The Taiwan Issue in Sino-Japanese Relations in the 1990's

Melanie Kintz

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THE TAIWAN ISSUE IN SINO-JAPANESE RELATIONS IN THE 1990'S

by

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I dedicate this thesis to my mother, Gudrun Kintz, without whose support I would have never moved to the United States and written this thesis. Thanks Mom.

Melanie Kintz
THE TAIWAN ISSUE IN SINO-JAPANESE RELATIONS IN THE 1990’S

Melanie Kintz, M.A.
Western Michigan University, 2002

The Taiwan issue did not figure prominently in the relationship between the People's Republic of China (PRC) and Japan between the normalization of Sino-Japanese diplomatic relations in the 1970s and the early 1990s; other issues dominated and shaped the relationship. However, in the 1990s the Taiwan question re-emerged as a source of disturbance in the relationship between the PRC and Japan. Especially during the so-called missile crisis of 1995-1996, the Taiwan issue was pushed into the world media’s center of attention and significantly affected the dynamics of the Sino-Japanese relationship. What accounts for this observable change in the importance of the Taiwan issue in Sino-Japanese relations? This is the question this thesis attempts to answer.

This thesis argues that the re-emergence of the Taiwan issue in the 1990’s is primarily due to domestic changes within Taiwan and Japan. Those changes, namely democratization in Taiwan and the end of LDP single-party rule and the decline of the JSP as an opposition power with a more pacifist, non-military, anti-U.S.-Japan treaty agenda in Japan, significantly affected foreign policy-making processes in the governments involved. These changes not only altered the dynamics of the China-Taiwan relationship but also significantly affected relations between China and Japan.
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INTRODUCTION

The Taiwan Issue in Sino-Japanese Relations

Between 1945 and the early 1970s, the Taiwan-issue on several occasions influenced the development of the relationship between the People’s Republic of China (PRC) and Japan. For example, the 1958 trip to Taiwan of Japanese Prime Minister Kishi Nobusuke provoked the opposition of the PRC’s government and was an obstacle in the normalization of the Sino-Japanese relations at that time. After the normalization of the relations between China and Japan in the 1970s, the Taiwan issue lost most of its previous influence on Sino-Japanese relations. However, in the 1990s the Taiwan question re-emerged as a source of disturbance in the relationship between the PRC and Japan. Especially during the so-called missile crisis of 1995-1996, the issue was pushed into the world media’s center of attention. But those who followed the development in East Asia closely discovered that the affects of the issue were not isolated to the Taiwan-PRC relationship. Rather, the re-emergence of the Taiwan issue also caused disturbances in the relationship between Japan and the PRC. For example, Japan's 1994 invitation of the Taiwanese Vice Premier to the Asia Games in Hiroshima provoked the PRC’s protest, as did former Taiwanese president Lee Teng-hui’s private visit to Japan in 2001. Why does the PRC protest so strongly against private visits of Taiwanese officials to Japan? Why did the Taiwan issue, which was relatively less important than other issues in the China-Japan relationship
for nearly twenty years, re-emerge as a divisive issue in the 1990s? What accounts for this observable change in the importance of the Taiwan issue in Sino Japanese relations? These are the questions this thesis attempts to answer.

**Domestic Politics and the Changing Importance of Taiwan**

This thesis argues that the re-emergence of the Taiwan issue in the 1990’s is due to domestic changes mainly within Taiwan and Japan. Those changes, namely democratization in Taiwan and the end of Liberal Democratic Party (LDP) single-party rule and the decline of the Japan Socialist Party (JSP) as an opposition power with a more pacifist, non-military, anti-U.S.-Japan treaty agenda in Japan most significantly affected policy-making relative to the Sino-Japanese relationship. These changes changed the dynamics of the cross-strait relationship but also strongly influenced relations between China and Japan.

The democratization in Taiwan opened the political decision-making process to other actors. The Kuomintang (KMT), who had come to the island of Taiwan in 1949 to escape the defeat by the communists on the Chinese mainland, was suddenly challenged in its hold on power and its monopoly over the policy-making process. In order to stay in power, the KMT adjusted its strategies to reflect the public will and to account for the in-roads made by opposition forces after democratization. The influence of other actors on the political decision-making process led to a change in Taiwan’s foreign policy to the so-called “pragmatic diplomacy.” This new policy often triggered protest from the PRC, since it appeared as Taiwanese leaders were
promoting Taiwanese independence. The Chinese government strongly opposes
Taiwanese independence, and any steps that the PRC regards as promoting Taiwanese
independence increase the conflict potential not only between China and Taiwan, but
also between China and those countries who seem, in Chinese eyes, to support
Taiwanese independence, mainly the United States and Japan. Hence, Taiwan's new
"pragmatic diplomacy" increased the tension in Sino-Japanese relations.

In addition, Lee Teng-hui's emergence as leader of the KMT and president of
Taiwan influenced the dynamics of the cross-strait relations, as well as the relations
between Taiwan and Japan, and therefore had an influence ultimately on the relations
between Japan and China. This can be seen clearly in instances when Lee Teng-hui
would apply for visas to enter Japan. Lee, who had been raised on Taiwan when it
was a Japanese colony, received his B.A. degree in Japan and has very positive
feelings towards Japan. Due to his education in Japan and his ability to speak
Japanese fluently, he has many friends and supporters in Japan. However, Lee is also
the president who pushed democratic reforms that had been initiated under Chiang
Ching-kuo. However, Chiang's efforts were targeted mainly at legitimizing the rule of
the KMT, while Lee's reforms transformed Taiwan from an authoritarian one-party
state to a democracy. Without those democratic reforms, the current (since 2000) rule
of the Democratic Progressive Party (DPP) would have not been possible, and the
Taiwan issue would have remained of relatively less importance to the Sino-Japanese
relationship.
In Japan the major changes have been the end of the rule of the Liberal Democratic Party (LDP) and the turn to coalition governments. The end of the single party-rule by the LDP was not so much a result of the LDP losing support of the public as it was caused by defections from the LDP and the subsequent founding of new parties. However, the 1994 changes of the Japan Socialist Party's (JSP) positions towards accepting the Self-Defense Forces as constitutional and supporting the U.S.-Japan Security Treaty were important changes on the domestic level that influenced the dynamics of the Sino-Japanese relations. Until 1994, the JSP firmly opposed both the Self Defense Forces and the U.S.-Japan Security Treaty, and these positions defined JSP opposition to the staunchly pro-U.S. and pro-Self Defense Forces LDP. The JSP's acceptance of the Self-Defense forces and the U.S.-Japan security treaty therefore bridged the ideological gap between the LDP and the JSP and made the 1994-1996 LDP-JSP-New Sakigake coalition possible. However it also meant that the JSP lost its distinctive character as an opposition party and led to the JSP's decline. The new opposition parties, including the short lived New Frontier Party (NFP) and the Democratic Party of Japan (DPJ) had a much more conservative stance than the JSP, and so the JSP's decline meant a shift towards more conservative politics.
The Significance of the Taiwan Issue

The PRC regards Taiwan as a renegade province that has to be reunited with the mainland at some point in time. It therefore is very sensitive to every move by Taiwan or other countries that promote Taiwan’s independence.

The Kuomintang, which was the ruling party on Taiwan under Chiang Kai-shek and his son, Chiang Ching-kuo, had been organized along Leninist lines during its early period on the mainland. The regime that was established on Taiwan in 1949 was characterized therefore by substantial overlaps of government and party responsibilities. However, one significant difference from other Leninist parties is that the KMT allows a capitalist economic system according to the ideas of Sun Yat-sen. This ideology serves also as link between past and future. The KMT side long hoped for a reunification with Mainland China under the Three Principles. This means, when free market system and democracy have emerged on the Mainland, reunification can be achieved.

Japan’s interest in Taiwan is basically driven by economic and security concerns. Taiwan is currently Japan’s third largest trading partner, after the United States and the PRC. Also, the Taiwan Strait is a very important transportation route for Japan, as most maritime traffic that transports oil and other goods to Japan pass through it. Taiwan is also located less than 200 miles south of the southernmost Japanese island. Many in the Japanese government fear that if China was to take
control over Taiwan it could easily block Japan's maritime traffic or the access to the Senkaku/Diaoyu islands.¹

Moreover, a military conflict in the Taiwan Strait is undesirable for Japan. Japan's Security Treaty with the United States and the Taiwan Relations Act between Taiwan and the United States suggest that in the event of a military attack by the PRC, the U.S would respond militarily, and Japan may be obligated to provide logistical support for the United States and could therefore be drawn into the conflict between Taiwan and the PRC. Even though cross-strait tensions have thus far not deteriorated into full-scale military conflict, a conflict situation remains.

**Literature Review: External vs. Domestic Factors and Foreign Policy**

No state exists isolated from its environment. States as actors are constraint by internal and external factors. According to Kenneth Waltz, there are three "levels of analysis" that can be sued in the identifying the causes of war, and by extension of foreign policy more broadly. These three levels are: (1) man, where the analyst contends that either human nature or the personalities and characteristics of individual leaders drive foreign policy (2) the state, where the analyst contends that the relevant state's regime-type or the character of government decision-making institutions drive foreign policy, and (3) the state system, in which the analyst contends that the

structure of power-relations between states or the norms and rules that govern state interaction drive foreign policy.\(^2\)

Waltz himself then argues that the behavior of a single state in the international system is determined by the position of that state relative to the other states in the international system. Since there is anarchy in the international system, no single or collective force regulates that system. Therefore, according to Waltz, states have no choice but to pursue their own national interests, of which state security is the defining principle.\(^3\) This model accepts the state as a unitary actor that rationally strives for its national interest. As many scholars have argued, this model oversimplifies reality, as the state is not a unitary actor and domestic actors, not the structure of the international system alone, define what the national interest is.\(^4\)

Foreign policy decisions are the result of domestic negotiations and compromise and are influenced by the relative strength of various domestic actors and other state-level factors.\(^5\) So while the structure of the international system may suggest that certain policies are rational, state policy does not always adjust accordingly, as domestic factors and constraints shape the policy-making process in often decisive ways.

Political leaders deal simultaneously with pressures from the international system (bilateral as well as multilateral, e.g. rules and norms by international organizations) as well as with domestic constraints (like finding coalition partners and


\(^5\) For essays that summarize state-level influences on U.S. foreign policy, see Eugene R. Wittkopf and James M. McCormick, eds., *The Domestic Sources of American Foreign Policy*, 3rd Edition (Lanham, MD: Rowman and Littlefield, 1999).
trying to remain in power) and cannot freely strive for what an analyst may identify as objective national interest. Putnam argues that, given the domestic and international pressures that constrain policy-makers, scholars can understand international negotiations as a two-level game. On the national, he says, domestic actors pressure politicians to adopt favorable policies and politicians build coalitions among these groups in order to gain power. On the international level, decision-makers need to maximize their abilities to satisfy domestic pressures but also need to act carefully to not cause adverse reactions from their foreign counterparts. In short, central decision-makers cannot ignore either level.6

In this thesis, I argue that external factors set the parameters in which state actors in Taiwan, Japan, and China made decisions, but that domestic factors were most important in provoking change in the role of the Taiwan issue in Sino-Japanese relations. External factors made change possible, but changes within states actually drove the changes that occurred. In this thesis, I combine the first (man) and the second (state) level under domestic/ internal influences. I am looking at changes on those levels and how those influence state behavior on the international level. This includes change in leadership and how individuals influenced state behavior, as well as changes in the domestic decision-making process, like the emergence of new parties in the political spectrum.

External factors, specifically changes in the state-system, certainly influenced the development of the Sino-Japanese relations as well as the re-emergence of the

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Taiwan issue in that relationship. However, these system-level changes were necessary rather than sufficient conditions for change in the Sino-Japanese relationship.

One of the most important external changes is the end of the Cold War. During the Cold War, strategic considerations had influenced the security policies of the nations in East Asia and of the United States. To contain the Soviet Union, Japan and the U.S. had formed an alliance and in the 1970s China was partially incorporated into this strategic alliance. Strategic considerations for this alliance had been more important than human rights issues and trade issues. However, after the end of the Cold War and with the collapse of the Soviet Union, those issues were no longer ignored. Trade issues, specifically the U.S.-Japan trade imbalance, disturbed the relationship between the United States and Japan and led to voices in Japan that asked for stronger involvement of the Japanese economy in Asia. Human rights issues, especially following the Tiananmen Massacre in June 1989, influenced the relations between China and other nations. China started to perceive U.S. policy in Asia as strategically targeted towards Chinese containment and reacted fiercely to arms sales from the U.S. to Taiwan. This surely also influenced the way China looked on the revised security guidelines between the U.S. and Japan.

Those external factors surely are necessary to let the changes, like alliance reformation, happen, however they do not seem to be sufficient explanations for the changes that happened in Taiwan and in the Sino-Japanese relationship. For example, Taiwan’s democratization began before the end of the Cold War and could not have
been provoked by a change in the international balance-of-power. Chiang Ching-kuo had started the reform efforts to settle domestic unrest, because he knew that it would be difficult for Taiwan to withstand pressure from the inside and from the outside. So in order to legitimate the rule of the KMT in Taiwan he started subtle democratic reforms and formed channels of communication with the opposition. Also, if we look at the decision of the Japanese Socialist Party to accept the Self Defense Forces as constitutional and giving up on the resistance against the U.S.-Japan Security Treaty, it appears that these changes were motivated by the goal of staying in power and being able to form a coalition with the LDP and for the first time provide a Socialist Prime Minister; they were not provoked by the end of the Cold War or other international system-level changes.

Therefore I argue, while it is important to look at external factors, the domestic changes in Taiwan and Japan had the decisive influence on the dynamics of the cross-strait relations and at the relations between China and Japan.

This thesis therefore contributes to the body of literature that deals with the influence of domestic politics on foreign policy. This literature usually looks at the influence of domestic-level factors like public opinion, societal groups, and government organization in shaping the formation of foreign policy. Domestic explanations argue that states sometimes do not make the most beneficial decisions in international politics, because leaders need to satisfy domestic political goals and foreign policy goals. Explanations that focus on the influence of external factors, primarily like to look at anarchy and power in the international systems and try to
explain how the military and political powers of states in the international system
determine the foreign policy decision making process of states. They also look at
patterns of (economic) dependence and interdependence to explain the constraints on
foreign policy making. This also includes a nation’s involvement in international
organizations. International organizations give states the possibilities of representing
themselves and having influence of the collective decision-making process within the
international system, however they also place constraints in terms of rules and norms
that states must obey. This body usually assumes that states act as unitary actors,
while those who try to explain foreign policy as influenced by domestic factors
consider state’s decision-making processes as influenced by a range of internal
factors, perhaps including the influence of domestic mass media, public opinion,
political parties, interest groups, bureaucratic structure, and individual leaders.

The significance of domestic political constraints on foreign policy was
acknowledged in 1951 by Cold War realists George Kennan and Hans Morgenthau.
However, especially after the Vietnam War, literature on U.S. foreign policy
portrayed the Executive (president) as less independent than most realists assumed
and more and more as being under constraints from Congress, elites and mass public
opinion. Among this literature is Paul Peterson's edited volume, *The President, the
Congress and the Making of Foreign Policy*. Contributors to this volume examine the
influence of the presidency and congressional committees and their influence on the
outcome of political decision making in the U.S.\(^7\)

\(^7\) Paul E. Peterson, ed., *The President, the Congress, and the Making of Foreign Policy* (Norman:
University of Oklahoma Press, 1994).
Joe D. Hagan, in Political Opposition and Foreign Policy Making in Comparative Perspective, examines the role of the opposition to the regime that controls the government bodies and shows the influence of the opposition on foreign policy making. He concludes that the opposition does matter, because leaders need to compromise between domestic policy imperatives and foreign policy goals. To do so they engage in issue avoidance or bargaining strategies.8

In the context of foreign policy formation in Japan and Taiwan, Robert A. Scalapino's edited volume, The Foreign Policy of Modern Japan, contributors demonstrate how domestic institutions like parties (LDP) or ministries decisively influence the foreign policy-making process. Mike M. Mochizuki argues in Japan: Domestic Change and Foreign Policy that the process of domestic change will produce a Japan that is more supportive of U.S. interests, because the political realignment has depolarized the ideological conflict about defense policy and Japan's security relationship with the United States. And in his recent paper “Domestic Changes and Taiwan’s Engagement with Mainland China,” Tse-Kang Leng argues that Taiwan’s democratic change invalidates Beijing’s “one country, two systems” formula as a solution to Chinese reunification and demonstrates that the desire to preserve the democratic system has become the first priority to Taiwan’s politicians.9

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8 Joe D. Hagan, Political Opposition and Foreign Policy in Comparative Perspective (Boulder, CO: Lynne Rienner, 1993).
This thesis builds on this body of literature by explaining how changes in leadership and political decision-making processes affect the making of foreign policy.

**Structure of the Thesis**

Since it is the goal of this thesis to explain how domestic changes in Taiwan and Japan led to a re-emergence of the Taiwan issue, it will look at the domestic changes in Taiwan and Japan and look then to China to evaluate their implications on the relationship between the PRC and Japan.

In chapter 1, I briefly review the historical background of how the Taiwan issue has affected the Sino-Japanese relationship. I show that before the normalization of the relations between the PRC and Japan, the Taiwan issue had great significance, but after the normalization the issue lost most of its importance until the early 1990s, when it reached new importance again.

In Chapter 2, I analyze the domestic changes in Taiwan. I focus on Lee Teng-hui’s presidency since in this period the most significant domestic changes happened. Taiwan’s transformation from an authoritarian one-party-state to a democracy and Lee’s personal characteristics and decisions play crucial roles in the importance of the Taiwan issue in Sino-Japanese relations.

In Chapter 3, I look at the domestic changes in Japan and show that starting in the early 1990s domestic changes in Japan gave rise to more conservative (nationalistic) politicians who were not as sympathetic to the PRC as many of their
predecessors. This influenced significantly how Japanese politicians reacted to Taiwan’s and the PRC’s demands.

In Chapter 4, I analyze China. I show that China’s main strategy toward Taiwan has not been changed significantly since the early 1980s. However, I also demonstrate that the domestic environment in the PRC has been changed and that this as well as the more confrontational policy from Taiwan and Japan have affected China’s approach toward Taiwan, even if the fundamental principles governing China's Taiwan policy have remained largely unchanged.

Finally, in Chapter 5, I summarize my argument and look ahead to the implications of my analysis for understanding future developments.

This thesis refers to Taiwan as a country, even though it acknowledges that Taiwan is not an independent state. However, Taiwan has a government that handles the affairs important for Taiwan, has international relations and is a member in several international organizations. The PRC has no effective control over Taiwan and its government and is unable to interfere directly in the political decision-making process.
ORIGIN OF THE TAIWAN ISSUE AND ITS INFLUENCE ON SINO-JAPANESE RELATIONS BEFORE 1989

The Taiwan Issue in Sino-Japanese Relations until 1945

Historically Taiwan has played an important role in the relations between China and Japan, however, as this chapter will show, after the normalization of the relations between the PRC and Japan, the Taiwan issue lost some of its significance.

Taiwan has been a part of China since 1661 when Koxinga drove out the Dutch colonizers and established Chinese control on the island. After the defeat in the Sino-Japanese War in 1895 the Treaty of Shimonoseki transferred Taiwan to Japan.

China and Japan had been at war since 1937, but on December 9th in 1941, China formally declared war against Japan. The declaration of war says: “all treaties, conventions, agreement, and contracts regarding the relations between China and Japan are and remain null and void.” In the Cairo Declaration of November 26th, 1943, as well as at the Teheran Conference and the Potsdam Proclamation, it was declared that Japan had to return all the territories that it had acquired from China, namely Formosa, Manchuria and the Pescadores. After the surrender of Japan on August 15th 1945, Taiwan was, as all the other territories mentioned above, returned to China. During the Japanese Surrender Ceremony on October 25th 1945, Taiwan’s

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10 Hungdah Chiu, China and the Taiwan Issue (New York: Praeger, 1979), 204.
Administrator Che, who had been sent by the KMT to govern the island: “From this
day forward, Taiwan and the Penghu Archipelago are again incorporated into the
territory of China.” Since then the Republic of China (ROC) has ruled Taiwan as a
province.

**From World War II until the Normalization of Relations (1949-1972)**

On October 1, 1949, the China’s Communist Party declared the Peoples
Republic of China in Beijing and by December controlled the mainland. The
nationalist regime under Chiang Kai-shek was forced to flee to the island of Taiwan.
The escape of Chiang’s regime to Taiwan and Mao’s rise to power did not mean that
the nationalist regime would give up their claim to be the sole legitimate government
of all China. Therefore there were two leaders claiming to be the head of all China. At
this time most non-communist nations at the time did not recognize the communists
as the legitimate government of all China.

With the emergence of the Cold War both China and Japan were incorporated
into the structure of global power relations. The USA and the Soviet Union were both
looking for allies in and outside of Europe. The treaty of alliance between the PRC
and the Soviet Union from February 1950 signaled the emergence of China as an
important military factor in East Asia. The United States therefore started to change
the occupational policies towards Japan in order to integrate Japan as an ally into the
American security system.

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11 Chiu, 213.
Japan on the other hand got into the dilemma in its relations to China, because it has no choice in recognizing the PRC instead of the ROC. This would have been against US policies. There were several reasons why Japan needed the support of the United States and would therefore not act against their policies. One was that to work against U.S. interests would have jeopardized Japan’s recovery as an independent nation. The other reason was that Japanese leaders were negotiating with the US and their allies for a peace treaty as well as a security treaty. The security treaty was (and still is) of special importance for Japan. The Korean War demonstrated the seriousness of the Communist threat in East Asia. As Japan was unarmed, due to occupation and Article 9 of its constitution, it needed essentially the American protection against the external threat. The United States on the other hand considered, in order to integrate Japan into their security system, the end of the demilitarization. After the outbreak of the Korean War, one of the first decisions the United States made, was to pressure the Japanese to establish a defense force. As a result of a following debate a police force of 75,000 was established, which wasn’t as strong as the U.S. had hoped. However, the establishment of this police force alarmed China, which protested because it feared a revival of Japanese militarism.

Although the Japanese cabinet under Prime Minister Yoshida Shigeru wanted to keep the chances for communication with Beijing open, it signed on April 28th, 1952, in San Francisco a peace treaty with the Republic of China. This treaty was

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12 Article 9 says: "Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes. 2) In order to accomplish the aim of the preceding paragraph, land, sea,
denounced by the PRC’s leaders: “[N]ow, the Central People’s Government of the People’s Republic of China once again declares: If there is no participation of the People’s Republic of China in the preparation, drafting and signing of a peace treaty with Japan, whatever the contents and results of such a treaty, the Central People’s Government considers it all illegal, and therefore as null and void.”

However, the signing of the peace treaty with the ROC did not destroy the ties between the PRC and Japan. Relations were building up first on the base of economic ties. Since 1952 Japan and the PRC signed four unofficial trade agreements and trade expanded, even though it did not expand during the Korean War it is notable that trade between China and Japan took place during that time.

The relationship between the PRC and Japan developed steadily despite several smaller setbacks and crises. When the PRC broke off its alliance with the Soviet Union in 1959 it gave Japan room for further economic engagement in the PRC. Moreover, Japan and other powers had to recognize that China no longer belonged to the monolithic socialist bloc. The Japanese policy towards China still remained ambiguous. On the one hand Japan stated to the PRC it would not favor two Chinas and on the other hand it recognized the Nationalist Government as the sole legitimate Government of China.

and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.”

13 Chiu, 245.

After the Normalization

Closer contacts between the US and the PRC, caused by the changed international environment, finally served as a bridge between Japan and China. On February 27, 1972, the Nixon-Zhou (or Shanghai) Communique was signed. Seven months later the Zhou-Tanaka Communiqué would follow.

Until 1972 the Taiwan-issue influenced the relations between Japan and the PRC because Japan had under pressure by the United States recognized the ROC government on Taiwan as the sole legitimate government of all China. The PRC’s condition for normalized relations were dependent on Japan’s recognition of the PRC as the sole legitimate government of all China, which also meant that Japan would have to break off its official relations with Taiwan. Internationally the PRC had also to struggle for its recognition. In 1971 the PRC took over the seat from Taiwan in the United Nations Security Council and more and more non-communist nations started to recognize the PRC and cut off relations with Taiwan. The so-called Nixon shocks put a final end to the PRC’s international isolation. With more and more governments recognizing the PRC as sole legitimate government, the government under Chiang Kai-shek lost its recognition internationally and was also expelled from the United Nations and other international organizations that required statehood.

The Nixon-Zhou Communiqué lowered the conflict potential between the US and the PRC. It incorporated China into a new security framework in East Asia. When Tanaka Kakuei became Prime Minister of Japan in June 1972 diplomatic relations between Japan and the PRC could be established. The main reason was that Tanaka accepted Beijing's three principles as conditions for diplomatic relations between Japan and the PRC:

(1) recognition of Beijing as the sole legal government of China;
(2) recognition of Taiwan as part of China;
(3) abrogation of the Treaty between Japan and the Republic of China and the severance of diplomatic relations with Taiwan.

The communiqué that was signed by Zhou Enlai and Tanaka Kakuei includes the confirmation of Beijing being recognized as the sole legal government of China, a commitment to "One-China-policy" with Taiwan being a part of Mainland China, the establishment of diplomatic relations, an anti-hegemony statement saying that neither one of the two parties will seek hegemony in the Asia-Pacific, the future aim of a treaty of peace and friendship, and the start of exchanges in order to improve economic relations.\footnote{See Mendl, 143.}

As a consequence of the Zhou-Tanaka communiqué Taiwan cut off the diplomatic relationship with Japan. Japan hoped to be able to maintain cultural and economic relations with Taiwan. Six years later, on August 12\textsuperscript{th}, 1978 the Peace Treaty between the PRC and Japan was signed.

Following the normalization of relations between the PRC and Japan, the Taiwan issue lost most of its relevance in the 1980s. Taiwan was internationally isolated, and even though Japan and Taiwan improved their economic ties, diplomatic relations between Taiwan and Japan remained at an unofficial level, with no formal exchange of diplomatic representatives. Until 1972 Japan had had the chance of keeping up official ties with both China and Taiwan, the Joint communiqué of 1972 and the Peace Treaty of 1978 did not allow for this.

Since Japan adhered to the principles laid out in these documents between 1972 and the early 1990s the Taiwan issue rarely surfaced in the relations between
China and Japan. The only time it came up in the relations was in the mid-1980s with the Kokaryo issue. The Kokaryo issue is about the ownership of a dormitory in Kyoto that was in 1986 awarded by court decision to Taiwan. In a statement on the fifteenth anniversary of the normalization of the relations between the two countries, Peking Radio asserted: “In essence, the Kokaryo issue concerns a judicial decision and it is an attempt to create two Chinas or one China, one Taiwan. If this issue, which concerns a significant principle of politics in Sino-Japanese relations, is not faced squarely or is not solved promptly, the friendly relations that have been established through various efforts will probably be impaired.”

However, as the economic interaction between Taiwan and the PRC increased at the end of the 1980s, the Japanese government came to hold the view that the Taiwan issue could be solved peacefully in time.

Yet, things came differently. Starting in the late 1980s Taiwan had started its democratization process which gave rise to new political actors. Those actors had different goals than previous politicians. Especially those from the Kuomintang that fled with Chiang Kai-shek had always preferred a return of Taiwan to the mainland. However, the new actors, many native Taiwanese like Lee Teng-hui and Chen Shui-bian do not favor this approach. They prefer a more independent Taiwan. Those new actors initiated a new, self-confident approach of Taiwan toward the international community. This, as well as domestic changes in Japan and China, started to raise the conflict potential of the Taiwan issue in East Asia. The next three chapters will show

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16 BBC Summary of World Broadcasts, October 1, 1987.
the how those changes have influenced the significance of the Taiwan issue for the relations between the PRC and Japan.

CHAPTER 2
DOMESTIC CHANGES IN TAIWAN

The nature of the Taiwan issue started to change at the end of the 1980s. The question changed from whether the PRC or the ROC formed the true legitimate government of all China to when reunification would occur. This was mainly due to the domestic changes in Taiwan. Taiwan’s democratization allowed the formation of new parties and so the first indigenous Taiwanese party, the Democratic Progressive Party (DPP) was founded. Also Lee’s succession as president of the KMT and the ROC after Chiang Ching-kuo’s death reflects this change. Lee was the first native Taiwanese to become Taiwan’s president. He did not have the same close ties to the mainland that his predecessors had, who fled the mainland in 1949. Lee Teng-hui started to internationalize the Taiwan problem and used the so-called “pragmatic diplomacy” to increase Taiwan’s international profile. He believed that breaking out of the international isolation would increase Taiwan’s security and would raise the political costs for the PRC to reunite Taiwan with the Mainland by force. This in turn led the Mainland’s government to believe that the Taiwan problem would not be solved in time by itself and that Taiwan was actually striving for its independence. This then led to tensions in the Taiwan Strait, which did not only affect the Sino-Japanese relations, but also China’s relations with other countries, especially the United States. This chapter examines how democratization and Lee Teng-hui’s
leadership led to different approaches to foreign policy and moments of crisis in the Taiwan Strait.

**Taiwan’s Democratization: First Reforms**

Political reforms had started in Taiwan as early as 1972 when Chiang Ching-kuo succeeded his father as the leader of the KMT. However, those reforms were aimed at consolidating the KMT’s power rather than transforming it.\(^{18}\) The more crucial steps followed in 1986 and during the Lee administration. Then Taiwan was transformed from an authoritarian party state to a democracy. Between April and May 1986, internal tension rose as the Tangwai\(^{19}\) activists, opposition forces outside the ruling party, escalated street protests. Chiang Ching-kuo authorized then a formal channel of communication with the opposition leaders “in an effort to fend off serious political disturbance and maintain an orderly reform process.”\(^{20}\) Chiang Ching-kuo died in January 1987, and Lee Teng-hui succeeded him. The next major step was the lifting that same year of the martial-law that had existed for the past 37 years. Then between 1988 and 1989 the laws regarding political associations were reviewed which set the stage for legalizing opposition parties. Oppositional forces had existed prior to that date and the leading opposition party, the Democratic People’s Party (DPP), had been formed in 1986 and existed illegally since then. The reformist leadership under

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\(^{18}\) Tun-jen Cheng and Stephan Haggard, "Regime Transformation in Taiwan: Theoretical and Comparative Perspectives," in Cheng and Haggard, eds., *Political Change in Taiwan* (Boulder, CO: Lynne Rienner, 1992), 11.

\(^{19}\) The Tangwai activist were Taiwanese opposition forces.

Chiang-Ching-kuo found the democratic development promising. It had acknowledged that it would be hard to withstand external pressure by China as well as internal pressure.

In the early 1970's Chiang Ching-kuo had started to integrate the Taiwanese. "In 1969 60.6 % of KMT members were mainlanders; in 1992 the proportion was turned upside down with 69.2 % of the party membership being self-identified Taiwanese. In addition to positions of president, prime minister and chairman of the legislative Yuan were all held by Taiwanese." Chiang also hoped that democratic reform would help the regime to legitimate itself, reduce social conflict, improve the confidence of foreign investors and trade partners, and in that way promote a much better image of Taiwan in the international community, which it needed very much, since it had been more or less internationally isolated after it had to break off most of the relations with Western nations in 1972 following the expulsion from the U.N.

**Constitutional Reforms**

The next crucial step in Taiwan’s democratization process was the decision to retire aging members of the National Assembly, the Legislative Yuan and the Control Yuan. The aging members of these bodies formally represented constituencies on the mainland and had not been up for election since 1947. The deadline for retirement of these members was made 1991, and preparations were made for the transformation of

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21 Andre Laliberte, "Taiwan: Between Two Nationalisms," Institute of International Relations of the University of British Columbia, 6.
the parliamentary bodies. On December 31\textsuperscript{st}, 1991 those veteran members stepped down. Only 80 members, who had been elected in 1986 were left over.

Further, the electoral process was changed to adjust it to the political reality. While the members of the National Assembly, the Legislative Yuan and the Control Yuan previously been elected from all across the mainland (the last elections had taken place before the nationalists fled to Taiwan), the constitution was now revised to establish an electoral process for Taiwan alone. It was also necessary to establish a National Assembly that was actually representative of Taiwan’s public opinion in order to make legitimate revisions to the Constitution. In the elections on December 21\textsuperscript{st}, 1991 the KMT won the necessary 75\% to carry out the constitutional reform. The DPP’s poor result of just 24\%\textsuperscript{22} was attributed to its pro-independence commitment.

For 1992 the plan for the National Assembly was to revise the powers of the president in the institution and of the Control Yuan. In the first full legislative elections on December 19\textsuperscript{th}, 1992, the nationalists won only a popular vote of 53\%, falling from 61\% in partial legislative elections three years earlier. The main opposition Democratic Progressive Party (DPP) won 31\%. In the new 161-seat legislature, the KMT won 102 seats, of which seven were not officially nominated by the party. The DPP won 50 seats, and nine went to independent candidates.\textsuperscript{23} The DPPs result actually meant a tripling its number of seats in the legislature. This shows that the revision of the electoral process gave room to a new generation of politicians as well as room for new political actors to join the political arena. China was concerned with

\textsuperscript{22} In a previous election in December 1989, the DPP had reached 31\%.
\textsuperscript{23} Nikkei, December 28, 1992.
the significant gain of the DPP in the 1992 elections but decided to keep a low profile on its reactions about the elections.\textsuperscript{24}

As a consequence of the 1992 election premier Hau Pei-Tsun resigned. He had been the leader of a faction of the KMT who continuously criticized president Lee Teng-hui of “selling out to the separatists.” He also had a military background, preferred the presidential election through an electoral college, and thought that popular presidential election would de-facto lead to Taiwanese independence and therefore invite military intervention from China.\textsuperscript{25} Hau’s resignation was a triumph for Lee’s mainstream faction, but also led to a split of the KMT.

In August 1993 some members of the non-mainstream faction and the new KMT founded the Chinese New Party. This had two significant effects. It reduced the KMT’s legislative majority from 96 to 90, but it also strengthened Lee’s position within the KMT.

After the formation of the new National Assembly in 1991, the Assembly was supposed to decide on the issue of how to elect the president. Due to the internal split of the KMT, a decision could not be made. The faction around Lee as well as the DPP had preferred the direct popular election of the president, while the faction around Hau Pei-Tsun preferred the presidential election through an electoral college. With Lee’s strengthened position in the KMT, the KMT’s Central Standing Committee could finally make the decision and proposed in April 1994 the direct presidential election. This was approved by the National Assembly in July 1994. “The move to

\textsuperscript{24} CNA, December 24, 1992.
\textsuperscript{25} See Laliberte, 8.
direct presidential elections culminates President Lee's program to reform the ROC's political system," said the paper, which quoted him as saying, "Sovereignty lies with the people and not the rulers." By affirming such principles, the report said, the ROC government is increasingly using its reform process to present the Chinese people a contrast with the mainland's authoritarian one-party system."26 The PRC strongly opposed the idea of direct presidential election. Before the constitutional change the president was chosen through the National Assembly, which at least in some pretext involved some mainland participation. Now the direct presidential election meant that only the people from Taiwan determined the president, which was for the PRC government tantamount to Taiwanese independence.

Missile Crisis and the Presidential Election (1995-1996)

In the months leading up to the presidential election, where Lee was said to be a sure winner, the PRC government urged the Taiwanese people to reject Lee Teng-hui and his agenda towards independence. China's premier Li Peng expressed deep concern that Taiwan, viewed by Beijing as a renegade province, could move further toward independence after the presidential election. Japan's Kyodo News Service quoted Li as saying, "Some personalities among the Taiwan authorities are exploiting the changed electoral laws to plot de facto independence or even realize independence."27 When propaganda would not work for the PRC, it stepped up its threats and conducted missile tests and military maneuvers in the area around Taiwan.

26 CNA, April 25, 1994.
However on March 23, Lee was elected president with 54 percent of the votes. Second was the DPP candidate Peng Ming-Min with 21%. Lin Yang-kan, who ran together with Hau Pei-tsun, had during the campaign criticized Lee for his mainland China policy, which they thought would be leading away from unification and toward armed conflict. In the election they received 15% of the votes. The fourth candidate for president, Chen Li-an, emphasized in his campaign proposals for a clean government and criticized Lee’s approach to Mainland policy. He received 10% of the votes. Looking at these results makes it clear that the PRC’s aggressive behavior before the elections did not intimidate the Taiwanese population and that the Taiwanese preferred an approach to cross-strait relations that would preserve the status quo or even go for an independent Taiwan. It almost appears ironic that the PRC government, who had criticized Lee Teng-hui before the election for his support of independence, totaled up the results for Chen Li-an, Lin Yang-kan and Lee and declared that 79% of the Taiwanese people were pro-unification. The 76% of votes for Lee and Peng also indicate that the Taiwanese people preferred the status quo or wished for independence. Public Opinion in March 1996 indicates that only 1.5% of the Taiwanese people wished for a rapid unification, 17.3% for an unification in the future. However, 7.8% of the Taiwanese people supported rapid independence and 12.7% independence in the future. The rest of the people preferred the status quo at

present and either wished the future to be decided later or to keep the status quo also in the future.  

The day the presidential election was held was also the day of elections for the National Assembly. Here the DPP reached 30% of the votes and 30% of the seats, the New Party received 13% and the KMT won exactly half of the votes and 55% of the seats. After the 1996 elections the cross-strait crisis dissipated

The 1996 election was not only a success for Lee Teng-hui personally but also erased the last obstacle to democracy, since after that all top decision-making positions were filled through the electoral process that was reasonably fair and open. The transition to democracy also meant the end of the one-party state. It also disproved the argument that a democracy was not possible in a Chinese state. "In the political sphere Chinese democrats have pointed to reforms in Taiwan to argue that neither a Leninist party structure nor Chinese cultural heritage is a bar to democratization."  

The Role of Lee Teng-hui and Pragmatic Diplomacy

Lee Teng-hui succeeded to the presidency of Taiwan after Chiang Ching-kuo’s death in January 1988. Born in 1923 at Sanchih, a rural community on the outskirts of Taipei, Lee Teng-hui became the first native Taiwanese to become

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30 Rigger, 176-7.
president of the ROC. After having served several high-ranking positions in Taiwan, i.e. as the mayor of Taipei from 1978-1981 and as governor for the Taipei province from 1981-1984, he was selected vice-president by Chiang Ching-kuo in 1984. When he became president in 1988 he continued to push for democratic reforms which already had started under the rule of Chiang Ching-kuo. In 1990 Lee was formally elected president for a six year term by the National Assembly.

Taiwan’s foreign relations became one focus of Lee’s presidency. His rather bold moves and his speeches stirred up anger from the Mainland’s side. One major step in his presidency was the adoption of the so-called “pragmatic diplomacy” as early as 1988. Under this principle the ROC accepts that China is currently divided and abandons the claim to be the sole legitimate government of all China. Taiwan also seeks under this principle to work intensively toward greater international recognition. However, the PRC viewed the pragmatic diplomacy as steps toward Taiwanese independence and tried to prevent them and isolate Taiwan internationally.

After lifting martial law in 1987, Taiwan residents were also allowed to travel to mainland China. While at first the travel was restricted it soon was allowed for scholars and tourists and entrepreneurs to travel to the Mainland. Taiwanese investors found the business opportunities in China very appealing due to low wages on the mainland. So many investors started to pour money via Hong Kong into the PRC and set up small, labor-intensive manufacturing enterprises. In the first three years after lifting martial law and allowing travel to China, at least 1,000 Taiwanese companies

31 Andrew J. Nathan, "The Effect of Taiwan's Political Reform on Taiwan-Mainland Relations," in Cheng and Haggard, 207.
had set up production lines in China or moved there wholesale, and an estimate of $1.2 billion was invested.  

However, increased interactions between China and Taiwan increased the need for institutions that could manage the affairs with the mainland. Due to the fact that the Chinese civil war had not yet officially ended, there was no official dialogue between the governments in Taipei and Beijing. In September 1990 the presidential advisory council on mainland affairs was established. In March 1991 the Executive Yuan approved the council’s national unification guidelines which established 3 preconditions for unification: democracy, freedom, and equal prosperity on both sides of the Taiwan Strait. It also set up a three stages plan for unification which starts out with the establishment of direct shipping links, trade and postal links, and plans a period of consultation for a mutually agreeable unification framework. Presidential

32 Financial Times (London), October 1, 1990.
33 AP, June 4, 1989.
spokesman Cheyne Chiu said that if the Communist government would show good will to this plan, Taiwan would consider changing its “three no’s” policy towards Beijing in the second phase of the plan. Under the “three no’s” any contacts, talks and compromises with the communist regime are ruled out.  

Also in January 1991 the Mainland Affairs Council was formed which is in charge of planning, coordinating, evaluating, and partially implementing the ROC’s mainland policy. In February 1991 the Straits Exchange Foundation (SEF) was founded, which is a non-govermental agency and is supposed to handle technical and business matters and represent Taiwan in negotiations with the PRC counterpart, the Association for Relations Across the Taiwan Strait (ARATS). In the absence of official talks between the ROC and the PRC, these agencies took over the task of negotiating on day-to-day affairs and served as communication channels between the two sides. 

In May 1991 President Lee officially ended China’s civil war and accepted the existence of the Communist regime and that China was currently divided into two areas under the jurisdiction of two states. The end of the civil war in China meant that now the door to reunification talks with the communist government was open, but it also meant the end of the emergency rule which prevented Taiwan from having a full constitutional government. 

When he ended the civil war, however, Lee made clear that in order to advance the reunification talks Taiwan would need a positive response that would

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include renouncing the use of armed force to solve the "Taiwan question,"
cessation of interference in Taiwan's foreign relations efforts under its "flexible
diplomacy" policy and equal treatment as a "political entity."\(^{35}\)

In order to enhance Taiwan's security the pragmatic diplomacy approach
gained strength and included two broad strategies: building official and unofficial ties
with other countries and joining international organizations. It hoped that by getting
more involved in the international community the political costs for the PRC of
threatening Taiwan into reunification on Beijing's terms would be too high. Already
in 1989 Taiwan had asked for Japanese support to join GATT, APEC and the OECD,
but it also aimed on returning to the United Nations. With the acceptance of a divided
China, Taipei did not insist anymore that only one China could be represented in
international organizations, instead it pointed to the examples of East and West
Germany, North and South Korea and argued that dual representation of divided
countries was acceptable in Taiwan as well as in the international community.
However, the PRC rejected the divided China formula and condemned the idea of
creating a second Chinese seat in the U.N. It feared that pragmatic diplomacy and
especially the U.N. bid would move Taiwan towards independence.

As for the Taiwanese population, surveys showed that 60% were in support
for the U.N. bid and only 15% were opposed.\(^{36}\) With the retirement of the senior
parliamentarians and the elections for the National Assembly quickly approaching,
pragmatic diplomacy and the U.N. bid became an issue in campaigns. In its campaign

\(^{36}\) Rigger, 155.
the DPP called for a plebiscite over Taiwanese independence, advocated direct presidential elections, and supported pragmatic diplomacy and the U.N. bid. Calling for Taiwanese independence proved too bold of a step at this time and the DPP did not perform as well as it had hoped. It only received 24% of the votes. This result signaled that the DPP needed more responsible and realistic solutions. It moved away from embracing Taiwanese independence and emphasized the U.N. bid as an issue for the 1992 legislative elections. In March 1992 Representatives of Taiwan's SEF met for the first time with representatives from ARATS and in May the ROC announced it would set aside the issue of sovereignty temporarily, so they could work on day-to-day problems. At the same time, Lee sought to advance its pragmatic diplomacy. He did meet that same year politicians from other countries, including Britain's former Prime Minister Margaret Thatcher. Taiwan also actively sought for membership in GATT.

On the other hand, Taiwan also experienced two international set-backs. When South Korea normalized its relations with the PRC, Taiwan lost South Korea as its closest Asian ally. In GATT it was admitted as an observer, like Hong Kong and Macao, which was significantly less than what Taiwan had been trying to achieve. The DPP responded to this by making the U.N. bid a central theme in the campaign for the legislative yuan in December 1992. But most of the KMT were also in favor of the U.N. bid, because the idea was very popular among the Taiwanese people. However there was the non-mainstream faction, led by Hau Pei-tsun, who did not support this policy, and the division of factions in the KMT became obvious. As
mentioned above, members of the non-mainstream faction split from the KMT in 1993, after Hau Pei-tsun was forced to resign from his post as premier due to the bad election results. They and members of the New KMT Alliance formed the New Party in August 1993.

Relations with the mainland improved as exchanges between SEF and ARATS took place, however both parties disagreed on the fundamental issues. The PRC still insisted that “one China” means that Taiwan is a province of China. Due to this understanding Taiwanese authorities were regarded as local authorities and because of that government-to-government talks were impossible. China said reunification should take place under the one China, two systems principle and that Taiwan should not have international recognition and no seat in the U.N. It also refused to rule out the use of force to achieve reunification.

Taiwan on the other hand argued that Taiwan and the PRC represented two equal parts of a divided nation and that reunification would take place when the mainland and Taiwan reached the same level of political freedom and economic prosperity. It insisted that China renounce the use of force and argued that its pursuit of international recognition would not violate the one-China principle.

In March 1994 Lee Teng-hui upset the PRC government when he said he would lead Taiwan to freedom and said that the Taiwanese had continuously fallen under the power of a foreign regime, including the Nationalists. He supported Taiwanese businesses investing in Southeast Asia, rather than in the mainland, to decrease economic dependence on the mainland. PRC leaders interpreted Lee’s
statements as tacitly supporting Taiwanese independence. The relations with the mainland worsened the next year when Lee Teng-hui was allowed to enter the U.S. to visit Cornell University. As a reaction the PRC cancelled the talks between SEF and ARATS that had been scheduled for June and launched military tests and maneuvers off the Taiwan coast.

Also in May 1995 Lee presented a new version of the guidelines for unification. A forth principle was added that stressed that reunification should be taking place "in such a manner that the rights and interests of the people in the Taiwan area are respected and their security and welfare protected. Unification should be achieved in gradual phases on the principles of reason, peace, parity, and reciprocity."

In the same speech he stressed again that it had to be accepted that China was at present a divided nation with two governments, and neither was subordinate to the other.

Up to the presidential elections in Taiwan in March 1996, the PRC government propagated against Lee Teng-hui and accused him of supporting independence. After his election for president the Taiwan Strait crisis was over. Yet, the PRC critically watched all of Lee’s actions and protested loudly at any instance that could be interpreted as support for Taiwanese independence. In 1999 his remarks in an interview with Deutsche Welle, that cross-strait relations were “a special form of state-to-state relations” enraged the PRC’s government, and Wang Daohan (president of ARATS) demanded from Koo Chen-fu (chair of the SEF) an

explanation. However, Koo repeated Lee’s “two states” idea and claimed that this fully reflected the will of the people in Taiwan. Lee’s statement came at a time when Taiwan was preparing for presidential elections in March 2000 and the KMT’s presidential candidate Lien Chan was only third in the polls.

However, Lee is a crucial figure in the rise of the Taiwan issue in Sino-Japanese relations also from a different point of view. Lee was born in 1923 on Taiwan, while it was under Japanese rule, he also studied at Kyoto Imperial University and speaks fluent Japanese. He has many supporters in Japan. Already in 1991, CNA reported that a trip by Lee Teng-hui had to be cancelled because the Japanese media had prematurely reported about it. The rumor of Lee visiting Japan angered the PRC government and it protested that Japan should not allow Lee’s visit to Japan, because it would damage Sino-Japanese ties, as it constituted a visit from a Taiwanese official to Japan. This was not acceptable as Japan and Taiwan did not have any official relations.

Also when Lee requested a visa to Japan to undergo medical treatment in 2001, it sparked Chinese anger. Even though Lee by then had retired, the Chinese argued that he could not be considered a normal citizen and suspected that Lee would try to advance his splittist agenda.

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38 Additional documents on relations between the Chinese mainland and Taiwan can be found in *Asian Affairs, an American Review* (Winter 2000): 223-26.
Domestic Change on Taiwan and Its Impact on Sino-Japanese Relations

As shown in this chapter, the democratization on Taiwan complicated the talks with the mainland. When Taiwan was ruled by the KMT alone the talks about reunification could have been done between CCP and KMT. However, after the democratization the decision making process was influenced by other actors, namely the DPP as the major opposition party. Also, since all top decision-making positions were filled by the electoral process, the Taiwanese government, namely the KMT, had to pay attention to public opinion. In order to maximize votes Taiwanese politicians from the KMT (specifically from Lee’s mainstream faction) considered shifting their stand a little and now set pre-conditions for a possible re-unification. The protection of democratic rights of the Taiwanese and their security became a priority. This led to a policy that still considered reunification with the mainland as a possibility. This policy also targeted on preserving Taiwan’s current status quo.

The pragmatic diplomacy, which was supported by the Taiwanese population, aimed at raising Taiwan’s profile in the international community in order to increase Taiwan’s security. It became a constant part of Taiwanese foreign policy. Under the “pragmatic diplomacy” approach Taiwan tried to enter international organizations, like APEC, OECD and the United Nations and to establish official relations with other nations. By this the Taiwanese hoped to raise the political costs for the PRC of a military conflict in the Taiwan Strait and to break out of its international isolation. This together with Lee’s speeches and travels abroad led the PRC government to the
belief that a reunification would not be possible soon, if at all, and sparked not only protests but also military threats, as seen by the events of 1995-1996.

The possibility of a military conflict in the Taiwan Strait in turn raised concerns by the Japanese government. A conflict would disturb the security and stability in East Asia, as it would mean U.S. military intervention. A military conflict would also disrupt Japanese air and sea traffic, or, in case of Chinese control over Taiwan, give China the possibility of blocking Japanese sea lanes or even taking over the Senkaku/Diaoyu islands. Also it would force Japan to choose sides or risk tremendous damage to their key security relationship with the United States.

As Taiwan tried to increase its international profile, it tried to participate in many events abroad and send delegations abroad. Therefore Japan had to decide increasingly about visas for Taiwanese politicians, i.e. the visas to the Asian Games in 1994. Taiwan also further requested Japan’s support to join international organizations and Japan had to decide what it was willing to do to support Taiwan’s effort.

Additionally Taiwan’s economic advancement had made Taiwan the third biggest trading partner for Japan. The increased importance of Taiwan as a trading partner required also increasing contact between Taiwan and Japan, not only on the level of business men, but also on the cabinet level. Then-Minister of International Trade and Industry Ryutaro Hashimoto meet the Taiwanese Trade Minister in 1994 in the framework of an APEC meeting. This was the first official meeting between Taiwanese and Japanese members of the cabinet. Taiwan’s economic importance, its
more aggressive foreign policy, and the possibility of a military conflict in the Taiwan Strait made it impossible for Japan to ignore Taiwan.

In summary, then, democratization in Taiwan, the Taiwanese government's adoption of pragmatic diplomacy, and Lee Teng-hui's characteristics and decisions all had a deep impact on Sino-Japanese relations.
Despite a few problems, the Sino-Japanese ties enjoyed steady growth at the beginning of the 1990s, which was topped in 1992 by the visit to China of the Japanese Emperor and Empress. After the Tiananmen Massacre Japan had even appealed to the Western nations to not place sanctions against China so it would not be isolated internationally. However, starting in 1993 relations started to cool off, reaching a low point after Chinese nuclear tests and the Taiwan Strait Crisis in 1995-1996, and recovering only slowly afterward. Besides the Taiwan issue, other conflict points in Sino-Japanese relations include the history problem, the U.S. – Japan Alliance, the Senkaku/ Diaoyu Islands dispute, and the suspension of Official Developmental Assistance (ODA) after China’s nuclear testing.

While external factors certainly play a role and cannot be ignored, domestic changes in Japan are crucial and need to be taken into consideration. This chapter argues that the end of LDP single-party rule and the change towards a coalition government and as well as the JSP’s decline as an opposition party after giving up its resistance against the Self-Defense forces and the U.S.-Japan security treaty gave more influence to more conservative actors, who preferred a harder line towards China.
The End of LDP Single-Party Rule

Until 1989, the LDP had controlled both houses of the parliament, the House of Representatives (Lower House) and the House of Councillors (Upper House). However in the Upper House elections in 1989 the LDP lost its majority in the upper house. To pass legislation quickly most bills have to pass both Houses, and so the loss of the LDP majority in the Upper House meant that the LDP was forced to make deals with opposition parties in order to pass most legislation. In the July 1993 Lower House elections, held in the wake of the passage of a non-confidence vote against the Miyazawa Cabinet, the LDP fell short of a majority despite remaining the biggest party in the Diet and was forced into the opposition, thus bringing to an end a period of uninterrupted conservative rule that had begun in 1955. The end of the LDP’s single party-rule is a significant event. The LDP’s decline was not primarily caused by declining LDP popularity, but by LDP politicians who split from the party and formed the Japan Reform Party. This started a series of coalition governments, beginning with the 8-party coalition under Morihiro Hosokawa.

First of all, the rule of new parties after the end of LDP single-party rule drew the attention of political actors to domestic development and drew attention away from international issues. It seems that Sino-Japanese relations were rather uneventful that year. However, China protested strongly when directors of the Ministry of International Trade and Industry (MITI) visited Taiwan in December 1993. Another visit of MITI Minister Hiroshi Kumagai had been planned for early 1994. In the framework of an APEC meeting in Seattle Kumagai had met his Taiwanese counterpart in November 1993. When Chinese Vice Premier Zhu Rongji visited Japan in March 1994, he criticized Japan for allowing those contacts to happen and was concerned about Japanese moves to improve Japan-Taiwan ties. However, in general,
due to his candid apology over World War II crimes by Japan to China, Hosokawa was praised by the Chinese government when he left office in April 1994. He was replaced by the short-lived government of Tsutomu Hata. His cabinet only lasted two months, because the JSP left the coalition and Hata’s cabinet had to work as a minority coalition.

The LDP contacted the JSP’s chairman Murayama and asked about the possibility for a coalition between LDP and JSP. This coalition of the LDP with its former enemy JSP was highly criticized as a marriage of convenience. The coalition that was formed after Hata’s resignation in June 1994 consisted of LDP, JSP and the much smaller Shinto Sakigake and was formally led by the JSP. Even though the LDP had been the largest party in the Diet, the JSP got the post of Prime Minister. The formed cabinet presented an ambiguous policy constellation with regards to the China policy. Since the coalition was formally led by the JSP, the position of Prime Minister was filled by JSP Chairman Tomiichi Murayama. In the Diet, the LDP had been the strongest party, but had not been able to reach a majority before. Due to its strength it received important posts in the Murayama cabinet. One was the position of the Foreign Minister, which was awarded to LDP chair Yohei Kono, the other one was the Minister of International Trade and Industry, which was filled by Ryutaro Hashimoto. The third important ministry post went to Sakigake chair Masayoshi Takemura. It is crucial to note that the ministers, who filled MITI and the Ministry of Foreign Affairs had two different opinions on China policy. While Kono favored a careful China policy and was reluctant to anger China over Taiwan, Hashimoto had been known for his pro-Taiwan stance.

The more crucial step in the coalition government between JSP, LDP and Sakigake was Murayama’s announcement to the Diet, that the SDF forces were
constitutional and that he planned to back the U.S. Japan alliance. This meant that the ideological gap between LDP and JSP had been bridged. But it also opened the way for a more conservative tendency in policy-making later. As for the China-policy it meant that hardliners would become more influential, especially with regards to Taiwan and the history issue. This new tendency first became obvious when the Japanese government did not bow down to Chinese pressure and allowed Taiwan’s Vice Premier Hsu Li-teh and Education Minister Kuo Wei-fan to unofficially attend the Asian Games in Hiroshima. Even though Japan had denied President Lee the visa to attend the Asian Games, the Chinese government protested against the granting of visas to Hsu and Kuo, because it feared that the Taiwanese cabinet members would use the stay in Japan to rally for Taiwanese independence. In this event the more conservative tendency becomes obvious. The JSP, who had been a major opposition force before, was now compromising with the dominant coalition partner on foreign policy so the new coalition would work and the JSP could stay in power. The opposition however, consisting at the time of Shinseito, led by China policy hardliner Ichiro Ozawa, and the Democratic Socialist Party, had supported Lee’s visit to the Asian Games. So there was no strong domestic opposition to the invitation of Taiwanese officials. The invitation of Vice Premier Hsu Li-teh was a compromise, but despite strong protest from Beijing, Tokyo did not bow down to further pressure.

On October 23rd, 1994 MITI Minister Hashimoto used the framework of an APEC meeting to meet the Taiwanese trade minister. This marked the first meeting of cabinet level officials in 22 years. Also when Hashimoto made remarks about the Second World War, he came under pressure from China and put the Murayama cabinet in the dilemma of either risking one of the most valuable ministers or risking further tensions with China. "Hashimoto had told parliament, in response to an
opposition party question, it was a matter of delicate definition whether Japan committed aggression against its Asian neighbors during the war. Hashimoto's remarks thrust him into the center of controversy over Japan's continued reluctance to accept responsibility for the war, an issue that has ended the careers of two ministers this year,' the official Xinhua news agency said."

Hashimoto, being member of the largest LDP faction (Obuchi faction) kept his job.

In the Upper House elections in July 1995 the JSP suffered a tremendous loss, yet due to a significant gain in seats by the LDP the three-party-coalition could stay in power. The coalition reached a total of 153 out of 252 seats. However, the LDP, who had hoped for a win of 60 seats, reached only 49 seats. The heads of the three parties decided to keep Murayama as prime minister. Since Sakigake had only won 3 seats it was too weak to become the leader of the coalition. However, if the LDP would force Prime Minister Murayama to step down, a power struggle over leadership in the LDP would break out, since the party under the leadership of Yohei Kono did not reach its election goal. To avoid the intra-party struggle, it was decided that Murayama would remain in place. In the re-shuffled cabinet the key posts (Prime Minister, Minister of Finance, Foreign Minister and Minister of International Trade and Industry) remained the same.

In September 1995 the LDP held elections for the party presidency. As early as August 9, Ryutaro Hashimoto had indicated that he was willing to challenge Yohei Kono in the presidential race and would in his run distinguish his foreign and other policies from Kono's, placing emphasis on relations with Asian countries and a rebuilding of the Party's crumbling unity. However, on August 28, 1995, Kono

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40 It held 41 seats before, but only reached 16 seats in the elections.
withdrew from the presidential race, knowing that he would lose the presidential race. Hashimoto enjoyed a high popularity at this time due to being member of the largest faction and his negotiations with the U.S. as MITI Minister earlier that year. In talks about auto trade with the U.S., Hashimoto had resisted U.S. pressure for fixed numerical targets for auto-parts imports. This had been acknowledged as a big success for Japan and specifically for Hashimoto.

The only challenge in the race for LDP presidency was then Junichiro Koizumi, but analysts predicted a Hashimoto win. With 304 votes to 87 votes Hashimoto was elected LDP-president. On January 5, 1996, Murayama resigned and dissolved the cabinet, thus making the way free for Hashimoto to become Prime Minister. In the new Cabinet, the most significant posts (MOF, MITI) had been filled with LDP members, only the Ministry of Finance was given to Wataru Kubo from the JSP. LDP member Seiroku Kajiyama, became Chief Cabinet Secretary, a position that is seen as being the top aide to the prime minister. Kajiyama had been known for his pro-Taiwan position and it will be shown later that this was a critical appointment.

**The Revision of the U.S. – Japan Security Guidelines**

Just one month after the end of the Taiwan Strait crisis, in April 1996, the revision of the 1978 Guidelines for U.S.-Japan Security cooperation was initiated in a joint declaration by Hashimoto and President Clinton. It called for a strengthening of the bilateral security cooperation and a more active role for Japan in handling conflicts in East Asia. Since after the Cold War the threat by the Soviet Union had diminished the new alliance was supposed to cope with problems in the Taiwan Strait, North Korea and the South China Sea. Regional instabilities in those areas
threaten to disrupt Japan’s sea lanes. The revised guidelines were introduced to the public in September 1997. One of the most critical points was the lack of clarity of the phrase “the area surrounding Japan.” It was stressed by Japanese and American officials that this phrase was not geographical, but situational. But Japan’s commitment to provide logistical support to American military operations raised the possibility of Japanese military conflict with China in the case that the U.S. would become involved in a military conflict in the Taiwan Strait. This put Tokyo in the dilemma that it on the one hand wanted to preserve the alliance with the U.S., but it also feared that the inclusion of Taiwan would provoke Beijing and worsen the relations between China and Japan.

Just prior to the publication of the revised guidelines, Kajiyama angered the Chinese in August 1997 by saying that the new defense guidelines between the U.S. and Japan should naturally cover a military conflict in the Taiwan Strait. This reaction caused Chinese protest. Kajiyama's comments, however, were not primarily targeted to anger the Chinese, but more to embarrass LDP rival Koichi Kato, who during a private visit to China in June had assured the Chinese the revised security guidelines would not cover Taiwan.

To be able fully to implement the tasks Japan had been assigned in the revised Security Guidelines the Japanese government had to develop additional legislation. Despite protest from the parliamentary allies JSP and Sakigake, who had a rather pacifist stand, the Hashimoto cabinet submitted a three-bill package to the Diet on April 1998. However the allies’ threat to block debate on the bills in the Diet as well as upcoming elections for the upper house in June and more pressing domestic issues (the bad loans problem of the banks and the stagnant economy) pushed those bills onto the backburner.
The LDP lost 17 seats in the upper house election in July 1998 and was left with only 102 seats, and Hashimoto resigned as a consequence. The JSP also lost seats and only had a total of 13 seats remaining after that. The big winner was the Democratic Party of Japan (DPJ), who had been the largest opposition group. It received 27 seats and totaled now 47 seats in the 252-seat chamber.

On July 21, the LDP ran elections for the party presidency. The new president would also become the new prime minister. Candidates were Keizo Obuchi, head of the largest faction in the LDP, Seiroku Kajiyama and Junichiro Koizumi. Obuchi won. The Obuchi cabinet consisted only of LDP members. However, since it did not hold the majority of seats in the Upper House it needed to act as a de facto coalition in order to be able to pass legislation quickly. Any bill that is rejected by the Upper House can only be passed if it passes the Lower house with 2/3rds majority. The LDP had only a bare majority in the Lower House, and so the LDP needed to work in de-facto coalition to pursue its legislative agenda. With the banks in crisis, the position of Minister of Finance was a top position. However the continuing bank crisis weakened Obuchi’s leadership not only within the political institutions but also among the public. His approval ratings dropped to 20%. To stay in power, Obuchi looked for a coalition partner. To the surprise of many analysts he chose a coalition with the Liberal Party, which was led by Ichiro Ozawa. The Liberal Party had been founded in January 1998 after the New Frontier Party had split into 6 successor groups. He chose the Liberal Party not only because he hoped for support in the banking crisis and to pass legislation on that issue, but also to have a pro-defense coalition partner. The New Komeito had a much more pacifist stand and its support for the defense guideline bills could not be assured. Obuchi had made the passing of the defense bill legislation one of his policy priorities. The agreement was reached by
mid-November to start a coalition before Diet session would start in January 1999.

From November 23 to November 28, Chinese president Jiang Zemin visited Japan. Jiang came with many demands to Japan. First he wanted Japan to clearly say that the revised security guidelines would not cover Taiwan. But he also wanted Japan to commit to the “three nos”, that U.S. president Clinton had agreed to earlier the same year. The “three nos” mean (1) no support for two Chinas, (2) no support for Taiwanese independence and (3) no support for Taiwanese representation in international organizations that require statehood. Furthermore he expected a clear apology for crimes by the Japanese military during World War II, especially after South Korea had gotten an apology during Kim Dae Jong’s visit.

However, Obuchi did not comply to all the demands. He reiterated Japan’s commitment to the “one China policy” as spelled out in the Joint communiqué of 1972. He also agreed verbally not to support Taiwanese independence. However, he did not commit to opposing Taiwan’s representation in international organizations nor promised to exclude Taiwan from the revised security guidelines. He also only expressed “deep remorse” over the war crimes. Some analysts suspected that the Obuchi’s resistance to the Chinese demands was not only forced by the influence of nationalistic LDP members, but was also due to Obuchi’s desire of forming the alliance with the Liberal Party and that Obuchi gave in to Ozawa’s stances on Taiwan and history.  

The three bills about additional legislation to implement the revised security guidelines were passed in April 1999. Even though concessions had to be made to the opposition parties, the revised security guidelines put Japan into the situation that in case of an armed conflict in the Taiwan Strait, Japan would most likely have to

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provide logistical support to the U.S.

**Japanese Domestic Change and Its Impact on Sino-Japanese Relations**

The goal of this chapter was to show how domestic change in Japan led to the rise of more conservative policy makers and hardliners on China policy. The examples above show that the constraints of a coalition government influenced foreign policy making. The end of LDP single-party rule after the defections of reformist legislators opened an era of coalition governments and led to a change in policy-making. While during the LDP single-party rule compromises were achieved in debates between the LDP factions, now the decisions had to be made between the coalition partners. And even though the LDP is still the strongest power within the Lower and the Upper House it has not been able to reach a majority and has to rely on coalition partners.

The JSP’s decision to give up its opposition to the U.S.-Japan Security treaty and accepting the Self-Defense forces as constitutional gave the government the possibility to pass pro-defense legislation quickly. The decline of the JSP and its policy shift have reduced the domestic political constraints in Japan’s larger military role. And while the Taiwan Strait crisis and North Korea’s missile launch in 1998 gave incentives to strengthen military capabilities, the absence of a strong opposition against defense legislation made it easier for Japan to move away from the passive stance. This means that the domestic change has led to the rise of more conservative policy makers.

How does that matter for the Taiwan issue? The shift towards conservatism also means the rise of pro-Taiwan forces within Japan. It is clear that more pro-Taiwan members now have high-level positions in the Japanese government. The
examples of Ryutaro Hashimoto as first MITI minister and then Prime Minister, as well as Seiroku Kajiyama’s appointment as chief cabinet secretary are just a few examples.

The Chinese government has criticized Japan to become more and more pro-Taiwan. It criticizes that Japan did not, unlike the U.S., commit to the “three nos” in 1998. The resistance to the “three nos” can be explained by Obuchi’s desire to build an alliance with the Liberal Party. Ozawa’s pro-defense stand is critical. While being pragmatic, the statement that Japan-US defense cooperation guidelines following emergencies in areas "surrounding Japan" should include Russia, China, Taiwan and the Korean Peninsula, given in January 1999, shortly after the establishment of the coalition between LDP and Liberal Party, offended the PRC. They also dislike that Ozawa advocated closer ties with Taiwan.

China also criticized that Japan did not pressure Lee Teng-hui publicly after his “state-to-state” remarks in July 1999. Lee Teng-hui enjoys support in Japan due to his ability to speak Japanese and his connections with Japanese lawmakers. Therefore one can say that the rise of more conservative policy-makers gave also greater influence to pro-Taiwan/ anti-China forces.

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CHAPTER 4

CHINA'S APPROACH TOWARD TAIWAN

As shown above, the changes in Taiwan and Japan in the 1990s have been dramatic and had significant influence on the Sino-Japanese relations. This chapter will show that in China the policy towards Japan or Taiwan have not changed due to domestic changes, but as reactions to the different policies towards China by Taiwan and Japan due to the domestic changes there. In fact, Chinese policy towards Taiwan and Japan has in its fundamentals been remarkably consistent. However, what we see in the case of Taiwan is the underlying assumption of the issue has changed. This assumption has been that the KMT would unilaterally negotiate with the CCP about the reunification. The democratization in Taiwan has however complicated this process tremendously as it is now impossible to get an agreement on the Taiwan issue if it does not have wide support from the people of Taiwan. Democratization has also, as shown before, opened the debate on reunification to opposing forces who have very different ideas about Taiwan’s future. This applies especially to those forces like the DPP, that would prefer an independent Taiwan.

As in Taiwan and Japan, domestic changes in the PRC have influenced China’s approach to the Taiwan issue. However, unlike in Taiwan and Japan, these changes have served to reinforce and harden preexisting policy positions; they have not led to fundamental changes in China’s approach to Taiwan. These changes include a rising nationalism, succession politics, the rising perception that the elite
will collapse if Taiwan gets its independence, and the growing political influence of the People's Liberation Army (PLA).

As will be shown, despite considerably strong protests from foreign nations, Taiwanese politicians and overseas Chinese, China has maintained three important parts of its Taiwan policy: (1) Taiwan is an integral part of China, (2) reunification will take place under the one country-two system premise and (3) China refuses to rule out the possible use of military force to reunite Taiwan with the mainland. China has also continuously stressed that Taiwan is an internal affair of China.

China’s Taiwan Policy

Under Mao Zedong the major assumption was that it would not matter if it would take 100 years for Taiwan to rejoin the mainland. However, in 1980 Deng Xiaoping made Taiwan’s reunification with the mainland one of the priority goals to be achieved within a decade. Under his regency the Taiwan strategy was changed from “Taiwan’s liberation” to “Taiwan’s reunification with the mainland.” While stressing the goal of a peaceful reunification, his strategy has been first to isolate Taiwan internationally, as it should impose physical control over Taiwan and by increased economic integration, this control could be strengthened; and second to use

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44 The once country two systems premise was originally created for Hong Kong. Under this principle Taiwan would enjoy a considerable autonomy as a special administrative reform. It will be able to keep its economic system and its political system, but the Taiwanese authorities would be only local authorities, inferior to the government in Beijing and the Republic of China would cease to exist.

45 Already in the early 1980s Chinese leadership such as Deng Xiaoping and Hu Yaobang did not rule out the use of force to reunite Taiwan with the mainland. See Guo-cang Huan, "Taiwan: A View from Beijing," in Foreign Affairs (Summer 1985); Xinhua October 23, 1984; and New York Times July 4, 1981.
of the threat of military force if Taiwan declares independence, buys nuclear weapons, suffers from domestic rebellion, is subjected to foreign military intervention, delays the reunification beyond Beijing’s patience, or chooses an alliance with the Soviet Union vs. leaning towards Washington for support. This strategy has not been abandoned. However changes within the PRC and the international environment affected China’s approach towards Taiwan. It is now similar to a “carrot and stick-strategy.” On the one hand the PRC offers Taiwan great autonomy to convince Taiwanese politicians to negotiate for reunification, on the other hand China still tries to isolate Taiwan while integrating it and it still has not refused to use force to reunite the country.

**Negotiations and Conflict**

By 1988 the Mainland authorities claimed that the question of reunification of Hong Kong and Macau with the mainland had been solved according to the “one country, two systems” formula. However they criticized Taiwanese authorities for rejecting this formula, even though the Taiwanese were for “one China”. Taiwan has never accepted the formula of “one country, two systems” as it is proposed by the CCP because it means that after the reunification and Taiwan’s return to the mainland the CCP would remain the leading party and the KMT would at most be influential on Taiwan as a local authority. However, the legitimate power would be in the hands of the Communist government in Beijing. Beijing would be the only internationally accepted government and Taiwan would be a province of China, just like Tibet, Hong

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46 See Huan.
Kong, or Macau. The Taiwanese accepted the formula of “one China” under the condition that the government would be elected by all the people in all parts of China. China would have to democratize prior to that.

China appreciated when Taiwan relaxed the relations with China and allowed Taiwan residents to travel to the mainland and businessmen from Taiwan to invest in China. It considered this as one of the first steps toward peaceful reunification. However it criticized already in 1989 Taiwan’s steps of “pragmatic diplomacy,” accusing Taiwanese authorities of trying to create “one China, one Taiwan.”

In December 1990, the CCP held a meeting in Beijing to discuss the Taiwan issue and set the goal to resolve the issue by the end of the 1990s and complete the reunification by the end of that decade. This reflects that after the successful negotiations about the return of Hong Kong and Macau to the mainland, Taiwan was considered to be the last province that still had to be reunited with the mainland and that this could be achieved in the same timeframe and under similar conditions as the reunification of Hong Kong and Macau. With the KMT being the major political power the government in Beijing regarded it as the sole negotiating it would have to deal with and it assumed that there was a mutual understanding that reunification will happen and that the KMT and the CCP agreed on the one China formula.

When Taiwan formally declared an end to the “period of the communist rebellion” in May 1991, it did not mean that it accepted the Communist government in the PRC. However the end of the “period of the communist rebellion” meant that Taiwan would not try to reunite the country by force, but by peaceful negotiations and democratic means. The national reunification guidelines that had been released by the Mainland Affairs Council (MAC) of Taiwan also concerned the PRC government.

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It said in response that the guidelines contained some irresponsible conditions that will delay the realization of direct talks and therefore delay the reunification.

On June 18^{th}, 1991 the legislative Yuan adopted a motion to place a bid to re-enter the United Nations. The suggestion came from 81 KMT and independent legislators who were supported by all 19 DPP members of the Legislative Yuan. The PRC government condemned the proposal. It reasoned that the essence of the proposal was to create two Chinas or one China and one Taiwan and that it was against the "One China Principle". It urged the KMT to do everything to prevent any kind of moves that violate the "One China principle".

In September 1991, 15,000 people demonstrated in Taiwan demanding Taiwan's independence, the end of KMT rule and the return to the United Nations. The Taiwanese police prevented the demonstration to pass by certain key government buildings and also fired water canons at the demonstrators as the official position still regarded the promotion of independence as a crime. Opinion polls from September 1991 show that 60% of Taiwan's population supported Taiwan's membership in the U.N., only 15% opposed it. The KMT placed a bid to the U.N. in 1991, exactly 20 years after it had been expelled.

On October 19^{th}, 1991 the DPP decided on its election campaign for the National Assembly. In its campaign it did not only go as far as to advocate Taiwan's membership in the U.N., but also called for the creation of a Republic of Taiwan with the matter to be decided in a referendum. Beijing warned the DPP that it "would not sit idly by and remain indifferent at activities aimed at dividing the country." It also warned the Kuomintang, as the responsible party, to curb "perverse actions."^{49} While Lee Teng-hui also criticized the DPP's campaign goal, he also criticized the PRC

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government for its military threat towards Taiwan. Looking at the gains of the “independence movement” on Taiwan, the People’s Liberation Army (PLA) suggested to use force to liberate Taiwan. The PLA in its report at a conference on Taiwan in October 1991 said that the independence movement would gain strength within the next three to five years and that reunification would become increasingly difficult.\(^{50}\) Also on October 9\(^{th}\), 1991, in order to warn the DPP and the KMT about possible independence moves, Chinese President Yang Shangkun said that there was no future for an independent Taiwan and that “those who play with fire will be burned to ashes”\(^{51}\). This shows that the moves of Taiwan to increase its international status and the move of the DPP to campaign for an independent Taiwan resulted in major concern within China. So far the Chinese government had read the signals from Taiwan as steps toward a possible reunification, as Taiwan had allowed Taiwanese to visit the mainland, had set up the MAC and the SEF to as institutions dealing with the relations with the mainland, and had ended the “period of the communist rebellion”. This was considered positive and pro-unification. The U.N. bid however was considered extremely contrary to unification and targeted to create “two Chinas” or an independent Taiwan. The DPP’s campaign proposal and the KMT’s lack of suppression of this proposal concerned the Chinese as to how committed the KMT was toward reunification. Another reaction to this movement was the establishment of the Association for Relations across the Taiwan Strait (ARATS), which was founded in December 1991 and which was aimed to promoted contacts across the Taiwan Strait. The new association was expected to allow virtually direct contacts (as SEF and ARATS served as negotiators for their respective governments) and to speed up the path to reunification. The election ended with the victory of the KMT and with the

\(^{51}\) Guardian, October 9\(^{th}\), 1991.
DPP performing worse than in the previous election, reaching only 24%.

Just before the elections for the Legislative Yuan in 1992, China’s General Secretary of the Central Committee of the Chinese Communist Party, Jiang Zemin, said that China would take resolute measures towards Taiwan if there tends to appear that there is an independent Taiwan or if foreign powers intervene. The latter statement referred to the arms sales by the US and France the same year. However the earlier statement referred to the switching stand of some KMT officials, which seemingly advocated Taiwanese independence. As described before, at this time most KMT candidates advocated Taiwan’s re-entry to the U.N. and the direct election of the president, as both ideas were popular among the Taiwanese people. They also tried to avoid unificationist rhetoric. Some KMT official went way beyond advocating the return to the U.N., Chen Che-nan from the KMT adopted the slogan of “one China, one Taiwan.” However the threats from Chinese side did not have the desired affect. The DPP won 50 seats in the legislative Yuan and received 31%, while the KMT only won 96 seats and 53% of the vote which was considerably less then in previous elections. This indicated to China that the independence movement was gaining more support. After the election, in a meeting about the relations with Taiwan in January 1993, Deng Xiaoping said that Taiwan, Hong Kong and Tibet were integral parts of China and that it could not compromise on internal or sovereignty issues. At the same meeting military officials suggested again the use of military means for reunification. Yang Dezhi, Peking's former chief of general staff, said: ”We must complete national reunification even if that means the sacrifice of human lives and great economic losses…”

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52 In the elections for the Legislative Yuan 2 years earlier it had reached 30% of the votes.
53 Rigger, 163.
54 See Chapter Two on Taiwan
After Taiwan-native Lien Chan replaced Hau Pei-Tsun as premier in February 1993, China started to adjust its Taiwan policy to the new realities. Instead of insisting that the KMT would be the negotiator for reunification talks it now started to use the term “Taiwan authorities,” which also referred and welcomed other parties at the negotiating table. This change did not mean that China gave up on achieving the goal of reunification or that it went away from the premise of “one country, two systems,” the willingness to accept the DPP on the negotiating table just means that the PRC wishes to continue with reunification talks and tries to avoid any further delay. While the Koo-Wang talks in Singapore opened a new stage in the mainland-Taiwan relations, they were not reunification talks. Koo and Wang are non-governmental representatives, and their agencies mainly negotiate day-to-day affairs in the cross-strait relations. At the same time, Beijing repeated that it would use military force if someone would challenge the one-China policy. The white-paper on the Taiwan issue, released in August 1993, repeated China’s point of view on the issue. It said that there was only one China, and that the acceptance of this principle was the base of a peaceful settlement and that all challenges to this principle and steps leading towards Taiwanese independence would be out of the question. It next said that reunification would take place under the “one China, two systems” formula, which means that there will be socialism on the mainland and capitalism on Taiwan. It also promised Taiwan a high degree of autonomy. Taiwan could keep its socio-economic system, its military, its cultural ties with other nations. It also urged Taiwan to enter into peaceful negotiations soon to advance the reunification. However, in the end of the paper it asserted that China keeps the right to use all possible means if its rights as a sovereign state are violated. It repeated that Taiwan was an internal affair.

56 Koo-Wang talks refers to the talks between the representatives of Taiwan’s SEF Koo Chen-fu and China’s ARATS Wang Daohan.
Earlier in August, several central American countries had proposed to create a seat for Taiwan in the U.N. and the split in the KMT on Taiwan had put the issue of reunification at the lowest possible stage, while independence forces from the DPP gained more strength. In essence the white paper had not stated anything new; its policies had been outlined previously. However, the white paper shows the increased concern of the PRC about the Taiwan issue and its willingness to advance reunification talks.

**Jiang Zemin’s 8 Points and the Missile Crisis**

In January 1995 Jiang Zemin had released the 8 points for reunification. This speech again stressed that Taiwan was an inalienable part of China, that reunification would take place under the “one country, two systems” formula, that Taiwan would enjoy great autonomy under this system, but that China still would not rule out the use of force against all forces who try to create two Chinas or one China, one Taiwan. It also opposed Taiwan’s entry into international organizations that require statehood. However Jiang encouraged increasing economic exchanges to increase prosperity on both sides of the Taiwan Strait. Taiwan’s Lee Teng-hui responded to this speech in April 1995, saying that China needs to accept that it had been separated for more than 40 years now and that only by facing the reality of separation could the best way for reunification be determined. He also regretted that China had not ruled out its use of military force to reunite the country, reasoning that Taiwan had dropped its threat of force and had promised to work hard toward a peaceful unification.

The situation worsened after the United States had allowed Lee to visit the U.S. to participate in a reunion at Cornell. China opposed this move, as it violated the one China principle. In the Chinese perspective, Lee Teng-hui was not an "ordinary
citizen," and he could use the visit to increase Taiwan’s international status. The official Xinhua news agency accused him of being the backstage backer of Taiwan’s separatists. China after Lee’s visit to the U.S. warned Japan not to let Lee visit Japan for the APEC meeting in Osaka. It warned that such a step would have significant consequences. The U.S. permission to grant a visa to Lee had resulted in the recalling of the Chinese ambassador to the U.S., delays of economic talks, and cancellations of official visits. Some Japanese lawmakers had called for an invitation of Lee to Taiwan, among them Takeo Hiranuma, secretary-general of the pro-Taiwan league of Diet members. Also Nikkei weekly argued that Japan should allow Lee to visit Japan, saying: “It is, after all, Japan and not China which decides who should come to Osaka as a guest. It is China which interferes in U.S. or Japanese affairs by trying to dictate who should be invited to their shores as private guests.”57 Taiwan officials pressured Japan to allow Lee to participate at the meeting. However, China said it would boycott the meeting if Lee was invited. Taiwan’s mission was led Koo Chen-fu. This shows that the strategy of China to trying to isolate Taiwan internationally had considerable effect. Japan kowtowed to China’s demand and Taiwan could not achieve Lee’s participation in the APEC summit. However, due to Taiwan being a member of APEC, China could not prevent a Taiwanese mission from traveling to Japan and participating in the summit.

At the end of July 1995, China had started to do missile tests, firing missiles toward Taiwan. They also did another nuclear test in August. China had conducted nuclear testing since 1993 and after the nuclear test in May and in August 1995, Japan decided to freeze all financial aid until China would abandon nuclear testing. What was intended by the Chinese government to threaten the Taiwanese people did not

57 Nikkei, June 19, 1995 (Editorial).
work as effectively as in 1991, when the DPP ran the slogan of Taiwanese independence. On August 20, 1995, 10,000 people demonstrated in Taiwan for Taiwan’s independence and urged Lee to ignore the missiles. August opinion polls showed that Lee still enjoyed a high popularity of 73%. Once he did decide to run for president, it was clear that he would get the majority of the votes. In December 1995 elections for the legislative Yuan were held, and while the KMT lost 11 seats, the DPP picked up 4 seats and the New Party gathered 21 seats. At the same time, Taiwan was getting ready to vote for the first time for president. While the missiles were intended to end Lee’s career and scare the Taiwanese, they did not achieve this goal. Lee won the presidential elections in March 1996 with 54% of the votes. The Taiwan Strait crisis disappeared immediately after that. However Lee also announced that he would restrict his private visits abroad. The Taiwanese government also asked Beijing to restart political talks with Taiwan. The talks would be about a peace treaty, sovereignty, and how to unite Taiwan with the mainland. China had cancelled all such talks after Lee’s visit to the U.S. in 1995. The PRC only wants to resume political talks with Taiwan once Taiwan accepts there is only one China. In his inaugural speech President Lee also proposed a summit meeting with Jiang Zemin in the future and said Taiwan would not strive for independence and that peaceful reunification would be achieved in the 21st century. However, he stressed that Taiwan would continue its “pragmatic diplomacy.” In the course of 1996 Taiwan continued to bid for entry to the U.N. However, tensions did not rise as badly in the years after the election of Lee Teng-hui.

In July 1997 China got one step closer on achieving the complete reunification of the motherland. Hong Kong, which had been a British colony for more than 100 years, was returned back to China. This is significant, because Hong Kong is the first
area where the PRC implemented the “one, country, two systems” formula. In the aftermath China tried to step up its efforts to reunite Taiwan with the mainland. By that time however, Taiwanese public opinion was divided between keeping the status quo (60%) and fostering Taiwan’s independence (30%), only 10% of the population actually wanted increased reunification talks with China. Lee, as well as the former DPP candidate Peng Ming-Min, rejected a reunification parallel to Hong Kong’s reunification by saying that there are significant differences between Taiwan and Hong Kong.

When the U.S. granted Lee a visa for a stop over on a trip to Central America, where Lee has most of its allies, China, which had urged the U.S. not to issue a visa, did not respond as strongly as it did before. It was satisfied with assurances from Washington that Lee would not be given the possibility to engage in any kind of political activities during his stopover.

In January 1998, Taiwan’s Premier Vincent Siew traveled to the Philippines and Taiwan offered development assistance to Southeast Asian countries that were struck by the Asian Financial crisis. China protested against that move, fearing that by using the checkbook Taiwan was trying to establish official relations with countries in Southeast Asia. Taiwan uses financial assistance to keep its alliance with the countries in Central America and the step towards countries in Southeast Asia was considered as Taiwan’s attempt to establish official relations through financial aid. It also shows that while Taiwan keeps up its "pragmatic diplomacy," China still tries to isolate Taiwan internationally.

However, in the same year China called repeatedly for the resumption of political talks to achieve reunification, and after the successful implementation of the “one country, two systems” formula in Hong Kong, it restated that this would be the
appropriate model for Taiwan. It proposed that Jiang Zemin’s 8-point proposal would be the basis of the reunification.

**Three Nos from the U.S. and the Second Presidential Elections on Taiwan**

China achieved a major success in its foreign policy by getting U.S. President Bill Clinton to commit to the 3 “nos.” The “three nos” mean that the U.S. does not support Taiwan’s independence, that it does not support two Chinas or one China, one Taiwan, and that it will not support Taiwan’s entry into international organizations. Dwelling on those commitments, China wrote in July a letter to U.N. Secretary General Kofi Annan that Taiwan’s proposal for re-entry to the U.N. would be excluded from the agenda in the fall. The U.S. commitment to the three nos was also a big shift in U.S. China policy. When Jiang Zemin had visited the U.S. in October 1997, Clinton had stated that the U.S. policies toward China and Taiwan were on equal footing.

However, as mentioned before, China was not able to achieve a commitment from Japan to the “three nos”. Following Lee Teng-hui’s statement in 1999 that Taiwan-mainland relations were state-to-state relations and as Taiwan was getting ready for another presidential election in 2000, China started to increase the pressure on Taiwan again. In the statement in an interview with German’s international TV station, Lee had said that Taiwan was equal to China and not subordinate to it and that therefore the relations between Taiwan and China had to be considered as state-to-state relations or at least as special state-to-state relations. In the following war of words, Lee did not want to bow down to Chinese pressure and criticized China’s use of military threats. In September 1999, China passed a resolution saying that if the Taiwan government continues to support “Lee Teng-hui's pro-independence policies,”
China will have “no choice but to use military force to recover the island.” This resolution also outlined the exact steps that China plans to take to increase military pressures. It also had outlined plans for Chinese mobilization against Taiwan, in which all regions are required to obey the commands of the Central Committee and have to be prepared for “large-scale warfare, ugly fighting and even nuclear warfare.” When Macau was handed over to China in December 1999, Taiwanese politicians expected the pressure by China on Taiwan to increase. Taiwan must fight new measures by Beijing to bully and isolate the island it considers a breakaway province, said Siew, who was the party's vice presidential candidate in the following March's election.

The closer the election came the more pressure came from China. In a “white paper” on the Taiwan issue that was released on February 20th, 2000 China repeated that it would use force to reunify Taiwan with the mainland, if Taiwan would delay reunification talks indefinitely. However, none of the candidates running for presidency in 2000 offered political negotiations with China on the reunification issue. So further problems were ahead.

**Implications of China’s Policy on the Taiwan Issue**

This chapter argues that China's Taiwan policy has not significantly changed. China still wishes to reunite with Taiwan under the “one China, two systems” formula. One China means Communist China, two systems means that Taiwan would be able to keep its socio-economic system. China also kept insisting on Taiwan being

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58 China Online, September 16, 1999.
an integral part of China and it kept refusing to rule out the use of force in the reunification process.

China could not afford to move away from the “one China, two systems” formula, even though it had been rejected by the ROC from the beginning. The ROC accepts that the CCP is the current ruler of the mainland, but it does not accept it as a legitimate ruler. So submission to the “one country, two systems” formula would mean that the Republic of China, that had been founded in 1912 on the mainland would cease to exist and that Taiwan would become a part of the PRC, even though it would receive a high degree of autonomy.

China’s insistence on the “one country, two systems” formula is grounded in its desire to keep China united. China is ethnically very diverse. Moving away from the “one country, two systems formula” would encourage other independence movements (i.e. in Tibet) to fight for independence. It might have also posed an obstacle in the reunification of Hong Kong and Macau with the mainland in the 1990s as those areas would have been able to delay reunification or pose additional demands in regards to their status. Implementing the democratic system on the Mainland, as proposed by the Taiwanese government, would have endangered the CCP’s claim to power. The CCP saw with the democratization of Taiwan that democratization means the possible loss of power. Not only did the KMT constantly lose strength in its sole rule of Taiwan and had to allow new forces to the political process, namely the Democratic Progressive Party and the New Party, but after the 2000 presidential elections the KMT was forced into opposition, as Chen Shui-bian of the DPP won the
election. Therefore, driven by the desire to remain in power, the CCP could not afford
to alter or compromise on the “one country, two systems” formula.

Both sides of the Taiwan Strait have acknowledged the “one China” principle. However under Lee Teng-hui the Taiwanese side went away from the understanding that Taiwan is an integral part of China. It now defines Taiwan as a part of Chinese culture, but not necessarily as a part of the Communist China. This becomes obvious if we look at Lee Teng-hui’s efforts to have Taiwan recognized as a different political entity or even as an independent state, since the CCP has not effectively ruled Taiwan since the Nationalists fled the mainland in 1949.

The strategy of the PRC towards reunification has remained the same as well. The strategy consists of two crucial elements: (1) to integrate Taiwan economically, but isolate it internationally and (2) to use the threat of military force if Taiwan declares independence, obtains nuclear weapons, suffers from domestic insurrection, becomes subject to foreign military intervention, or indefinitely delays reunification. China has not deviated from this strategy.

Initially China seemed to be appreciative about Taiwan’s move to relax tensions across the Strait by ending the period of the communist rebellion and allowing Taiwanese to travel to the mainland. It signaled to China that Taiwan was willing to enter into reunification talks, and that, since the negotiations about the return of Hong Kong and Macao to the mainland had been successful, the reunification of the motherland could be completed soon.
However, Taiwan’s adoption of “pragmatic diplomacy” and its moving towards a stronger independence upset the Chinese, who started to use its strategy to try to prevent Taiwan from making progress. Not only did China criticize all proposals by Taiwan to the U.N. beginning in 1991, but it also put pressure on the nations holding the summit meetings for APEC not to invite President Lee to those summits. One clear example is China’s constant pressure on Japan in 1995 to prevent an invitation to President Lee. It protested against all meetings on the cabinet level or the granting of visas to President Lee. In case of the U.S. granting a visa for president Lee in 1995, China actually went as far as to cancel high-level exchanges with the U.S. China’s actions were also targeted at undermining Taiwan’s diplomatic relations. In 1992 it was successful in establishing diplomatic relations with Taiwan’s most important ally in Asia, South Korea. While Taiwan tried to make use of the international situation after the collapse of the Soviet Union and former Yugoslavia and tried to establish diplomatic relations, China also tried to step up its campaign on that and was successful in “convincing” those republics to establish relations with the mainland rather than with Taiwan. It was even able to make Macedonia, who had established relations with Taiwan in 1999, sever those relations in 2001.

China also demonstrated clearly that it was willing to use military force if Taiwan would delay or declare independence. This is part of the carrot-and stick strategy. While having offered Taiwan great autonomy under the “one country, two systems” principle, China makes sure that it “won’t let Taiwan get away.” The Taiwan Strait crisis in 1995-1996 and the military war plans prior to the presidential
elections and in the very aftermath of Lee’s statement that cross-Strait relations would be state-to-state relations emphasize this willingness very well.

However, it would be wrong to say nothing has changed in China’s Taiwan policy. But the changes that have occurred are relatively subtle and were made in reaction to developments on Taiwan rather than a fundamental change in China’s Taiwan policy. One change was that China stepped away from accepting only the KMT as partner in political talks. This is because democratization on Taiwan opened the possibility (and now the necessity) that China accept the DPP and other non-KMT parties as potential negotiation partners. In the further push for reunification talks, Qian Qichen welcomed DPP leaders for talks after the DPP became governing party on Taiwan.
CHAPTER 5

CONCLUSION

The goal of this thesis has been to show that domestic changes in Taiwan and Japan have had a significant influence in the re-emergence of the Taiwan issue in Sino-Japanese relations. The evidence cited here suggests that the Taiwan's democratization and the emergence of Lee Teng-hui as leader of the KMT and president of Taiwan, as well as the emergence of the coalition government and the decline of the JSP as a real opposition party in Japan have changed the dynamics in Sino-Japanese relations.

The democratization of Taiwan led to the emergence of new political actors who influence the decision making process. The Taiwanese Democratic Progressive Party, which emerged from the Tangwai opposition movement, has no roots and connections with the mainland that are comparable to the connections of the KMT. It differs significantly in its goals from those of the KMT as well as from those of the New Party, which is a party that emerged from a split of the non-mainstream faction of the KMT. The DPP negates the state of the ROC and the idea of one China and Taiwan being a part of it. One of the main goals the DPP pursues is the propagation of an independent Taiwan. However, even though it does not propagate it as strongly and radically as it did in the elections for the National Assembly in 1991, it is associated with this position.
The democratization process also made it possible to propagate an independent Taiwan. During Chiang-Kai-shek's, Chiang Ching-kuo's and the early years of Lee Teng-hui's leadership, the propagation of Taiwanese independence was forbidden. Since then, however, the idea of an independent Taiwan has gathered more and more support in the Taiwanese population. In September 1995, 3.3% of the Taiwanese population preferred a rapid unification, and 24% preferred a reunification with the mainland in the future. In July 2000 only 2.7% preferred a rapid unification and 16.1% a reunification in the future. On the other hand, in September 1995, 3.7% wanted a rapid independence and 8.0% wished for independence in the future. By July 2000, 3.9% wished for a rapid independence and 14.6% wished for independence in the future. The number of people who wished to keep the status quo rose from 12.2% to 21.1%.\(^6\) This shows that during the last 5 years the pro-unification forces have lost in power, and that anti-unification forces have become stronger.

With Lee Teng-hui's policy of Taiwanization and the KMT being challenged by the DPP and under pressure from the electorate, the KMT started to relax its stand toward reunification and moved in the direction of keeping the status-quo and working towards a reunification at some point in the future. A new generation of politicians was elected after the voluntary retirement of the senior cadres and the elections to the National Assembly in 1991. It also set up pre-conditions for political talks, which were that those would be talks between two equal political entities, that a reunification would take place after democratic and economic reforms, and that China

\(^6\) Wu in Alagappa, 171.
would have to renounce the threat of using military power. Until a reunification would be achieved the KMT preferred to keep the status quo and improve its international profile. It started increasing efforts to be recognized internationally.

Those pre-conditions as well as Taiwan’s move towards more international recognition led the PRC to the assumption that Taiwan wanted to establish its independence. The PRC had under Deng Xiaoping shifted towards a policy of a relatively quick reunification of all parts of the motherland and had significant success in the negotiations about Hong Kong and Macau, which returned to the mainland in 1997 and 1999, respectively. A delay in the reunification efforts or an even independent Taiwan was not acceptable to the PRC, nor could the PRC afford to compromise on the “one country, two systems formula”. It is clear to see that, while the PRC kept its reunification strategy and principles, the changed conditions under which Taiwan entered into negotiations changed the dynamics of the cross-strait relations and led to increased tensions in the Taiwan Strait and a greater likelihood of a military conflict.

Increasing tensions in the Taiwan Strait raised concerns in Japan. A military conflict in the Taiwan Strait would disrupt Japanese maritime traffic and so interfere significantly with Japanese interests. Japan had increasingly started to voice concerns about military build up in China. Japan always encouraged a peaceful solution to the Taiwan issue. On the other hand it found itself increasingly faced with demands by the Taiwanese for the possibilities of visits and Japan’s support in international
organizations. While trying to abide to the principles in the Joint Communiqué\textsuperscript{62} between China and Japan, Japan also wished to improve the relations with Taiwan since Taiwan had become a major trading partner for Japan as well as a major destination for Japanese tourists. Increasing visits and exchanges between Japan and Taiwan involved cabinet members, as when Taiwan's minister of economic affairs met with then-MITI minister Ryutaro Hashimoto in the framework of an APEC meeting in Osaka in 1994, and caused China's protest and warnings to Japan to adhere to the principles of the joint communiqué. However, the increasing influence of conservative forces in Japanese politics also gave increased influence to relatively pro-Taiwan politicians. For instance, Ryutaro Hashimoto, who belongs to a pro-Taiwan LDP group became prime minister in 1996. He selected Seiroku Kajiyama as chief secretary of the cabinet, which is the top-aide position to the prime minister. Seiroku Kajiyama is also known for his pro-Taiwan position and caused frictions between China and Japan when he proclaimed that the new security guidelines would naturally cover Taiwan as well. In 1997 there was a supra-party pro-Taiwan group formed that not only included members of the LDP, but also members of the New Frontier Party, Sakigake and the Taiyo Party of the former Prime Minister Tsutomu Hata. Even the DPJ had pro-Taiwan members but established its own pro-Taiwan group to distance itself from the LDP domestically. It had also plans to invite Lee Teng-hui for the 100\textsuperscript{th} anniversary of Kyoto University, which was the university from which Lee received his bachelor's degree. In 1998, the supra-party group pushed

\textsuperscript{62} Those principles are that (1) Japan recognizes the PRC as sole legitimate government of China, (2) Japan recognizes that Taiwan is an inalienable part of China.
a bill in the Upper House that recognizes the passports of the ROC as valid
documents, and also pushed for the resumption of direct air links between Osaka and
Taipei.

So domestic changes in Japan led to increased resistance to Beijing’s
demands, and it was the influence of the conservative powers that led Keizo Obuchi
not to give in to the “three nos” demand by Jiang Zemin.

The prominence of the Taiwan issue, due to Taiwan’s active “pragmatic
diplomacy” and democratization, as well as the Japanese turn to more conservative
forces, has changed the dynamics of the Sino-Japanese relations during the presidency
of Lee Teng-hui. While Japan still puts its interest in Beijing before its interest in
Taiwan, it increasingly tries to use possible maneuvering space and is no longer
reluctant to resist China’s demands or criticize China’s Taiwan policy.

**Outlook: The Future After Chen Shui-bian’s Election**

Chen Shui-bian from the Taiwanese DPP won the presidential election in
2000 and became the first non-KMT president since the nationalists came to Taiwan.
This did not erase the Taiwan-issue from Sino-Japanese relations. Again, the Japanese
government did not respond to Chinese demands immediately after the election of
Chen. China had requested that the Japanese government prevent Tokyo Governor
Shintaro Ishihara’s visit to Chen’s inauguration in May 2000, but newly appointed
Prime Minister Yoshiro Mori refused to abide, arguing that he was in no position to
prevent the visit of a local government head. China has always reacted strongly to
visits by Ishihara, because Ishihara is know for his pro-Taiwan position.

Chen’s election is extremely important not only to the cross-strait relations but
also to Taiwan-Japanese relations. With Chen’s election China has to face the
possibility of Taiwanese independence. Chen said in his inauguration speech that as
long as China would not use force, he would not declare independence, would not
change the title of the nation, would not include the “two-state” theory in a revision
of the constitution, and would not push for a referendum on the re-
unification/independence issue. He also would not abolish the National Unification
council. This meant that he actually used independence as a deterrent against the
Chinese use of force.

However, it also shows Chen’s willingness to relax cross-strait relations.
Indeed his policy has been very much consistent with the policies introduced by Lee
Teng-hui. However, the PRC remains wary of Chen Shui-bian. When the DPP won
the legislative election the PRC did not expect any major changes in the cross strait
relations. The DPP’s winning of the majority in the Legislative Yuan would mean
that the DPP controls both the presidency and parliament. Both bodies are supposed
to control the actions of the executive Yuan. This would give the DPP great power.
However, the DPP does not have a majority in the Legislative Yuan and faces a
coalition of the KMT and the newly founded PFP under James Soong which is

63 This refers to the state-to-state statement by Lee Teng-hui.
64 Chen Shui-bian’s inauguration speech, May 20, 2000, as published at
ideologically closer to the NP on the reunification issue. Also China has shown a
difference in its behavior. It still has not changed its basic strategy, but while it gave
the DPP a cold shoulder after the presidential elections, it has now invited DPP
members who are not hard-core independence activists to visit the mainland and has
therefore changed from a zero contact policy to a limited contact policy with the
ruling party.  

Taking responsibility for the KMT defeat in the presidential elections in 2000,
Lee Teng-hui stepped down from his post as KMT chairman. However, this doesn’t
mean his complete retirement. Even after stepping down from his post, Lee raised
Chinese protests, especially by planning several trips abroad. In June 2000, he
traveled to Britain despite protests from the PRC. In March 2001, he applied for a
visa to go to Japan for medical treatment. In May of 2002 Lee is scheduled to travel to
the United States.

After the election of a new KMT chairman, Lee distanced himself from the
KMT. The KMT moved away from his path towards a pro-unification position. As
Lee still promoted a pro-independence stance, he was expelled in September 2001.
Lee had openly backed the formation of the Taiwan Solidarity Union, which was
founded in August 2001. This party included the two-state theory in its basic
principles and argues that any change of the current status of Taiwan will have to be
made by the people as a whole acting without any outside interference. In the

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legislative elections the Taiwan Solidarity Union became fourth strongest party, winning 13 seats.

Lee’s continuing support for Taiwanese independence and now his involvement with the TSU helps current president Chen Shui-bian in facing the oppositional coalition in the legislative Yuan. Chen in turn has shown support for Lee on several occasions. When Lee applied for a visa to go to Japan in spring 2001, Chen criticized China for interfering in Japan’s internal affairs. This signals that Taiwan is still on the path of strengthening its status quo, however with the KMT going to a pro-unification stand and allying with the PFP, Chen faces a strong opposition for a real independence policy.

After Chen was elected president it seemed the Taiwan issue became less important in Sino-Japanese relations. The only time it came up was when rumors circulated about Lee’s trips to Japan. However, last summer many legislators traveled to Taiwan to hold talks with DPP legislators. At this point it can only be speculated how the relations between Taiwan and Japan develop.

It might be that relations between Japan and Taiwan strengthen. First, Chen’s election challenges Japan’s perception of the Taiwan issue. Japan had always adhered to the position of Taiwan being an inalienable part of China because it has its origin in the Chinese civil war between the KMT and the CCP. However, Chen has no connection to the KMT. The establishment of the DPP is not connected to the Chinese

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67 Lee was scheduled to travel twice to Japan to attend a seminar prior to his trip in April 2001.
mainland; the DPP is of Taiwanese origin, so it is hard to say that Taiwan is an internal Chinese affair.

However, even if it could, Japan might not shift immediately to a more autonomous policy toward Taiwan. A drastic shift would cause strong opposition from China, since China cannot afford to lose Taiwan and would do anything to prevent Taiwanese independence. If China would lose Taiwan, chances are that other independence movements could destabilize China and therefore lead to greater instability in East Asia. But, Japan is interested in peace and stability in East Asia.

Also with Lee Teng-hui retiring it is likely that there will be more exchanges between Japan and non-KMT politicians in Taiwan. Lee has represented the KMT which has been main contact for Japan’s lawmakers. Now with Chen leading Taiwan, ties between Japanese lawmakers and the DPP need to be restored. This could be the reason why 40 officials from all parties went to Taiwan last summer. Among them was Kato Koichi, who had been known for a pro-Beijing position. Also the DPP in Taiwan established the Taiwan-Japan goodwill association, an institution to establish stronger ties with Japan.

However the relationship with Taiwan is not without challenges for Japan. Lee Teng-hui represented the Japanese-speaking generation. This refers to the Taiwanese who were brought up under Japanese colonial rule. This generation usually holds certain sympathy towards Japan, because Japan in their view helped develop Taiwan. Chen is not part of this generation and does not hold the same positive feelings towards Japan. The younger generation is rather critical of Japan. When the former
secretary general Chang Chun-hsiung was denied to enter Japan to attend the funeral of Keizo Obuchi in June 2000, Chang said that this would not be helpful to improve the relationship between Japan and Taiwan. The officials that were sent to Japan had to sit away from other delegates, while delegates from Hong Kong and Palestine were announced and seated among other foreign delegates. When Japan denied Lee to enter the country to attend seminars in 2000, Chen criticized the Japanese decision, stating that he could not understand that the Japanese fear the Chinese, as Japan is a sovereign state. Also other issues might resurface between Taiwan and Japan. While the KMT under Chiang Kai-shek did not claim any war reparations, in June 2001 Taiwanese female parliamentarians urged Japan to pass a bill to grant compensation to Taiwanese comfort women.

While it is uncertain to say how the relations between Japan and Taiwan work out in the future it is for sure that Japan has to pay attention to Taiwan and cannot ignore its existence, it is economically, politically, and militarily too important to ignore.

Sino-Japanese relations celebrate the 30th anniversary of their establishment this year, and while China still watches critically over Japan’s actions, it seems like the relations have warmed in recent months. Crucial surely was current Prime Minister Jun'ichiro Koizumi’s decision to appoint Makiko Tanaka, the daughter of Kakuei Tanaka, as foreign minister. Her policy was very pro-China and helped improving the Sino-Japanese relations. Beijing especially appreciated Tanaka’s promotion of a Hong Kong style solution for Taiwan. However, due to parliamentary
Frictions between Tanaka and Administrative Vice Foreign Minister Yoshiji Nogami, she was replaced in January 2002 by Yoriko Kawaguchi.

As we have seen, the changes in Japan and Taiwan have continued after Chen's election in 2000. In Taiwan we have now the first DPP government which is willing to keep pushing the Taiwan issue into the international community. On the Japanese side we have a government who is willing and able to be more active in international politics, even if that means angering China, and a more progressive opposition is almost nowhere to be seen. This situation suggests that the Taiwan issue will continue to have a great significance for the Sino-Japanese relationship.
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