

Taiwan's Role in Peace and Stability in East Asia:

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Mr. Bush, Mr. Campbell, distinguished guests, particularly ambassadors and former directors of the American Institute in Taiwan, and three members of Taipei City Council that travel with me. Ladies and Gentlemen:

It is my great honor to be invited to the Brookings and CSIS joint lecture series in Washington, D.C. You have just heard a bio-sketch of myself. I just want to make a little footnote. I was born in Hong Kong, that is true, but my parents actually went to Taiwan in 1948, a year before '49. I was actually conceived in 1949. So technically I was still Made In Taiwan, but delivered in Hong Kong. [Laughter.] I wear two hats. One is mayor of Taipei City; and chairman of the KMT. But I would rather have you call me Mayor Ma, because the other day, in Cambridge, Massachusetts, some people pronounced "Chairman Ma" as "Chairman Mao." And that could be fatal to me.

So let's talk about Taiwan's role in the context of East Asian relations and peace and stability in that region. Well, actually, as you know, in that part of the world there are two flashpoints. One is the Korean Peninsula, the other is the Taiwan Strait. And the strait has never been very peaceful, ever since the establishment of the PRC back in 1949. So from '49 to '79 it was a period of conflict, military conflict and confrontation. But when the United States formally recognized the PRC diplomatically January 1, 1979, the situation also changed across the Taiwan Strait.

The mainland side decided to stop shelling the offshore islands of Kinmen and Matsu and then extended an olive branch to Taiwan by asking to establish the Three Links and all that at a time the Taiwan government responded by saying that we have to reunify China with the Three Principles of the People and asked them to return property to the people and to dismantle the People's Commune and all that.

So you can see, after the hot war it was followed by a cold war. The period was from 1979 to 1987. One thing that was quite interesting was in 1981, when Marshal Ye Jianying made a nine-point proposal to Taiwan promising Taiwan autonomy status—as you know, the famous 9 Points of Marshal Ye. And one of the very interesting points of that was the central government would not send troops to Taiwan. And if Taiwan had financial problems, the central government would consider subsidizing Taiwan. At the time it was quite interesting to hear that comment. A few years later, the formula of one country/two systems was sort of formulated, but it was not used for Taiwan. Instead, Hong Kong became the first one to use that formula. In 1987, Taiwan made a very important decision to let its residents go to Mainland China to have family reunions. And since November 2, 1987, the cross-Strait relations have entered into another new phase, where people-to-people contact began to flourish.

Since then, again, there are ups and downs in cross-Strait relations. So let's just start from the year 2000, when the Democratic Progressive Party took power in Taiwan and started a new page in cross-Strait relations. When President Chen Shui-bian was elected on March 20, 2000, obviously everybody worried about his independence position, particularly when he got only 39 percent of the votes. But what he did in the two and three months after he was elected was really astonishing and actually very much appreciated. He visited many KMT old-guards, including the very respected Y.S. Sun, and past premiers like Pei-tsun Hao, and he said in his inaugural address the famous "Five Nos." He said during his tenure of office, as long as the PRC does not demonstrate an intention to invade Taiwan militarily, then he promised, first, he would not declare Taiwan independence; second, he would not change the national flag or the national name; number three, he would not put the two-state theory or a special state-to-state relationship theory into the constitution by revision; number four, he would not conduct a referendum on independence or unification intended to change the status quo; number five, there is no question of abolishing National Unification Council and Unification Guidelines. This is the so-called Five No's. So actually, he did everything right. So although he got only 39 percent of the votes on March 20, one month into his presidency his opinion poll rating shot up to almost 80 percent.

But afterwards, the situation changed. First of all, he began by denying the existence of the '92 consensus. The '92 consensus was the result of a meeting of

Taiwan and the mainland through their what we call "white glove" instrumentalities. One is the Strait Exchange Foundation on the part of Taiwan, and the Association for Relations across Taiwan Strait (ARATS), representing the Chinese mainland. They met in Hong Kong, but they left Hong Kong without anything written on paper. But in the subsequent correspondences exchanged between them, there emerged a consensus.

The consensus was either side accepts the One China principle, but leaves each side the freedom to interpret it, what One China means—One China/different interpretations. That was the consensus not officially written in any formal format, but nevertheless served as the most important basis for holding a conference between the Strait Exchange Foundation chairman Koo Chen-fu and ARATS director Wang Daohan in Singapore in April 1993. That conference was very successful and ended with the conclusion of four agreements. Now, it was the first time when such agreements were made, and they also follow a very important practice first used in 1990 between the Red Cross societies of the two sides in Kinmen, the offshore island very close to the coast of Fujian. The format was what we call "agree to disagree." What was so special about that? Well, in 1990, the two sides met in Kinmen to discuss how they should handle the surging illegal immigrants coming from Mainland China to Taiwan and the criminals, or criminal suspects, coming from Taiwan to Mainland China, how do they expatriate these people to their respective homelands.

The agreement was negotiated and concluded, but the final procedure is to date the date. That became the problem. There was no problem with the month and day—it was September 20th—but there was a deep disagreement on how to date the year. On the mainland side, they use the Christian Era, the year 1990. But for the Taiwan side, official papers use the official era of the Republic. That was the 79th year of the Republic of China. So what could they do? They couldn't agree on a uniform way to date the year. So the solution was they left that in blank and they filled it out after they went home. That's it. So each side had identical texts of the agreement, but the only difference was the dating of their year. So this model was followed in 1993 at the Singapore conference. So they have achieved some consensus, although fragile in form, but nevertheless serves as a very important commonality to move ahead.

Unfortunately, since that happened, what followed the 1993 conference became quite unpredictable. One after another, after President Lee Teng-hui went to

Cornell, military exercises began to appear on the coast of Mainland China. In 1996 they fired dummy missiles to waters off the shore of Taiwan, specifically speaking, on the shores near Keelung Harbor in the north and near Kaoshiung Harbor in the south. The Americans sent two air carrier battle groups to Taiwan, and the situation was quite tense. So in 1998, the situation again changed. Chen-fu Koo went to mainland China, not just meeting Wang Daohan but also meeting Chairman Jiang Zemin, and came back with rather optimistic expectations of the first coming visit of Wang Daohan to Taiwan, which was scheduled for September or so, 1999.

Unfortunately, in July—on July the 9th, I remember—in an interview with a German radio journalist, President Lee Teng-hui mentioned the special state-to-state relationship. That effectively stopped the cross-Strait relations to move ahead when Wang Daohan canceled his trip to Taiwan. What followed was the change-over of government in the year 2000. So the '92 consensus was a fragile consensus indeed, but there was such a consensus. At the time, I was senior vice chairman of the Mainland Affairs Council, so I was one of the architects of the whole process and I supervised the whole thing from beginning to end. On the other hand, when the president decided to deny the consensus, I think relations began to sour, particularly when the mainland side adopted the attitude of listening to what he says and watching what he does.

It was followed by other measures on the part of Mainland China. They deployed missiles targeted against Taiwan. And again, President Chen Shui-bian in 2002 talked about one country on each side of the Taiwan Strait, which obviously connotes a very strong sentiment toward Taiwan independence. In 2003, in 2004, the president decided to apply the newly enacted referendum law—to use an article dealing with what he called "defensive referendum"—to hold a referendum on two issues. One is whether Taiwan should acquire anti-missile systems, and the other is whether Taiwan should establish a peaceful framework with the Chinese mainland in handling cross-Strait relations. That referendum was actually held in connection with the 2004 presidential election. And the two items were actually all vetoed by the people in the referendum, because the people turning out to vote in the referendum did not reach the legal quorum of half of the total eligible voters. So according to law, they were all vetoed. The legal effect of such a veto is that they are not supposed to be brought up again for three years, since they are vetoed.

Well, and then in 2005 Mainland China adopted an anti-secession law. The idea first came up a couple of years earlier, but in December 2004 it was reported that the central apparatus decided on the Chinese mainland to let the bill enter the legislative process, in other words, to be adopted by the People's Congress in March 2005.

Well, interestingly enough at the time, I remember that, just after the legislative election on the 11th of December, news came out that they were going to legislate on the anti-secession law. I remember I was the first politician in Taiwan to come out and criticize the bill. My criticism was it was neither necessary nor wise to do this. It was unnecessary because there is no need for the PRC to have a law to provide the legal basis for their invasion of Taiwan; Mainland China has never been a country that has so much love for rule of law. Secondly, it would be very antagonistic and it would provoke a strong reaction from the independence-minded people in Taiwan.

Well, what I predicted actually happened. When that law was formally adopted on the 14th of March 2005, I remember the precise passing time was around 11 a.m. And that afternoon, 1:30 p.m., I, on behalf of the Taipei City Council, called a press conference with the participation of 12 other pan-Blue city mayors and county magistrates to make public an open letter to the international community registering our protest and displeasure about this law. We have three reasons. First, we consider this piece of legislation reflects a least understanding of the mainstream public opinion on Taiwan.

Actually, those who support Taiwan independence constitute only a small portion of the people in Taiwan. The majority of the people in Taiwan support maintaining the status quo.

Secondly, we believe all cross-Strait matters should be handled under the principle of bilateralism, not unilateralism.

Number three, all cross-strait matters should be handled according to the principle of peaceful settlement of disputes. So we are opposed to any application of non-peaceful means. In spite of our protest and opposition, in the final paragraph of our letter we call upon Mainland China and Taiwan to resume the interrupted dialogue between the two, because we think dialogue, negotiation, are the only means to solve their differences.

But the reaction from the pan-Green was different. They called a large mass rally on the 26th of March, with the participation of 275,000 people, the second-largest political rally in Taiwan's history. So the situation became quite tense after that. Interestingly enough, a pre-scheduled visit to mainland China by the vice chairman of the Kuomintang, Jiang Bingkun, led a delegation to leave Taiwan just two days after the rally, and they concluded a 12-point consensus with the mainland side on a variety of trade and economic matters. Then that trip was followed by the well-known Journey of Peace by former chairman Lien Chan, who met personally with Hu Jintao on the 29th of April 2005 and reached a 5-point common vision with the mainland. This common vision includes support for the '92 consensus; they should reach consensus again on a peace accord or agreement; and then they want to establish a common market across the Taiwan Strait; and they also promised to explore the issue of Taiwan's international participation; and number five is that the two parties, CCP and KMT, should establish a platform for interchange on the party-to-party level. That was 2005. And as you are fully aware, two months ago President Chen Shui-bian said he wants to seriously consider the abolishment of the National Unification Council and Unification Guidelines. As you know, the council and the guidelines were actually made and established in 1991. But when President Chen was inaugurated in the year 2000, nine years after these two institutions were established, there had been nine years. And the reason why he put them into the Five No's is a question of contention. But ever since he was inaugurated, the two things, the council and the guidelines, have fallen into disuse. But when he formally put an end to it, that certainly raised the question of whether he was keeping his promise not to abolish these two things.

So what followed in the months of February and March was all public information, but obviously the United States took a very different view. Through a lengthy negotiation—thanks to our representative here, David Lee—they finally came to some kind of an understanding that the Taiwan side used “終止運作，終止適用”，which the U.S. side used “cease to operate” and “cease to apply.” But nobody really knows whether this organization and this piece of policy are still in existence. People, including Su Chi, raised that question during the official interpellation period in Parliament and posed the question to Premier Su Tseng-chang. What Premier Su Tseng-chang said was only “we cease to operate the National Unification Council and cease to apply the National Unification Guidelines.” But he was repeatedly asked whether

these two still existed. He again repeated what I just said. People said he was like playing a tape recorder.

But in any case, the official view seems to try to avoid saying that it's being abolished. On the other hand, the American side insists that they are only being frozen, not abolished. The final result of this matter remains to be seen. But in any case, the mutual trust between Taiwan and the United States has been hurt as a result, pretty much like what happened in 2003, when President George Bush, in his meeting with Mainland Chinese premier Wen Jinbao in the White House, held a press conference on December 9, 2003, where he said the leader of Taiwan seems to intend to unilaterally change the status quo and the United States is opposed to that. That was the first time I had seen a president who was supposed to be very pro-Taiwan to say something like that to our president openly.

But this is the political situation ever since the year 2000. As you can see, the relationship moved from exportation to stagnation and ended with confrontation. On the other hand, this economic relationship became so booming in the last six years—which is actually a continuation of what happened after 1987, when the Home Reunion was permitted to go ahead. Last year, the year 2005, the trade between Taiwan and the mainland reached the record number of \$71 billion, out of which Taiwan enjoyed a huge trade surplus of \$49.7 billion. Last year, Taiwan's total trade surplus was slightly more than \$7 billion. So had Taiwan not traded with the Chinese mainland, Taiwan's total foreign trade would have a huge deficit of over \$42 billion. Investment since 1987 has accumulated to more than \$100 billion with more than an estimated 100,000 Taiwanese companies investing on the Chinese mainland, creating more than 10 million jobs over there. And there are an estimated 1 million Taiwanese living, working, doing business on the Chinese mainland. And last year, more than 4 million trips were made by Taiwanese to the mainland, and more than 200,000 trips made by Mainland Chinese to Taiwan.

So the relationship, in terms of travel, trade, investment, and other exchanges—cultural or whatever—really are unprecedented in history, between Taiwan and the Chinese mainland. So you can see a vastly different picture, one on the political side and the other on the economic side. There are more than 700 missiles targeted against Taiwan, but trade booms as usual.

So what went wrong with all this? Well, first of all, there is a very significant lack of mutual confidence between the two sides. Each side considers the other side as enemy or potential enemy. Secondly, they lack consensus on the definition of the status quo. I think each side accuses the other side of unilaterally changing the status quo—but they also changed the status quo, which they did not admit. Number three, I think the most important thing is they do not share a common vision for the future.

So what we, the KMT, have in mind regarding all this is what I am going to tell you about. Well, I think, first of all, let's tackle the problem from the most important point. We need a common vision, a shared common vision by two sides. In my view, it should be peace and prosperity—what we call Two P's peace and prosperity. And secondly, if the KMT is able to return to power in 2008—let's make it clear: the KMT's return to power; I'm not talking about any individual becoming president. If that becomes a reality, the KMT will, first of all, keep the Five No's. That is very important for the maintenance of the status quo. The KMT will firmly support maintenance of the status quo without pursuing permanent separation from China and immediate reunification with Mainland China. In other words, that is supporting the status quo without considering either independence or unification in the near future.

But in addition to the Five No's, we need Five Do's. What do we mean by Five Do's? First of all, we would resume the interrupted talks between the two sides on the basis of the '92 consensus — which means One China, Different Interpretations.

Secondly, we would like to negotiate a peace accord with the mainland for, say, 30 years, 40 years, or 50 years, depending on the negotiation. And being a peace accord, a military CBM—confidence-building measures—should be included.

Number three, we will facilitate and accelerate the economic and financial exchanges between the two sides, leading eventually to the formation of a common market across the Taiwan Strait. Of course, this will include establishing direct air links with the mainland, allowing mainland tourists to come to Taiwan, letting Taiwanese financial service industry to go to the mainland, and so on and so forth.

Number four, which is the most difficult part, we should negotiate a modus vivendi regarding Taiwan's participation in international activities. They should include not just bilateral relations but also multilateral relations. And the modus vivendi should not be based on zero sum game, but rather should be based on pragmatism.

Number five, I think we should accelerate the exchange in the cultural and educational area. Specifically, we would like to see the exchange of students between the two sides. At the moment, there are 5,000 students studying on the Chinese mainland, but their degrees earned are not recognized in Taiwan. President Chen announced last year that during his tenure of office he would not recognize the degrees earned by Taiwanese on the Chinese mainland because he believed if he did so, more students would go to the mainland and that would make our universities even more difficult to get students.

Well, on the other hand, we will also hope that we could let mainland high school graduates to come to Taiwan to enter our universities, provided that the national security considerations are taken care of.

Why do we want to do that? Well, in Taiwan today there are 169 universities, and there is really a boom in our higher education. And for each graduate from our high schools in that given year, they have one more place in our universities. When I was a high school graduate, our chances of getting into a university were only 27 percent; but now it's more than 100 percent. It's very difficult not to get into college.

But if you see the statistics sometimes show only 86 percent admission rate, it was because those who were already in college come back to take the exam again. Otherwise, if you are counting only the graduating class, the admission rate is more than 100 percent. So we have excess capacity.

On the other hand, on Mainland China only 18 percent of the high school graduates have a chance to go to college. You might wonder, could the mainland high school students or the family afford going to Taiwan? Well, in Taiwan, you need probably NT\$ 200,000 or 250,000 for a year in college. But in Mainland China, it's about NT\$ 50,000, slightly more than Renminbi ¥10,000 as a point of reference. So the cost of higher education in Taiwan is

about 5 times that in Mainland China.

But look at another statistic. Mainland China last year spent Renminbi ¥50 billion which is about NT\$ 60 billion, on foreign studying. Apparently there are now enough middle class families who could afford sending their kids to Taiwan. Of course, when I say we would like to see that, you know, you couldn't imagine how happy our university presidents are if they can have 10,000, you know, 20,000 students from the mainland. That could effectively solve the problem of shortage of students.

On the other hand, I think we don't just look at the financial side. I think it is very important for the young people on either side of the Taiwan Strait to get to know each other at an early stage of their life and build a lasting friendship. I think this will become a very important source of goodwill. Just imagine if in the future the director of the Taiwan Affairs Office of the State Council on the mainland is a graduate of the National Taiwan University, and the chairman of the Mainland Affairs Council in Taiwan is a graduate of Peking University.

Ladies and gentlemen, what's wrong with that? Wouldn't that be a very good thing, when each understands the other side much better? Our former foreign minister Jason Hu is a graduate of Oxford University. So when he went to Great Britain to conduct his diplomacy, I think it made it much easier to do that. I'm a graduate of Harvard Law School, so it will be much easier for me to get along with our alumni in the U.S. government. And when we talk about, well, the dormitory we shared or the mixers we went to and what dates we usually get from a nearby teacher's college—you know that? —You know—This is something that provides a much better atmosphere for people to get together.

Well, so these are the Five Do's. And you may ask me why are we so optimistic about that kind of proposal. Well, as I said, former Chairman Lien Chan actually paved the way last year. And I think at least we should seize upon that opportunity to make further proposals in order not only to keep the momentum but to explore new possibilities. After all, we can't afford not to have peace and prosperity across the Taiwan Strait. Only by doing that can we really do the region a favor.

In addition, you might ask what will be the U.S. role in all this. I think the United States will continue to play a very important role in making this

possible. The United States should give the two sides enough encouragement to come to terms with peace and prosperity as the ultimate goal. Taiwan should become a responsible stakeholder in East Asia. I know responsible stakeholder has become the name of the game.

Specifically Taiwan should become a peacemaker, not a troublemaker. So we should not rock the boat in regional waters. And I think the U.S. role in security affairs in East Asia will be made much easier. And the U.S.-Taiwan security relationship will be enhanced as a result. More resources could be used for economic development, for education, for social welfare instead of for war preparations. I think this is probably the only way out when we talk about really putting an end to the flashpoint across the Taiwan Strait—or to use a more fashionable term, to let the flashpoint across the Taiwan Strait cease to exist. Thank you very much.