATS.

Dr. Wu-ueh Chang is currently director and associate professor at the Institute of Mainland China Studies, Tamkang University, Taiwan. He received his Ph.D. from the Institute of East Asian Studies, National Chengchi University.

E-mail: <wu-yen@mail.tku.edu.tw>

Dr. Chien-min Chao is currently a distinguished professor at Sun Yat-sen Graduate Institute for Development Studies, National Chengchi University. He has been a visiting distinguished professor at George Washington University and visiting teaching professor at the University of Wisconsin-Madison.

E-mail: <emchao@nccu.edu.tw>

Introduction

On April 29, 2005, a historic meeting took place between Hu Jintao, the General Secretary of the Chinese Communist Party, and Kuomintang (KMT) chairman Dr. Lien Chan at the Diaoyutai State Guesthouse. Although the previous year, the KMT had been deposed as the ruling party and Lien lost the election, the meeting was significant in that it was the first between leaders of the former arch-enemies in more than six decades. The “Common Aspiration and Prospects for Cross-Strait Peace and Development” produced as a result of that meeting heralded a new policy line that now constitutes the core of the current mainland-China policy formulated by President Ma Ying-jeou who reclaimed the regime for the KMT in March, 2008, after an eight-year hiatus, during which the independence-leaning Democratic Progressive Party (DPP) ruled. Two months after the power transition, Hu met with Taiwan’s new ruling party chairman Wu Poh-hsiung. Their eventful meeting was followed, in mid-June, by a resumption of talks between the two semi-official organizations, the Straits Exchange Foundation (SEF) and the Association for Relations across the Taiwan Strait (ARATS). These events established Hu’s reputation as the Chinese leader who successfully brought cross-strait relations back from the brink of disaster and spurred the normalization process.

These are no small steps and what Hu faces is an entirely new ball game. The international scene, cross-strait interactions, and domestic concerns on both sides of the Strait, have changed drastically in the past decade.

China’s rise and war in the Middle East have given Beijing a significantly stronger voice in international affairs, especially in East Asia. Taiwan’s pursuit of a more autonomous status under the previous Chen Shui-bian administration placed China in a very precarious situation and Chen’s quest for a new constitution and a referendum seeking approval to officially use the name “Taiwan” upon entry to the United Nations, led Beijing to declare that the island republic was, in effect, seeking *de jure* independence (Chao 2005). The perception that the Taiwan Strait was in a state of emergency prompted Jiang Zemin’s enactment of a more assertive policy – known as *wengong wube* (“to attack with pens and intimidate with coercion”; a parallel to Theodore Roosevelt’s “Walk softly and carry a big stick”). Cross-strait relations at the beginning of the new millennium became more tenuous than at any other time since the early 1980s when China began to de-radicalize its policies. When the

fifth-generation leadership, headed by Hu Jintao, took power in 2002, the challenge in the Taiwan Strait region was so daunting that the area was considered, by some, to be on “the brink of war”. The passage of the “Anti-Secession Law” in March 2005, cast a heavy shadow over the Taiwan Strait. However, in a dramatic about-face, Hu Jintao reduced the coercive (“stick”) part of the two-pronged policy and weighing in, instead, more heavily in favour of a “carrot” approach. With this new engagement policy in place, cross-Strait relations were poised for a change when Taiwan’s second power transition occurred in March 2008.

Does, in fact, the “blue sky after a heavy rain” exist, as described by Chen Yunlin, head of the State Council’s Taiwan Affairs Office (SCTAO) until his reappointment as chairman of the ARATS (China’s window of communications with Taiwan) on the eve of the second talks (SCTAO website 2008b). What is the rationale behind Hu Jintao’s great change? Are cross-Strait relations set for a great leap forward?

Ma Ying-jeou’s landslide victory – along with the defeat of the “Taiwan for [the] UN” referendum – ushered in a new era in the, heretofore, difficult cross-Strait relations. With a president who publicly contests advocacy for independence and a ruling party, the KMT, that controls over three-quarters of the seats in the Legislative Yuan, it is safe to say that the worst period in relations is probably over. Engagement, rather than nationalistic confrontation, has become the very core of policy-thinking on both sides.¹ The provocative “desinification” policy that was believed to be the pivotal part of Chen Shui-bian’s efforts to consolidate “Taiwan consciousness” is probably a thing of the past.² Trust between the two sides is likely to be restored, gradually. The power shift in Taiwan has also put a halt to the instability caused previously by the minority DPP government, which had retained only 23.9% of the seats in the

1 What worries Beijing the most is that Taiwan might attempt to add the “state-to-state” theory, via amendment, to the constitution. This is what is meant by “de jure” independence. According to the ROC’s constitution, an amendment proposal must be passed, first, by three-quarters of the Legislative Yuan and it is, then, subject to a popular referendum. During this second stage, half of all registered voters are required to vote, and the approbation of half of those voting is necessary for the process to be complete. With the KMT in power, there is little likelihood that any such amendment would succeed.

2 Many of the congratulatory dispatches from foreign dignitaries sent to Ma Ying-jeou following his election, including those from U.S. President George W. Bush and the Japanese and U.K.’s foreign anticipation of fresh opportunities for dialogue and peace in the Taiwan Strait area.

2008 Legislative Yuan election despite having garnered 39.1% of the popular vote. As Taiwanese politics stabilize so should relations between the two sides.

This article argues that Hu Jintao is more pragmatic than any previous Chinese leader in his handling of the thorny issue of cross-Strait relations. As a result, the two Taiwan Strait neighbours currently have more in common than at any other time in the past. China's ultimate goal of national unification has been delayed and cross-Strait relations are now instrumental to the advancement of the PRC and ROC's mutual economic interests. Policies – and the relevant organizations dealing with them – have been reshaped in order to accommodate this new reality.

Storm Clouds before Hu Jintao: Jiang Zemin and the *Wengong Wuhe*

Beijing's Taiwan policy was changed in the context of the post-Mao era policy shift, injecting incentives into its enervated economic system. The new policy, promulgating "peaceful unification", featured Deng's "one country, two systems" formula, which allowed for an interim period leading to eventual unification. Although Jiang Zemin was appointed Secretary General of the CCP amid the Tiananmen Square crisis at the Fourth Central Committee Meeting of the Thirteenth Party Congress in 1989, it was not until January 1995 that he made his important "Eight Point" speech on Taiwan at a tea party hosted by the State Council's TAO, on the eve of the Chinese New Year (Jiang 2001: 283-289). The "Eight Point" proposal continued the conciliatory tone set by Deng Xiaoping, promising "peaceful unification" while refusing to renounce the use of force. It also pledged: military action should there be any concrete moves to secure Taiwan's independence; to hasten the implementation of the three "direct links" (direct transport, postal services, and commercial interchange) and civil exchanges, and to put an end to the state of hostility under the "one-China" principle. Furthermore, Jiang proposed to facilitate Taiwan's participation in cultural and economic activities at the international level. A future Taiwan-China summit meeting was also welcomed. He further suggested a separation of politics and economics in order to extend better protection to Taiwanese business interests in China.

The "Eight Point" proposal was made public in a context of an easing of tensions following the historic first meeting of the SEF and the

ARATS in April 1993, where delegates of the two semi-official organizations sought to iron out their differences. However, when the U.S. issued a visa to President Lee Teng-hui for a visit to his alma mater, Cornell University, on June 5, 1995 the mood altered. A series of *wengong wube* were launched: first, through harsh criticism issued by official Chinese news agencies and, subsequently, by missile-firing in the waters off Taiwan on the eve of the first direct-presidential election in March 1996. The Taiwan Strait, again, became a flashpoint – for the first time since the Quemoy Crisis of 1958. Although Koo Chen-fu, head of the SEF, traveled to Beijing and Shanghai in October 1998, in an effort to resurrect the interactive process, the publication of former President Lee’s “state-to-state relations” statement, made in an interview on Deutsche Welle Radio in July 1999, further aggravated tensions.

A month before Taiwan’s second direct-presidential election was held (on March 18, 2000) Beijing disclosed its second White Paper regarding Taiwan, titled *[the] One China Principle and the Issue of Taiwan*, threatening the use of force if – among other things – unification was put off *sine die* (State Council Information Office of the PRC 2000: 1). Three days before the election, Premier Zhu Rongji warned Taiwan “not to play with fire” and that Taiwan independence “would not end well”. When Chen Shui-bian, of the independence-leaning DPP, was elected president, defeating KMT’s Lien Chan and the People First Party’s (PFP) James Soong, the policy of *wengong wube* was reaffirmed. However, when, in his inaugural speech (20 May, 2000), Chen proclaimed his conciliatory “five noes” policy (no independence, no changing the country’s name, no push for any referendum altering the status quo, no push for inclusion of the “two-states” theory in the constitution, and no abolishment of either the National Unification Council or its Guidelines) Beijing gave him the benefit of the doubt by adhering to a policy of “listening to what he says and observ[ing] what he does” (*tingqiyān guānqìxíng*).

Hu Jintao and Beijing’s “Two-Hands” Policy

While inheriting a harsh policy environment from his predecessor Jiang Zemin, Hu Jintao has made deliberate efforts to woo the people of Taiwan. Although Beijing’s policies remain two-sided – both the “carrot” and “stick” approaches continue to be integral elements of Hu’s policy mix – he has demonstrated increased pragmatism. As a result, cross-strait relations have substantially improved. Cross-strait talks not only

have resumed, but, already, in the year following President Ma Ying-jeou's accession to office on May 20, 2008, nine agreements have been signed. Although the acrimonious fight over Taiwan's international space remains a problem, its intensity has diminished.

There are several reasons for this change of policy: Ma Ying-jeou's inauguration as President of the ROC has provided a propitious environment, which Hu has deemed amenable for the pursuit of a new set of reconciliation policies. Given the atmosphere of animosity and confrontation which reigned, on both sides of the Strait, during Chen Shui-bian's presidency, Beijing's top leadership is wary about the direction in which the two sides might head; hence, Beijing's strengthened resolve to steer relations back to a more manageable level. Furthermore, China's rising stature, especially in the economic and financial realms, has bolstered Beijing's confidence.

Organizationally, the CCP's Central Leading Small Group on the Work of Taiwan (CLSGWT), the SCTAO, and the ARATS are the three agencies responsible for making and implementing policy related to Taiwan. While the CLSGWT is the highest-ranking decision-making body charged with crafting important policy, the SCTAO serves as a forum which ensures that those policies are publicized and implemented. The ARATS, on the other hand, subordinate to the SCTAO, serves mainly as its front organization and a counterpart to Taiwan's semi-official SEF; both (ARATS and SEF) tasked with handling exchanges and negotiations between the two sides. It is said that Hu Jintao has a personal interest in drafting, and even implementing, policies related to Taiwan, often engaging in direct discussions even with lower-ranking (i.e., mid-level) SCTAO officials.

The Central Leading Small Group on the Work of Taiwan

In post-Mao China important decisions are often formulated by the Politburo (PB) and its Standing Committee (PBSC). However, given its clearly delineated responsibilities and with high-ranking leaders grabbing the top positions, the Central Leading Small Groups (CLSGs) – and particularly their leaders – play key roles in the decision-making process (Hamrin 1992: 10; Shao and Su 2007: 16); hence, those keeping watch on cross-Strait relations pay close attention to the CLSGWT's movements.

Although the agency has existed within the CCP party apparatus for quite some time, its actual date of creation remains a mystery. According to Professor K. C. Chen, the party timed the establishment of the Tai-

wan affairs agency to coincide with the signing of the “Shanghai Communiqué” during the historic visit to China by former U.S. President Richard Nixon in 1972 (Chen 1990: 22-24). However, Tong Xiaopeng, once deputy head of the CCP’s United Front Work Department (responsible for the work of Hong Kong, Macau, and Taiwan), suggests, in his memoir, that the CCP’s CLSGWT existed as early as 1956 with Li Kenong and Luo Ruiqin at the helm. Later, in 1967, Zhou Enlai put Luo Qingchang, who once served as director of Zhou’s office and Deputy Secretary General of the State Council, in charge of Taiwan affairs (Tong 1996: 274, 299-303). When a “peaceful unification” policy was pronounced in 1979, the CLSGWT was reorganized: Deng Yingchao, widow of Zhou Enlai – and a member of the top decision-making body, the PB, and as Chairman of the Chinese People’s Political Consultative Conference (CPPCC) – became its new head and an administrative office was added to enhance its functions (Shao and Su 2007: 109).

Over the years the CLSGWT’s functions have changed. Upon Deng Yingchao’s appointment as its leader in December 1979, the CLSGWT was charged with research and dispensing advice to the party center on matters regarding Taiwan. Consider, for instance, the important “Nine-Point Suggestions Concerning the Realization of Peaceful Unification of the Motherland”, proposed by Ye Jianying, Chairman of the National People’s Congress (NPC’s) Standing Committee, on September 30, 1981. The document is hailed as the key component shaping Beijing’s “one country, two systems” formula aimed at luring Taiwan back to its fold. A “third cooperation” between the KMT (the first two occurred when the KMT ruled China proper) and the CCP was requested. Ye also asked both sides to negotiate implementation of the “three links”. Deng participated in discussions organized by the Central Secretariat and helped produce the final draft which was then presented to the PBSG for approval (Jin 1993: 743).

When Deng Yingchao retired in October 1987, the CLSGWT was reorganized. Yang Shangkun, the then-deputy chairman of the Central Military Commission (CMC), who became PRC president in 1988, succeeded as the new head and the group’s membership was expanded to include Minister of Foreign Trade and Economic Cooperation Zheng Tuopin, Deputy Foreign Minister Zhu Qizhen, Minister of National Security Jia Chunwang, and Vice President of the Chinese Academy of Social Sciences (CASS) Zhao Fusan.

Table 1: Personnel Changes within the CLSGWT

		1979	1987	1993	2003	2008
CCP	GS			Jiang Zemin*	Hu Jintao*	Hu Jintao*
	Central Office				Wang Gang	Ling Jihua
	DUFW		Yan Mingfu		Liu Yandong	Du Qinglin
	DEP		Zhu Muzhi			
SC	State Council	Luo Qing-chang		Qian Qichen**	Tang Jiaxuan***	Dai Bingguo***
	MOFA		Zhu Qizhen			
	MNS		Jia Chun-wang	Jia Chun-wang	Xu Yong-yue	Geng Huichang
	MFTEC/Commerce Dept		Zheng Tuobin			Chen Deming
	OCAO	Liao Chengzhi	Liao Hui			
PLA	CMC	Yang Side	Yang Shang-kun*			
	GSH		Xiong Guangkai	Xiong Guangkai	Xiong Guangkai	Ma Xiaotian
	PDGSH		Yue Feng			
TRA	SCTAO/CCTAO	Deng Ying-chao* ; Yang Yindong	Yang Side	Wang Zhaoguo	Chen Yunlin	Wang Yi
	ACTA	Lin Liyun				
	ARATS			Wang Daohan	Wang Daohan	Chen Yunlin
	CPPCC	Wang Feng; Cai Xiao			Jia Qinglin**	Jia Qinglin**
CASS		Zhao Fusan				
Total		8	11	6	9	10

Note: * designates CLSGWT chiefs; ** designates deputy chiefs; *** designates Secretary Generals.

Abbreviations:

CASS: Chinese Academy of Social Sciences;
CCTAO: CCP's Taiwan Affairs Office;
CMC: Central Military Commission;
CPPCC: the Chinese People's Political Consultative Conference;
ACTA: All China Taiwanese Association;
DEP: the Department for External Propaganda;
DUFW: the Department of United Front Work;
GSH: the General Staff Headquarters;
MOFA: Ministry for Foreign Affairs;
MNS: Ministry for National Security;
MFTEC: the Ministry of Foreign Trade and Economic Cooperation;
OCAO: Overseas Chinese Affairs Office of the State Council;
PDGSH: Political Department of General Staff Headquarters;
SC: State Council;
SCTAO: Taiwan Affairs Office of the State Council;
TRA: Taiwan-related agencies.

Source: Interviews conducted by the authors with Mainland China scholars over the years.

In March 1991, the word “leading” was removed from the official title and Deputy Premier Wu Xueqian, became deputy head of the CLSGWT while, Wang Zhaoguo, director of the SCTAO, served as Secretary General. In June 1993, the CLSGWT was – once again – reorganized with the CCP Secretary General and PRC president Jiang Zemin, heading the small group. The first thing Jiang did was to reinstate the word “leading”. Its membership included representatives from agencies such as foreign affairs, national security, the PLA, the united front work department and – of course – the SCTAO; the CLSGWT’s influence in decision making continues to grow.

In November 2002, Hu Jintao replaced Jiang Zemin as CCP Secretary General, assuming leadership of the CLSGWT a year later. Although cross-Strait negotiations were no longer possible with the DPP’s Chen Shui-bian in power, China’s effort to contain Taiwan independence continued unabated; consequently, the CLSGWT’s role was strengthened. In addition to institutions such as the SCTAO, the Department of United Front Work, Ministry of National Security, and the ARATS who were members; Chairman of the CPPCC Jia Qinlin was named deputy to assist Hu with the work. Tang Jiaxuan, a State Councilor, became Secretary General. Wang Gang, a PB alternate member, director of the Central Office, and member of the CCP Secretariat, was also included.

In the wake of yet another power transition (to the KMT) and in expectation of warmer cross-Strait relations, Hu Jintao rejuvenated the CLSGWT, with Dai Bingguo, a State Councilor, replacing Tang Jiaxuan as the new Secretary General; Wang Yi, a former deputy-foreign minister

was named the SCTAO's new director; and Chen Yunlin assumed chairmanship of the ARATS, left vacant at the death of Wang Daohan in December 2005 (*Xinhua News Agency* 2008).³ Minister of Commerce Chen Deming was also included as a member. Dai, Wang, and Lieutenant General Ma Xiaotian, the PLA's deputy chief of the General Staff, all have experience in external affairs; it seems that Beijing is conscious that Taiwan's international space might be the next area of contention and want to be prepared for it organizationally.

The Taiwan Affairs Office

There was a sudden increase in travel after former President Chiang Ching-kuo lifted the ban on cross-strait exchanges in 1987. To cope with the escalating flow of Taiwanese visiting the mainland, Beijing decided to create the TAO at the State Council's 21st executive meeting on September 9, 1988, during which, Deputy Minister of the State Planning Commission Ding Guangen, was named director. Previously, a Taiwan Affairs Office existed at the CCP party center, acting as CLSGWT secretariat. Following the tradition of "one set of personnel with two monikers" (*yitao renma, liangkuai zhaopai*), the two TAOs (of the CCP and the State Council) merged in March 1991 to maximize efficiency, but each has kept its respective designation in name (Guo 2004: 89). When the State Council underwent restructuring and streamlining – respectively in 1993 and 1998 – the SCTAO was kept intact due to its status as party functionary. The TAOs often jointly issue vital policies. The warning to Taiwan to shun advocacy of independence issued on May 14, 2004, after President Chen Shui-bian's second-term inauguration and the strong reaction registered after Chen's abolishment of the National Unification Council on February 28, 2006, constitute two examples.

One positive emerging trend is that the criteria for selecting SCTAO directors are now based on professionalism, rather than ideology and party loyalty. Chen Yunlin who studied soil chemistry at Beijing Agricultural University served as vice governor of Heilongjiang province before being recruited first as deputy director, and then, as SCTAO director in January 1997. In June 2005, Zheng Lizhong, Xiamen's Party Secretary, was chosen deputy director of the SCTAO in charge of economic affairs:

3 Beijing did not fill the vacancy left when Wang Daohan died in December, 2005, until June 3, 2008, when Chen Yunlin was named ARATS chairman, just in time for the resumption of talks between the SEF and ARATS.

a logical appointment given the geographic proximity of Fujian province (to which Xiamen belongs) and from which over 70 per cent of the Taiwanese emanate. Ye Kedong, who once served as Hu Jintao's personal secretary, was also appointed deputy director.

It is obvious that during the DPP's rule the SCTAO's work focused on advancing economic and trade relations. However, in the wake of Hu's limited political reforms, Beijing's Taiwan policy-making has become increasingly transparent. In the past, the foreign ministry, rather than the SCTAO, was responsible for dealing with foreign news media regarding cross-Strait issues. The first SCTAO-organized press conference was held on September 5, 2000; beginning as a monthly event, it was then held bimonthly, due to mounting tensions resulting from passage of the Referendum Law by Taiwan's Legislative Yuan in November 2003. Since their inception, nearly 100 such press conferences have been held. An assessment of the press conferences held since April 2005 reveals that statements, given by spokesmen at the beginning of each press conference, can generally be grouped into one of two categories: those warning against a push for Taiwan's sovereignty and those which disclose goodwill policies approved during CCP/ KMT forums (founded by Hu Jintao and former KMT Chairman Lien Chan in April, 2005). This trend was especially evident after Taibei decided to disband the National Unification Council in 2006.

The ARATS

Since its foundation in December 1991, the ARATS has relied heavily on the SCTAO for organizational support and staffing. Its standing vice chairmen and secretary generals normally come from the ranks of SCTAO deputy directors and chiefs of the Department of General Affairs – prompting some to describe the three Taiwan-related agencies – the two TAOs and the ARATS – as “one set of personnel with three monikers”. The SCTAO's Organic Statute provides the foundation for such overlapping. As opposed to its counterpart – the SEF – the ARATS is not authorized to authenticate legal documents, a function derived from an agreement signed by the SEF and ARATS' heads in April 1993; nor does it provide legal services (as can the SEF). Its functions are limited to engaging in cross-Strait negotiations and making contacts on behalf of the SCTAO. The ARATS' role was further diminished after Beijing severed the SEF/ ARATS conduit of communication following the “state-to-state relations” dictum publicized in 1999.

After the DPP took power in March 2000, differences over the “one-China” and “1992 consensus” principles became apparent. The ARATS’ task – as in all other relevant Chinese agencies – was to contain the spread of Taiwan independence. In a speech commemorating its 10th anniversary, Li Bingcai, Standing Chairman of the ARATS, speaking on behalf of the organization, suggested that it would

strive to resume cross-Strait negotiations on the basis of [the] ‘one China’ principle and increase dialogue with those Taiwanese and groupings who are for the principle of ‘one China’ and fighting against Taiwan independence (*People’s Daily Online* 2001).

Since Lee Teng-hui’s visit to his alma mater, Cornell University, in June 1995, the two semi-official organizations had virtually ignored the exchange and negotiation mechanism agreed upon at the Singapore meeting – with the exception of Koo Chen-fu’s private trip to Beijing and Shanghai in November 1998. Beijing refused to fill the vacancy left by Wang Daohan’s death in December 2005. The victory of the KMT’s Ma Ying-jeou revitalized the perfunctory ARATS: on June 3, 2008, the ARATS was reactivated and Chen Yunlin was designated to succeed Wang as the new Chairman. Three of its seven vice chairmen – Zheng Lizhong, Sun Yafu, and Li Bingcai – are active SCTAO deputy directors, while three of the remaining four, Wang Fuqing, Wang Zaixi, and Zhang Mingqin, are SCTAO retirees. Li Yafei – SCTAO’s assistant to the director and head of the Department of General Affairs – is the new secretary general (*Xinhua News Agency* 2008). With ARATS’s restructuring, it is now ready to face the unfolding situation in the Taiwan Strait area.

Reformulating the “One-China” Principle

Hu Jintao has given more vital speeches concerning cross-Strait relations and met with more Taiwanese politicians than any previous mainland Chinese paramount leader, including Lien Chan and Wu Poh-hsiung, (both active KMT party chairman at the time); PFP Chairman James Soong, and even, in Boao on April 12, 2008, Vincent Siew, a popularly elected vice president (then, pending inauguration). Although these events are all historic, the most significant change in Hu’s Taiwan policy has been the redefinition of the “one-China” principle.

In the past, Beijing took an adamant stance on the “one-China” issue – refusing to acknowledge *yizhong gebiao*, or “one China with [a] different interpretation” (as Taibei understood the 1992 agreement reached

in Hong Kong when SEF and ARATS delegates met to discuss the meaning of “one China” in preparation for the first summit between the two organizations). Beijing rejected the term “92 consensus”, and insisted, instead, that what was actually agreed upon – by both sides – was *yizhong gebiao*, an acknowledgement of the rigid “one-China” principle.

However, Beijing experienced a drastic change of attitude and decided the more ambiguous “92 consensus” was, after all, the proper basis on which the two sides could return to a common political framework (despite its dubiousness). Although this about-face came when Jiang Zemin was at the helm – and hoping to lure the independence-leaning Chen Shui-bian administration back to the fold – it was Hu who successfully pushed the policy through and breathed into it an extra element of flexibility. Beijing has proven itself to be tolerant, even when Taipei stretched the policy a bit by linking “[a] different interpretation to the one-China principle” to the dubious “92 consensus”. Taiwan’s attainment of “observer-” (rather than the wished-for “member-”) status at the World Health Assembly – the highest decision-making body of the World Health Organization – in May 2009, something Taipei had been striving for since 1997, attests to a new attitude of flexibility.

Hu not only “broke the rules” by replacing the sacred “one-China” principle (and therefore the sacrosanct notion of “sovereignty”) with a more ambiguous term, but also in uttering the unorthodox expression before the international community. On March 26, 2008, a week after Ma’s victory in Taiwan’s presidential election, Hu told U.S. President George W. Bush in a telephone conversation that “it is China’s consistent stand that the Chinese mainland and Taiwan should restore consultation and talks on the basis of the ‘1992 consensus’” (*People’s Daily Online* 2008). Hu went even further claiming that both sides of the Taiwan Strait “recognize there is only one China, but agree to differ on its definition”⁴ (SCTAO website 2008a). This was the first time a Chinese leader had ever mentioned the “92 consensus” before a foreign audience. And it was on that ambiguity that the road to the historic meeting between Hu and Vincent Siew at Boao was paved. The two politicians reaffirmed the agenda set by Hu (resumption of talks to discuss the feasibility of visits by mainland Chinese and open weekend-charter flights by early July 2008). Finally, the SEF and ARATS did resume talks in

4 News posted on the *Xinhua News Net* gave different accounts of the conversation. The English version confirmed that Hu did bring up the “one China, different definition” to Bush.

Beijing in mid-June; after over a decade's suspension and the visits and charter flights, finally, became reality.

Harder but Softer

Having inherited the harsh policy of *wengong wube* enacted by his predecessor Jiang Zemin, Hu Jintao started out as its stand bearer in an asserted move to vehemently quash Taiwan's nationalist sentiment whipped up by President Chen Shui-bian. In a speech on March 4, 2008, Hu suggested that efforts be made to win over those who once held "illusions over Taiwan independence" and those who "had actually practiced Taiwan independence" (*People's Daily Online* 2008). In a statement issued by the SCTAO two months later, Beijing demanded "five absolute noes": no compromise on the "one-China" principle; no renegeing on peaceful negotiations; no change in the sincere pursuit of peaceful development with the Taiwan people; no change to the principle of safeguarding national sovereignty and territorial integrity; and no tolerance for Taiwan independence (*Zhongguo Shibao* 2004: A1). The passage of the March 2005 Anti-Secession Law was berated by people worldwide. It stated that non-peaceful means and "other necessary measures" could be legitimately utilized if

Taiwan independence forces, in whatever name[s] and taking whatever means, result[s] in the fact that Taiwan is ceded from China; or major incidents occur resulting in Taiwan'[s] secession from China; or [that] the possibilities [of] peace[ful] unification are entirely lost (*Zhongguo Shibao* 2005: A2).

However, in what has been known as a "harder but softer" policy, the "softer" element has reigned since former KMT chairman Lien Chan's "ice-breaking" (and ground-breaking) trip to Beijing in April 2005. Pragmatism has, subsequently, become a hallmark of Hu Jintao's Taiwan policy. This realism is best manifested in the policy "pinning [...] hopes on the people of Taiwan" (*ji xiwang yu Taiwan renmin*). The policy has two dimensions: the first, to ally with forces in Taiwan in order to thwart the independence movement and the second, to grant economic privileges to various segments of the Taiwanese people.

Hu has done what his predecessors have failed to do – revive KMT/ CCP cooperation. Former KMT chairman Lien Chan took the initiative of visiting China in April 2005, after having lost the presidential election the previous year. The two leaders held talks at Diaoyutai State

Guesthouse and consequently a “Common Aspiration and Prospects for Cross-Strait Peace and Development” was issued. In it they pledged to jump-start cross-Strait talks, to normalize bilateral economic relations, to end hostility, to discuss the issue of Taiwan’s international space, and to establish an institutionalized KMT/ CCP forum. In all, five such forums have been held, debating issues ranging from agriculture, economic, trade, cultural, and educational affairs. Many substantial issues of mutual concern have been discussed through the KMT/ CCP channel of communication and relations with the KMT have been an essential component of Hu’s “pinning hopes on the people of Taiwan”.

Hu has been less interested than his predecessors, in rhetoric such as “one country, two systems” and “never give up the use of force”, proving that he is willing to compromise on issues which prove vexatious for Taiwan. Furthermore, Hu is intent on dispensing goodwill towards the Taiwanese. When KMT Vice Chairman Chiang Pin-kung led a delegation to China to meet SCTAO Director Chen Yunlin on March 30, 2005, heralding the first such party-to-party contacts, Beijing expressed its intention to allow Taiwan’s agricultural exports onto the Chinese market. The move was designed to appeal to DPP-leaning farmers living in southern Taiwan, the island’s agricultural belt. After the first Hu/ Lien meeting in April 29, 2005, Chen Yulin announced that in addition to a gift of two pandas, Beijing was willing to impose a zero-tariff regulation on 18 Taiwanese agricultural products. Subsequent to the first KMT/ CCP Economic and Trade Forum – held in April 2006 – Chen Yunlin announced 15 additional preferential treatments, including increased leniency for Taiwan’s agricultural exports. Beginning on May 1, 2006, 22 varieties of Taiwanese fruits were allowed entry through Chinese customs. A month later, Beijing extended Taiwanese agricultural exports the same “green passage” enjoyed by the Chinese products in distribution (*Xinhua Net* 2008). Similar privileges were granted during the second and third KMT/ CCP forums held in October 2006, and April 2007. Beijing’s goodwill was then extended beyond agriculture into additional areas. Taiwan students now pay the same tuition and fees as local students; visas are currently obtainable upon arrival at certain ports; and qualified Taiwanese (those having passed the pertinent examinations) are allowed to practice law and accounting.

Resumption of Cross-Strait Talks

Fifteen years after Koo Chen-fu and Wang Daohan met in Singapore, resulting in the signing of four agreements, another such summit between the SEF and the ARATS was finally held in Beijing in June 2008. These were the the highest-level meetings ever held since the country's division in 1949. Unfortunately, neither signatory, present at the Singapore meeting, was able to witness the great thaw in relations. A new generation of leadership, Chen Yunlin and Chiang Pin-kung, signed two agreements, one enabling Chinese tourists to visit Taiwan and the other authorizing direct weekend-charter flights as of July 4, 2008.

What changed at the second SEF/ ARATS meeting was more than a simple question of leadership; the differences were multiple.

First, the atmosphere is more cordial. In the early-1990s, when contacts were first initiated, each side had moved with extreme care. While, during that era, government officials were not allowed to be directly involved in such talks, this time around neither party to the negotiations imposed such a ban. As a result, the Beijing talks were actually concluded by officials (on each side) from various government departments. For Taiwan, in addition to MAC Vice Chairman Fu Don-cheng, high-level officials participated from the Ministry of Transportation and Communications and the National Immigration Agency. Almost all top-level SCTAO officials sent by Beijing were negotiators who served, concurrently, as ARATS' employees.

The new policy has been to gradually increase the official nature of the negotiations (from its previous semi-official status) by including more officials. Key negotiators, in addition to Chen Yunlin, recently extracted from his SCTAO position in order to head the ARATS (and who is chief negotiator responsible for the institutional talks between that organization and the SEF) are Zheng Lizhong and Sun Yafu, deputy directors of the SCTAO, serving concurrently as ARATS vice chairmen. Li Yafei, assistant to the SCTAO director and secretary general of the ARATS, also played a vital role. The lineup shows that the SCTAO and the ARATS are indeed, officiously, "one and the same", at least from the organizational point of view. Other SCTAO officials participating in the talks were Ma Xiaogang, chief of SCTAO's Department of the General Affairs, Zhou Ning, chief of the SCTAO's Department of Regulations, and Zhang Shihong, deputy chief of the SCTAO's Department of Economic Affairs, and all, concurrently, Deputy Secretary Generals of the ARATS. Xu Mang, chief of the SCTAO's Department of Economic

Affairs and Dai Xiaofeng, head of the SCTAO's Department of Exchange. Representatives from China's National Bureau of Tourism were also present.

The SEF and the ARATS, have agreed to hold biannual talks on economic, trade, and exchange issues (with the meeting venue to alternate between China and Taiwan). Since President Ma Ying-jeou took office in May 2008, nine agreements and one joint declaration have been signed, concerning direct transport links, food safety, criminal repatriation, and cooperation between financial institutions. Each agreement was reached via talks between government officials at various relevant agencies. The SEF/ ARATS intermediate channel only provides an umbrella framework. The previous, one-way flow of Taiwanese capital onto the Chinese market has been reciprocated, as China is now also allowed to invest its capital in Taiwan's market. Institutionalized visits by the senior leadership of the two intermediate organizations have become commonplace. Chen Yunlin's visit to Taipei in November 2008 – the highest mainland official to ever set foot on Taiwan – was momentous; despite being marred by disturbance, as protesters took to the streets to lodge their discontent, it was nevertheless, one success on a long journey towards normalizing relations. Ma met with the ARATS' delegation in his capacity as ROC president, the first time any mainland official has publicly met with an ROC chief of state. Looking ahead, slated for the agenda, is the inking of an economic cooperation framework agreement to lessen the impact of the formation of the single biggest free-trade zone (between China and members of the Association of Southeast Asian Nations) which is set to take effect on January 1, 2010. Other issues – currency exchange, protection of Taiwanese business interests on the mainland, setting up SEF and ARATS representative offices on opposite sides of the Strait – comprise likely topics for further talks.

Conclusion

China's attitude has been one of coupling the "stick" and "carrot" approaches to Taiwan policy-making. In the near term, coercion and intimidation will probably continue to inform that policy mix as evidenced by passage of the March 2005 "Anti-Secession Law". Under Hu Jintao, definition of Taiwan's international space has advanced – persistent and daunting challenges notwithstanding. However, Hu has opted for the "carrot" approach and for pragmatism. The warm, constructive atmos-

phere current in the Taiwan Strait is unprecedented. Additional talks are expected before the two cross-Strait leaders step down, simultaneously, in 2012. An era of reconciliation and diplomacy has dawned.

This is not to say that the fifth-generation leadership finds all well in the Taiwan Strait area; no relations can be kept in permanent high-gear and their cyclical-nature will always constitute the norm. However, there is reason to believe that the warming of relations is not comparable to the cross-Strait situation of the early 1990s. Taiwan's economy was good. It was a time when "money cover[ed] the ankle". Politically, Taiwan was in the midst of restructuring and on the threshold of becoming the first democracy in Chinese history. China, on the other hand, was reeling from the Tiananmen crackdown. At that time, Taiwan was the provider of capital, goods, experience with development; and China, the beneficiary. At present, with China the world's third-largest economy, the roles have been inversed. Second, after eight years of DPP rule, the dream of pursuing status as an independent political entity has pretty much been fulfilled, albeit officiously; the psychological need is no longer felt so acutely. For the first time, there is consensus, from across the ideological spectrum, on how Taiwan ought to deal with the PRC. It is also the first time that some sort of accord regarding bilateral norms of interaction has emerged. Cross-Strait relations have stabilized after years of tumult. More open, stable and predictable cross-Strait relations are in both sides' interest. The difficulties that lie ahead will be dealt with differently than in the past.

One such difficulty stemmed from the systemic differences in China and Taiwan's political institutions and values. As more convoluted and sophisticated political issues crop up, these structural restraints will have to be factored in. Furthermore, Taiwanese consciousness, which has been forged through decades of confrontation with mainland China and reinforced during Taiwan's tortuous road towards democracy, will no doubt resurface once the gears shift.

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