

## BEIJING'S TAIWAN POLICY: Tactical Adjustment and Strategic Persistence\*

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## Abstract

Beijing's Taiwan policy consists of two levels: strategy and tactics. The former--such as the "peaceful unification", "one country two systems", and the non-renunciation of the use of force"--has been impressively consistent over almost two decades. However, the latter--such as military intimidation, economic enticement, verbal attacks, or softening of rhetoric--has been amazingly agile. The three major factors that seem to determine how Beijing adjust its tactics toward Taiwan are China's domestic condition, the international environment (Beijing-Washington relations in particular), and the Taiwan dynamics. Two positive cases, and two negative cases in the 1990s are examined.

**Key words:** Beijing, Taipei, cross-strait relations, strategy, tactics, unification, independence, Lee Tenghui, Jiang Zemin, Zhu Rongji, SEF, ARATS.

On March 15, 2000, People's Republic of China Premier Zhu Rongji put on an unforgettable performance at a press conference in Beijing. As Chen Shuibian, candidate of the Democratic Progressive Party (DPP), gathered momentum in the campaign for the forthcoming Taiwan presidential election, Zhongnanhai (中南海) expectedly felt uneasy. The obvious reason was that DPP had proclaimed to seek independence for Taiwan. Broaching war while shaking his fist, Zhu warned the voters in Taiwan, "Do not indulge in impulse with consequences that you will live to regret".<sup>1</sup> Zhu's strong tone on the Taiwan issue was seen to be "unprecedented, and his agitated delivery surprised those present".<sup>2</sup>

On March 18, Candidate Chen became President Chen. War did not break out across the Strait. Beijing's reaction for months to come was passive and low-key, typified by its standard comment on Chen: "We will listen to his words, and watch his deeds"<sup>3</sup>.

In July 2000, US Secretary of Defense William Cohen visited Beijing. He came away impressed that its leaders had mellowed up regarding the cross-strait situation, because they told him that they had no intent to use force against Taiwan, although they reserved

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<sup>1</sup> The literal translation reads, "Do not indulge in impulse with consequences that are too late to regret for". Wang Zhonghong (王綽中), "zhurongji jizhehui" (Zhu Rongji's Press Conference), (Taipei) *China Times* March 16, 2000.

<sup>2</sup> Huang Jikuan (黃季寬), "Jiqing yanchu Zhu Rongji danxin Taidu yiyu yanbiao" (Worries for Taiwan Independence Surfaced in Zhu Rongji's Agitated Performance), (Taipei) *Central News Agency* March 15, 2000.

<sup>3</sup> "Li Jiaquan cheng 'yi Zhong' yuanze bu rangbu jiang cai sizhong fangfa chuli liangan jushi" (Li Jiaquan said that we will not yield on the 'one China' principle and will take four measures in handling the cross-strait situation) (Hong Kong) *Takungpao* March 25, 2000.

the right to do so. "I think it was quite a significant difference in both the tone and content of that message", remarked Cohen on October 2, 2000 at the Center for Strategic and International Studies in Washington<sup>4</sup>. In the same month, Taiwan opinion leaders visiting Beijing apparently were fed with a different message. Upon their return, they announced their perception: "The cross-strait situation is precarious, and bordering on an eruption of open military conflict" (情勢嚴峻, 戰爭一觸即發)<sup>5</sup>.

The two cases illustrate how agile Beijing could be in handling the affairs across the Taiwan Strait. The former demonstrates the agility toward the same people over time, or the temporal agility. The latter demonstrates the agility toward different people at the same time, or the personal agility.

This paper attempts to focus on the former, and to explore the following questions: How does one define Beijing's Taiwan policy, and the components -- both strategic and tactical--thereof? What factors determine Beijing's tactical adjustment of its Taiwan policy? What did the most salient cross-strait events in the 1990s -- either in accommodation or contention-- demonstrate how Beijing adjusted its Taiwan policy? What conclusions and implications may one draw from the observations?

<sup>4</sup> "Cohen Cites Russia, China, Weapons of Mass Destruction as Top Foreign Policy and Defense Challenges", *U.S. Department of State Washington File*, October 2, 2000 (<http://usinfo.state.gov/products/washfile.htm>). The author asked Cohen for comment on the disparity between the impressions Beijing created between visitors from Washington and Taipei in July 2000, when Cohen visited the author in his MAC office on October 31, 2001. Cohen remarked, "Maybe they say different things to different people".

<sup>5</sup> See, for example, He Shan (禾山) "Chen Shuibian yiri sanpi 'dalure'" (Chen Shuibian Criticizes 'Mainland Fever' Three Times a Day) (Hong Kong) *China News Agency* July 22, 2000.

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## BEIJING'S TAIWAN TACTICS VS STRATEGY: domestic, international & Taiwan determinants

Three related terms of frequent usage in this paper require distinction from each other. **Beijing's Taiwan policy**, or cross-strait policy, encompasses the long-term goal, the short-term objectives, their accompanying guidelines and operations of how Beijing handles the Taiwan issue. **Beijing's Taiwan strategy** denotes the long-term goal and guidelines of the policy; and **Beijing's Taiwan tactics** focus on the short-term objectives, guidelines, and operations of the policy.

The following sections try to illustrate the contrast between Beijing's impressively consistent Taiwan strategy and its amazingly agile Taiwan tactics. A cornerstone of Beijing's Taiwan strategy, "peaceful unification", was first conceptually declared in January 1979 and then verbally enunciated in October 1981<sup>6</sup>. "One country two systems", another such example, first officially appeared in June

<sup>6</sup> "Quanguo renda changwei gao Taiwan tongbao shu" (National People's Congress Standing Committee Appeals to Taiwan Compatriots) (Beijing) *Renmin Ribao* January 1, 1979; "Ye Jianying's Statement to Xinhua Journalists" *Renmin Ribao*, October 1, 1981.



1983 but did not receive wide public attention until February 1984<sup>7</sup>. Yet, both have remained unaltered as the pillars of Beijing's Taiwan policy over the past two decades. They typify Beijing's Taiwan strategy. On the other hand, Beijing's Taiwan tactics swinging widely from military intimidation to economic enticement, or from verbal attacks to charm offensives-- are subject to frequent adjustment in different times, at different places, towards different people. Such tactical adjustment appears to best serve Beijing's interests, or sometimes the personal interests of the leaders themselves as collectively determined by the leadership.

What affect Beijing's decision in changing its Taiwan tactics? It seems that three kinds of factors determine when and how Beijing modifies its Taiwan tactics. In declining order of impact or weight, they are **the domestic condition, the international environment, and the Taiwan dynamics**. In general, Beijing leaders show greater flexibility, finesse, and willingness to engage in their Taiwan tactics when these determinants are favorable, and vice versa. A favorable domestic situation is when the economy fares well, the social stability is at least passable, and the political leaders maintain at minimum a modicum of unity. The core factor is that when the top leaders feel individually secure, they are more willing

<sup>7</sup> Deng Xiaoping, "Zhongguo dalu he Taiwan heping tongyi di shexiang" (Conceptual Proposal on Peaceful Unification of Mainland China and Taiwan) *Deng Xiaoping: Selected Works* Volume 3, pp.30 & 31; Leng Rong( 冷溶 ), "Deng Xiaoping tichu 'yiguo liangzhi' gouxiang di lanlong qumai"(The Origin and Development of How Deng Xiaoping Proposes the Concept of 'One Country Two Systems') (Beijing) Liaowang (overseas edition) July 20, 1992 p.4. For background, see Hui-Ling Chang( 張惠玲 ), "Cong Xianggang moshi guancha yiguo liangzhi shijian zhi maodun yu kunjing" (Observation on the contradiction and dilemma encountered by the application of 'one country two systems' to Hong Kong) (Taipei) *Gong-dang Wentijianjui* (Studies in Communism) 28:3 (March 15, 2002) pp.14-24.

to be flexible on issues such as Taiwan. A favorable international situation is when Beijing's relations with Washington in particular, and its relations with the world's major powers in general, are steady. A favorable Taiwan situation is when Taipei extends visible goodwill to Beijing, and avoids being perceived as provocative.

Conversely, Beijing leaders take a blunt, coercive and contentious approach in their Taiwan tactics when the determinants are unfavorable. An unfavorable domestic situation is when the economy is ridden with difficulties, the social unrest is rising, and the political leadership undergoes a period of uncertainty. An unfavorable international situation is mainly when Beijing-Washington relations are irregular and tense. Beijing's relationship with other key powers and its overall standing in the world community also count, but not as weightily as the PRC-US factor. An unfavorable Taiwan situation is when Taipei is seen to be provocative.

Why are the three determinants ranked in such an order? The domestic factors are physically closest to the Beijing leaders themselves. If handled imprudently, an unfavorable situation at home may deteriorate to unseat the power holders. A favorable domestic situation, on the other hand, may allow greater elbow-room for Beijing leaders to deal with the external world. Therefore, leaders in Zhongnaihui must place the highest priority on domestic issues rather than on issues outside of Mainland China.

The US factor, though more distant than the PRC domestic scene, figures more prominently in the mind of Beijing leaders than the Taiwan factor. It is simply because the US is a super power while Taiwan is a small country. After the collapse of the former Soviet Union, the US has become the most important international actor that Beijing must face.



The Taiwan factor does affect how Beijing formulates its cross-strait tactics, but in comparison carries less weight than the PRC domestic factor and the US factor.

While the leaders have high degree of consensus over Beijing's Taiwan strategy, especially the final goal of unification, they have exhibited different inclinations on what best tactics Beijing should take. **Three schools of Taiwan tactics** are discernible. The first is the **military school**. The People's Liberation Army believes that the eventual resolution of the Taiwan issue has to be a military one. The senior generals would cite history: no past unification of China was achieved peacefully. They seemed to be supported by the Party elders, and the political hardliners such as Li Peng, the Chairman of the National People's Congress since March 1998.

The second is the **diplomacy school**. The Ministry of Foreign Affairs led by its former Minister and currently the Deputy Premier Qian Qichen would argue that the military option not only is forbiddingly risky but also extremely costly; and that the best solution is diplomatic. By sufficiently squeezing Taiwan's international space, or even reducing the number of countries recognizing Taiwan down to single digits, Taipei will eventually succumb to Beijing's resolve and accept its design, the second school contends. Qian would refer to his track record in taking away from Taipei since 1990 a remarkable series of countries then recognizing the Republic of China.

The third is the **Shanghai school** led by Wang Daohan, Chairman of the Association for Relations across the Taiwan Straits (ARATS) and once Jiang Zemin's mentor. Wang seems to believe that the best tactics is through exchanges and dialogues, as both the military and the diplomatic tactics would drive the hearts and minds of Taiwanese people further and further away from the Mainland. The Taiwan watchers in Xiamen fall into this category as well.

In general, favorable determinants for Beijing's Taiwan tactics bolster the influence of the moderates, while unfavorable determinants strengthen the voice of the hardliners. One caveat is that since the end of the last decade, Qian Qichen seems to have gradually co-opted some of the suggestions from the Shanghai school, and has demonstrated a growing degree of rhetorical softening. Despite the failing health of Wang, the Shanghai school's influence seems to have persisted, perhaps because its real but unrevealed guru has been Jiang Zemin himself.

To illustrate how Beijing adjusted its approaches toward Taiwan, examinations of four most prominent cases in the 1990s follow.

### CASE STUDIES: two positive correlations

Two cases of cross-strait interactions illustrated in a positive manner how Beijing's Taiwan tactics became more flexible when the three determinants as described above were favorable.

#### Case One: Deng's January 1992 Southern Tour and the April 1993 Koo-Wang Meeting in Singapore.

PRC economy was in a slump in 1990 and 1991, with the gross domestic product (GDP) growth registering at 4% and 9% respectively<sup>8</sup>. One of the causes was that the corrective political measures to cool the previous overheating in a cyclic economy proved to be too harsh.<sup>9</sup> Another was that the international sanctions imposed on

<sup>8</sup> 2001 *World Development Indicators*, CD-ROM Win\*STARS Version 4.2,32 bit (Washington DC: The World Bank, April 2001)

<sup>9</sup> For China's cyclic economy between 1978 and 1990, see Chong-Pin Lin, "China: the Coming Changes" *The American Enterprise* January/February 1991 p.21;



the PRC after the June 1989 Tiananmen incident reduced the much needed foreign investment. The most fundamental cause, however, was that economic reforms initiated by Deng Xiaoping and pushed by Zhao Ziyang, Deng's protegee and Secretary General of the Chinese Communist Party (CCP) until June 1989, were dealt a heavy blow by the tragedy. Zhao became a political non-person since. Deng, still nominally the paramount leader in the country, saw his actual influence compromised within the leadership hierarchy in Beijing.

In January 1992, Deng decided to break through the invisible box he found himself in. His bold move to tour southern China and to reiterate the policy of "reforms and opening" set the whole nation aflame with the zeal to pursue economic prosperity. By the end of 1992, China's GDP growth soared to 14%<sup>10</sup>. With the back-drop of economic recovery, Deng reconsolidated his leadership which manifested in the surprise removal of the powerful Yang brothers in the October 1992 14th Party Congress. In the aftermath of Tiananmen, social stability was easily maintained as the once restive Chinese youths now dedicated themselves to study and money-making rather than politically problematic activities. By 1993, the PRC domestic situation — political, economic, and social — had turned quite favorable.

Beijing-Washington relations, damaged by Tiananmen, recovered sooner than most had expected. On June 30, 1989, special envoys of President George Bush, National Security Advisor Brent Scowcroft and Deputy Secretary of State Lawrence Eagleburger

<sup>10</sup> 2001 World Development Indicators.

traveled to Beijing on a secret mission<sup>11</sup>. They even were caught on CNN camera clinking their champagne glasses with PRC Premier Li Peng<sup>12</sup> whose hands, in the eyes of many, were stained with the blood of Tiananmen. Despite lingering misgivings in US Congress toward Beijing, Scowcroft and Eagleburger went to Beijing again on December 9 to further improve the bilateral relationship.<sup>13</sup> By 1992, relations between the two capitals had returned to normalcy. In October that year, the two signed a memorandum on market access, in which the US pledged to promote China's participation in GATT, the predecessor of the World Trade Organization<sup>14</sup>.

In October 1990, President Lee Tenghui established the National Unification Council, followed by the promulgation of the National Unification Guidelines in March 1991<sup>15</sup>. In January 1991, a ministerial-ranking Mainland Affairs Council (MAC) was formally established<sup>16</sup>, which was charged with Mainland policy research and planning, coordination, assessment and partial implementation. In February 1991, MAC approved the establishment of its semi-government-

<sup>11</sup> James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton* (New York: Alfred Knopf, Inc. 1999) p.206; Hu Weizhen (胡爲眞), *Meiguo dui Hua 'yige Zhongguo' zhengce zhi gaibian* (The Evolution of America's 'one China policy') (Taipei: Shangwu Yinshuguan April 2001) p.135.

<sup>12</sup> Patrick Tyler, *A Great Wall: Six Presidents and China, an Investigative History* (New York: The Century Foundation, 1999). p.367.

<sup>13</sup> "Sikaokeluo yixin jieshu Dalu fangwen" (Scowcroft and Company concluded their Mainland Visit) (Taipei) *United Daily* December 10, 1989, p.2.

<sup>14</sup> GATT is General Agreement on Tariffs and Trade. Elizabeth Perry, "China in 1992: An Experiment in Neo-Authoritarianism" *Asian Survey* January 1993, p.19.

<sup>15</sup> *Major Events Across the Taiwan Straits (January 1912 to April 1998)* (Taipei: Mainland Affairs Council, September 1998) pp. 3&4.

<sup>16</sup> *Major Events Across the Taiwan Straits* p.4



tal arm, the Straits Exchange Foundation (SEF), to directly deal with the Mainland authorities<sup>17</sup>. These forward-looking policies, in response to the growing socio-economic interactions across the Taiwan Strait, sent a positive signal to Beijing of Taipei's willingness to engage.

As the three determinants for Beijing's Taiwan tactics became favorable, Beijing adopted a more flexible approach managing the cross-strait affairs. Symbolic in a succession of such measures was that Beijing followed suit by establishing the previously mentioned ARATS, the counterpart of SEF, in December 1991<sup>18</sup>. Communications between SEF and ARATS began in January 1992, and continued to grow. This accommodating trend across the Taiwan Strait culminated in the historic meeting in Singapore in April 1993 between Dr. Koo Chen-fu, Chairman of SEF and his counterpart Mr. Wang Daohan.

#### **Case Two: Zhu Soft-landed the Economy by January 1997 and Koo met Wang in October 1998 in Shanghai.**

The PRC economy suffered from malicious cycles, about four years each, of intense overheating and drastic plummeting since Deng launched the policy of "reforms and opening" in the early 1980's. When the booming economy after 1992 started to show signs of forthcoming overheating in 1993<sup>19</sup>, Deng summoned Zhu Rongji, the former Mayor of Shanghai to Beijing, and entrusted him with the job of reining in the wildly cyclic economy. Zhu was designated

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> China's consumer price index (CPI) grew at 8.62%, 16.10%, and 25.02% respectively in 1992, 1993, and 1994 per statistics. *China's Statistical Bureau Yearbooks* at <http://www.stats.gov.cn/sjjw/ndsj/zgnj/mulu.html>

Executive Vice-premier in March 1993, and became President of the People's Bank of China later that year. Zhu then proclaimed a policy of "economic macro-adjustment" (宏觀調控). Most observers, including this author, were pessimistic about the prospect of his success on such a daunting task.<sup>20</sup> In January 1997, it became evident that the economy soft-landed without crashing under Zhu's masterfully aggressive management.<sup>21</sup> A "halo" began to hang over his head for achieving the "mission impossible".

In September 1997, again to the surprise of most China watchers, Jiang Zemin consolidated his leadership in the crucial 15<sup>th</sup> Party Congress by quietly squeezing out his arch-rival Qiao Shi. Zhu was named as the new Premier. Thus, the new Jiang-Zhu team inspired much aspiration for a better tomorrow in the nation. Meanwhile, social unrest, which was to dramatically rise in the subsequent years, remained tolerable<sup>22</sup>. Jiang's trip to the US in the following month was considered the most important such mission since Deng Xiaoping's tour in 1979<sup>23</sup>. It not only further boosted his

<sup>20</sup> Other pessimistic views on the prospect of Zhu's task abound. For example, "Zhu's role in the economy could equally serve as a quagmire or trap for his political career ... Zhu and his efforts were in substantial trouble" in David Bachman, "China in 1993: Dissolution, frenzy, and/or breakthrough?" *Asian Survey* January 1994 p.31.

<sup>21</sup> China's CPI grew at 25.02%, 16.80%, and 8.80% respectively in 1994, 1995, and 1996. *China's Statistical Bureau Yearbooks*.

<sup>22</sup> "In 1999, the last year for which Beijing issued labor-dispute statistics, the government recorded more than 120,000 'incidents', a 29% increase over the previous year... Statistics show a jump from 8,150 labor disputes in 1992 to 120,000 in 1999". Matthew Forney and Neil Gough, "Working Man Blues" *Time* April 1, 2002 p.27. The number of unauthorized demonstrations was 60,000 in year 1998, 110,000 in 1999, and 130,000 in 2000, according to an internal National Security Bureau report on December 21, 2001 in Taipei.

<sup>23</sup> Jiang's trip was also the first state visit by a PRC leader in more than a decade. Mann, *About Face*, p.353.



political status at home, but also improved Beijing-Washington relations in a concrete and manifest manner for the first time since the March 1996 Taiwan Strait crisis.

Ever after the cross-strait tension, Taipei continued to appeal to Beijing to resume the cross-strait talks but to no avail. In September 1997, Beijing leadership for the first time responded at the highest official level to Taipei's request. Jiang Zemin in his 15<sup>th</sup> Party Congress report said that under the precondition that Taipei accept the "one China principle", the two sides should open political talks on issues such as "ending the cross-strait state of hostility"<sup>24</sup>. Taipei stood its ground by maintaining that resumption of cross-strait talks should require no precondition.

On November 30, 1997, the election for city mayors and county magistrates in Taiwan produced an unexpected result. The then opposition party DPP, won 12 seats while the ruling party Kuomintang (KMT) retained only eight. Jiang Zemin was shocked as he had been advised earlier that year by his Taiwan analysts that the DPP would lose badly because it was fractured. That was a judgment apparently based on the seemingly divisive public debate within the DPP on its Mainland China policy in February 1997. The blind-spot of the observers was failing to understand the unorthodox nature of DPP: it does not avoid exposing internal disagreements but does reunify in good time.

Jiang decided to take the previously ignored suggestion submitted to him around April 1997 from someone associated with Wang Daohan in Shanghai. The proposed idea was to resume cross-strait

talks lest "the hearts and minds of people in Taiwan would drift further and further away from the Mainland"<sup>25</sup>. On January 26, 1998, Qian Qichen in a press meeting redefined Beijing's "one China principle" in a more relaxed manner. The definition used to read "There is only one China in the world; Beijing is its only legitimate representation; and Taiwan is (an inseparable) part of one China"<sup>26</sup>. Qian replaced the second part by saying that "the integrity of China's sovereignty and territory cannot be violated". On February 20, Taiwan's Premier Vincent Siew reciprocated, in a way, by saying at the Legislature: "Any issue that facilitates a peaceful cross-strait development and a democratic national unification can be proposed for cross-strait consultations and dialogues one step at a time".<sup>27</sup> Siew in fact did not wholly embrace Beijing's "one China principle".

On February 24, 1998, only four days later as if Beijing could not wait any longer, ARATS faxed to SEF a milestone letter suggesting three items: ■ resumption of cross-strait talks, ■ resumption of ARATS-SEF exchanges, and ■ arranging a meeting between Koo Cheng-fu and Wang Daohan on the Mainland (see Appendix I, Letter from ARATS to SEF February 24, 1998). Beijing's hitherto insisted precondition of Taipei accepting Beijing's "one China principle" was absent in the offer, which was a superb illustration of Beijing's tactical agility in dealing with Taipei. The follow-up Taipei-Beijing interactions were brought to fruition on October 14-

<sup>24</sup> He Mingguo (何明國), "Lianan jiaoliu shinian dashiji" (Chronology on Cross-strait Interactions in the Past Ten Years) *United Daily* October 30, 1997 p.4.

<sup>25</sup> Internal document, Mainland Affairs Council.

<sup>26</sup> "Qian Qichen zhaici chanming yige Zhongguo di yuanze" (Qian Qichen Once Again Enunciates the One China Principle) *Xinhua* January 26, 1998.

<sup>27</sup> "Xiao yuanzhang wanchang zai lifayuan disanjie diwu huiqi shizheng baogao" (Premier Vincent Siew's Policy Report to the Fifth Session of the Third Term of the Legislative Yuan) *Dalugongzu cankao ziliao* (Reference Materials for Work on Mainland Affairs) (Taipei: Mainland Affairs Council, 1998?) p.74.



19 when Koo made an "ice-thawing trip" with his delegation to Shanghai where he met Wang, and later traveled to Beijing where he met Jiang.<sup>28</sup>

### CASE STUDIES: two negative correlations

In contrast to what the previous two cases demonstrated, Beijing's Taiwan tactics tended to be brusque, threatening, over-reactionary, and anti-communication when the three determinants were unfavorable. Two such cases follow.

#### Case three: The 1995 succession trial and the 1995-1996 Strait Tension

On September 28, 1994, the Chinese Communist Party's Fourth Plenum of the 14<sup>th</sup> Central Committee issued a communique. Its cryptic wording belied its momentous significance. It stated: "The new great task of constructing socialism with Chinese characteristics — reforms, opening, and modernization of China... -- was initiated by our second-generation leaders with Deng Xiaoping at the core, and is now continuing to march forward under the third-generation leaders with Jiang Zemin at the core".<sup>29</sup>

Viewed with hindsight, the statement reflected a brave and noble decision made by Deng, the then untitled helmsman of the country, to really try out his heir-apparent Jiang Zemin while Deng himself was still alive as a backup. It meant that the ultimate decision-making power for major policies now went to Jiang. Deng

<sup>28</sup> For the preparatory events between SEF and ARATS leading to the October 1988 Koo-Wang meeting, see *Major Events Across the Taiwan Straits* on website <http://www.mac.gov.tw/english/chronology.sce.htm> pp.17-21.

<sup>29</sup> Yang Zhongmei (楊中美), *Jiang Zemin zhuan* (Biography of Jiang Zemin) (Taipei: China Times Publishing Company, 1996) p.9.

apparently intended to avoid Mao's failure — holding onto power until death and bequeathing a weak leadership soon to be replaced. The result was that as arranged successor, Jiang endured while Hua Guofeng, Mao's heir-apparent, floundered. Nonetheless, Jiang underwent a vexing succession trial, or a quasi-succession crisis, if not a full-blown one. This period of delicacy in Beijing leadership in fact was the backdrop of the Strait crisis from July 1995 to March 1996. In short, two opposing political trends focusing on Jiang came to a head in Zhongnanhai. Exacerbating Beijing's internal difficulties were an abrupt reversal of US attitude on seemingly Washington's entire China policy, and Taipei's suddenly surging international exposure. Under the convergence of these events, Beijing went ballistic.

*Jiang's Proactive Measures:* Since the fall of 1994, Jiang shed his image as a member of the supine "wind faction" (風派), and began to take a series of ambitiously proactive measures to strengthen his position. The first was to daringly put his imprimatur on the potentially explosive cross-strait policy, known as the "Jiang's eight-point proposal" proclaimed on January 30, 1995<sup>30</sup>. The second was to drag down Chen Xitong (陳希同), the all-powerful mayor of Beijing, who had resisted issuing Jiang a residence in Beijing in late June 1989 when Jiang was summoned from Shanghai to Beijing to succeed the deposed Zhao Ziyang as the Secretary General of the Party<sup>31</sup>. In April 1995, Chen resigned as his trusted assistants involved in corruption charges pressed by

<sup>30</sup> The proposal stressed cross-strait economic and cultural exchanges, and de-emphasized the use of force, and the political difference between Beijing and Taipei.

<sup>31</sup> Yang, *Jiang Zemin zhuan*, pp.306-316.



Jiang's people committed suicide. The third was that Jiang started to recruit en masse the so-called "Shanghai clique" (上海幫) to Beijing. The most notable among them was Fudan University professor Wang Huning (王滬寧) who arrived in April to serve in the CCP Central Policy Research Institute as the head of the Political Section, which was a promotion over three bureaucratic levels<sup>32</sup>. Such moves raised the eyebrows of Beijing's political establishment.

*Forces Challenging Jiang:* As Jiang was gathering political momentum, those considered him undeserving as China's next leader, did not rest idle. The first was Qiao Shi, the most senior member of the CCP Politburo Standing Committee, who in the fall of 1994, started to receive increasing number of foreign visitors and journalists with the repeated appeal for the rule of law and the reiterated opposition against the cultivation of personal cult in China. The second was the circulation in January 1995 in Beijing of the first issue of the un-authored critiques of reforms, the "Ten-thousand word letter" (萬言書). These letters, allegedly written by the ultra-conservative CCP veteran Deng Liqun (鄧力群), were never complimentary of Jiang. The third was the simmering discontent among the military top brass toward Jiang, the first civilian Chairman of the Central Military Committee who never proved his fortitude through the crucibles of war. Since the spring of 1993, rumors spread periodically with growing frequency that People's Liberation Army generals signed mass petitions to urge Deng and Jiang to get tough with Washington and Taipei.

<sup>32</sup> Gao Xin (高新), *Jiang Zemin di muliao* (Jiang Zemin; s Couonselors) (Brampton, Canada: Canada Mirror Books, 1996) p.281.

In early May 1995, the Republican-controlled US Congress passed resolutions with almost unanimity<sup>33</sup> that President Bill Clinton of the Democratic Party should grant visa to President Lee Tenghui to visit his alma mater the Cornell University in June. Clinton did just that on May 18, and on June 9, Lee gave a speech at Cornell<sup>34</sup>. Seven days later, ARATS sent a letter to SEF to suspend all cross-strait consultations and cancel the previously forthcoming second Koo-Wang meeting (see Appnedix II, letter from ARATS to SEF June 16, 1995). On July 21, Beijing launched the first of the three rounds of military exercises intimidating Taiwan in the Strait<sup>35</sup>.

Beijing accused Taipei of "having taken a series of actions damaging the cross-strait relations".<sup>36</sup> Many observers attributed Lee's "provocative speech" at Cornell, in which he mentioned 17 times "the Republic of China" to the outbreak of the Strait crisis. Granted, Lee's trip to Cornell had some impact on Beijing's strong reactions. This view, however, ignores the trepidation within the Beijing leadership, and the ambivalent Beijing-Washington relationship at the time.

In fact, Jiang had been advised the latest by March 1995 that Lee was to visit the US. In that month, Lee's confidant Su Zhicheng (蘇志誠) secretly met with Jiang's counterpart, Zeng Qinhong (曾慶紅) in Macao when Su told Zeng of Lee's forthcoming trip

<sup>33</sup> In early May 1995, the House of Representatives approved 396 to 0 a non-binding resolution to permit Lee to visit Cornell; a week later, the Senate voted 97 to one in favor of Lee's visit. Mann, *About Face*, p.322.

<sup>34</sup> Ibid. pp.325 & 326.

<sup>35</sup> *Major Events Across the Taiwan Strait* p.7.

<sup>36</sup> Among other Beijing's official statements, see Appendix II, Letter from ARATS to SEF June 16, 1995.



to the US. Zeng's reaction was nonplused as if he had already known it: "You have your position, and we have ours. When it happens, we will criticize you publicly as usual".<sup>37</sup> Su would later claim that Jiang had been advised beforehand "the meaning and the activities of Lee's US trip, and the orientation of his speech" through such "secret communication channel"<sup>38</sup>. In February 1995, at least one US official in Washington had advised Yang Jiechi (楊潔篪), then serving at the PRC embassy as Minister and Deputy Chief of Mission, that the White House might not eventually be able to resist the congressional pressure to grant President Lee Tenghui a visa.<sup>39</sup>

As late as the end of May 1995, when Lee's trip to the US was widely known, Beijing proceeded with the preparation for the "second Koo-Wang Talks" in July. ARATS Secretary General Tang Shubei (唐樹備), shown with beaming smiles on TV screens in Taiwan, came to Taipei and departed with an agreement to hold another preparatory meeting in June<sup>40</sup>. In light of the above, Beijing's decision on June 16 to break the cross-strait consultations was dramatically sudden<sup>41</sup>. Such abrupt turn of Beijing's position

<sup>37</sup> Zou Jingwen (鄒景雯), *Lee Tenghui zhizheng gaobai lu* (Lee Tenghui's Disclosure on His Term as President) (Taipei: Risingsun Publishing Company Ltd., 2001) p.203.

<sup>38</sup> Zou Jingwen, *Zhuanlue Su Zhicheng* (Biography of Su Zhicheng) (Taipei: Sifang Shucheng, 2002) p.86.

<sup>39</sup> Personal communication in Monterey, California, July 21, 2001 with a US official who wished to remain anonymous.

<sup>40</sup> Tang visited Taipei on May 27-28 to attend the "First Preparatory Meeting for the Second Koo-Wang Talks" to be held in Beijing. *Major Events Across the Taiwan Straits*, p.7.

<sup>41</sup> The June 16, 1995 decision was so sudden that one academic advisor to Jiang who was flying from Beijing to Washington at the time was behind the news when he met for dinner Dr. H, his former Ph.D. classmate at George Washington University shortly after landing in DC. Personal communication with Dr. H, December 17, 1996 in DC.

indicated weakness rather strength of its leadership. In fact, Jiang newly ensconced as the de facto first among peers only nine months earlier, had not yet consolidated his command. Fundamentally inclined toward cross-strait engagement, Jiang by mid-July could no longer resist the internal hard-line pressure for cross-strait contention during the period of a quasi-succession crisis<sup>42</sup>.

#### Case Four: Deflation, Falungong, and Embassy Bombing in 1999 Constituted the Backdrop for the Strait Crisis Following Taipei's "Two-state Theory"

Beijing in 1999 saw compounded difficulties both in domestic conditions and foreign relations. Economically, GDP growth fell to 7.1% *official figure*, the lowest point in a continuous slide since 1992.<sup>43</sup> Deflation worsened. In one year, consumer price index growth dropped from -0.60% in 1998 to -1.29% in 1999; and retail price index growth sank from -2.60% to -2.99%.<sup>44</sup> That was the worst deflation, or at least the lowest price index change, since 1967 in PRC history.<sup>45</sup>

Economic slowdown increased the number of the unemployed and exacerbated the deteriorating social stability. Unauthorized

<sup>42</sup> This view, that the author held since late 1996, was echoed by Su who called Jiang Zemin a "dove" in contrast to the "hawkish PLA". See Zou, *Zhuanlue Su Zhicheng*, p.86.

<sup>43</sup> Beijing's official economic growth figures have been questioned. According to Thomas Rawski, "China's economy may actually have shrunk — minus 2.2 and minus 2.5 percent, respectively — in 1998 and 1999". Melinda Liu, "Why China Cooks the Books" *Newsweek* April 1, 2002.

<sup>44</sup> National Bureau of Statistics of China at <http://www.stats.gov.cn/sjjw/ndsj/zgnj/mulu.html>

<sup>45</sup> *2001 World Development Indicators*, CD-ROM Win\*STARS Version 4.2, 32 bit (Washington DC: The World Bank, April 2001)



demonstrations grew in number: from 60,000 in 1998 to 110,000 in 1999 according to Beijing's official statistics<sup>46</sup>. The variety of participants expanded. They now included not only the laid-off workers from the state-owned enterprises, but also the disgruntled farmers, teachers, cadres, and even religious activists.

On April 25, Zhongnanhai leadership compound in Beijing was surrounded from dawn to dusk by at one point 21,000 members of the Falungong cult.<sup>47</sup> That was the largest protest movement in the capital since the 1989 Tiananmen incident. Jiang Zemin was appalled by their ability to mobilize without the knowledge of the Public Security Ministry, and their broad membership penetrating the PLA, the Party, and the government – supposedly the three most reliable organs of the state. He then avowed to crash this "evil" organization. The nation was embroiled since late July in an anti-Falungong campaign whose battle-cry was propagated by the state-controlled media.

Premier Zhu underwent personally a most taxing and trying time in 1999, which also connoted simmering tensions within the ruling hierarchy<sup>48</sup>. To begin with, Zhu had no lack of political enemies because of his fearless crusade against the overblown bureaucracy, the corrupt officials, and the inefficient state-owned enterprises. First, Zhu was blamed for the 1998 national economy not reaching the 8% GNP growth as he had promised in March 1998

<sup>46</sup> National Security Bureau(Taipei) internal report December 21, 2001.

<sup>47</sup> Zong Hairen (宗海仁), *Zhu Rongji zai 1999* (Zhu Rongji in 1999) (Carle Place, New York: Mirror Books, 2001) p.47

<sup>48</sup> A helpful background, though by no means bonified official record, for the difficulties Zhu encountered and the nuanced tensions between Zhu and Jiang is Zong, *Zhu Rongji zai 1999*.

when he took the premiership. Second, his failed trip to the US in April 1999 to obtain an agreement on WTO invited much criticism from the CCP elders and hardliners, as he had appeared first to make "undue" concessions only to end up "losing face".<sup>49</sup> Third, after the PRC embassy in Belgrade was bombed on May 8, 1999 by US forces "by mistake" as claimed by Washington, the general reactions in China were incredulity and outrage against the Americans. Such widespread sentiments conveniently vented toward Zhu by thinking that his conciliations toward Washington in the previous month only emboldened the US to further humiliate the PRC. During this period, Jiang and other leaders were seen to distance themselves from Zhu. And the rumors that Zhu requested to resign were spreading.

The Beijing leadership had already found themselves in a state of frustrations bordering on paranoia before President Lee Tenghui in Taipei remarked on July 9, 1999 during an interview with Deutchewelle that "a special state-to-state relationship" best described the cross-strait status. Beijing reacted so vehemently that made some seasoned observers think that a crisis more serious than that in March 1996 was coming<sup>50</sup>. PLA troops launched intimidating exercises with fighters skirting and even invading Taiwan's aerial territories. Beijing turned on its propaganda machine in full-blast to lambaste Lee and his government. Thus, daunting PRC domestic conditions aggravated by troublesome relationship with the US once again constituted unwittingly heated oil for the spark from Taipei to ignite yet another cross-strait crisis.

<sup>49</sup> Tyler, *A Great Wall*, p.427; and Zong, *Zhu Rongji zai 1999*, p.96.

<sup>50</sup> This was the view expressed by some of the author's colleagues in internal national security meetings in early August 1999.



## CONCLUSIONS AND IMPLICATIONS

The previous sections have explored Beijing's changing tactics on Taiwan in the recent decade, a period when cross-strait interactions became an issue of growing global concerns. The discussions suggest the following:

- Beijing's Taiwan policy consists of two levels. While Beijing's Taiwan strategy--such as "one country two systems", and "peaceful unification"--remained unaltered in decades, Beijing's Taiwan tactics change periodically, and sometimes abruptly.
- The adjustment of Beijing's Taiwan tactics depends on, in declining order of weight, PRC domestic conditions, the international environment, and the Taiwan dynamics. When these determinants are favorable, meaning stable or predictable, Beijing's Taiwan tactics tend to be more flexible. Conversely, when these determinants are unfavorable, meaning unstable or unpredictable, Beijing's Taiwan tactics tend to be less flexible.
- Examinations of four major cross-strait episodes in the 1990s seem to corroborate the above hypothesis. They include the two culminations of cross-strait accommodations in April 1993 and October 1998, and the two crests of cross-strait tensions in March 1996 and August 1999.

A number of implications ensue:

- Taiwan's behavior is not the number one determinant of Beijing's cross-strait policy. Whatever Taipei says or does may complete Beijing's checklist in deciding, for example, whether to resume cross-strait consultations. However, PRC domestic conditions and Beijing-Washington relationship seem to come before Taipei's words and deeds in Zhongnanhai's calculus.

- Attributing the eruptions of cross-strait crisis in March 1996 and August 1999 solely to "provocations" from Taipei, though not totally divorced from the sequence of events, is nonetheless an oversimplification.
- It is useful not to underestimate the amazing agility of Beijing's tactics toward Taiwan while keeping in mind the impressive persistence of Beijing's long-term Taiwan strategy.
- Beijing's precondition for resumption of cross-strait talks--that Taipei accepts the "one-China principle" however defined by Beijing--falls in the realm of tactics, not strategy.
- For resumption of cross-strait interactions, Beijing may circumvent its "one-China precondition" in rhetoric, but has yet to give up its "one-China framework" in concept as an operational guideline.
- Beijing's policy toward key international actors, such as Washington and Tokyo, may also manifest high degree of tactical agility while maintaining strategic goal largely intact over a long period of time.
- Governments in fine-tuning their approaches toward Beijing -- to soften or to toughen, for instance -- are advised to take into serious consideration PRC domestic conditions first, followed by Beijing's relationship with Washington at the time.

## Appendix I

LETTER FROM ARATS TO SEF  
FEBRUARY 24, 1998

## 海峡两岸关系协会(函)

海峡交流基金会：

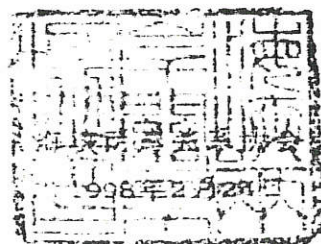
我会一贯主张应进行两岸政治谈判，以为真正改善和发展两岸关系创造条件。我会愿意接受有关方面授权，与贵会协商两岸政治谈判的程序性事宜，并随之着手安排重开经济性、事务性议题商谈。

我会还主张，在上述协商开始前，应进一步扩大两会交流与接触，以加强彼此沟通。交流的具体层级和项目，我会愿与贵会协商作出安排。

贵会去年11月7日和今年1月19日两函收悉，我会已于去年11月11日发表新闻稿表明了态度，谅贵会早已获悉。我们欢迎辜振甫先生在适当时候来访。两会适当层级的人员可在交流互访中为此做必要的准备。

顺致

时祺



## Appendix II

LETTER FROM ARATS TO SEF  
JUNE 16, 1995

## 海峡两岸关系协会(函)

海峡交流基金会：

鉴于台湾方面近期采取的一系列破坏两岸关系的行动，举行第二次汪辜会谈及其预备性磋商的气氛已受到严重影响。举行会谈及其预备性磋商的时间不得予以推迟，我会将于适当时机与贵会再行联系。

顺致

时祺

