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Discussion Paper

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The Impact of Leadership Change on Cross-Strait Relations

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2012 is a year of leadership change in the three governments most directly involved in Cross-Strait relations. The first of these processes, the ROC Presidential election in Taiwan, has already been held without any significant change in the general situation, although the election does give some indications of the possibilities for future change. We still await the change of CCP leadership at the 18th Party Congress scheduled for the autumn and the US presidential election in November. Taken together, these three transitions will be a test for the international regime that has maintained stability in the Taiwan Strait for over three decades. This paper will focus on the kind of problems that this will present for the new leadership coming to power in Beijing later this year.

The CCP Leadership Transition

Out of the three governments directly involved in the future of cross-Strait relations, the PRC can be expected to be affected least of all by a change of top leadership, because it is a one-party state with a policy that is based on some well-established principles. These general principles have been established since the 1980s and can be summed up as “peaceful unification” under the framework of “one party, two systems”. While it is unlikely that these principles will be changed, history has already shown that there is still room for at least tactical change when the leadership of the CCP changes.

This kind of tactical change can be seen by looking back at the last change of CCP General Secretary, from Jiang Zemin to Hu Jintao in 2002, which saw the introduction of a strategy described as “peaceful development”. The most significant changes during this period of change were the movement away from setting a deadline, or timetable, for unification, in favour of a strategy of opposing independence but not pressing for unification. At the same time, under the leadership of Hu Jintao, a tactic of “soft softer, hard harder” has been adopted. This involves promoting a process of massive economic integration between the two sides of the Strait while maintaining and upgrading the military threat against movements towards what Beijing perceives to be “Taiwanese independence”. By working on the economic interests of important pressure groups in Taiwan, this strategy aims to divert the processes of democratisation in Taiwan away from support for the pro-independence Democratic Progressive Party (DPP). As part of this, the boundaries of what Beijing considers to be permissible behaviour by Taiwan have been established by creating a legal framework in the shape of the 2005 Anti-Secession Law, while the discourse of closer cross-Strait relations is articulated and institutionalised by the KMT-CCP forum.

This change of tactics has had advantages for both the CCP and the KMT because it maintains the basic principles of Beijing’s policy for the former while allowing a degree of ambiguity over the interpretation of Taiwan’s current status

for the latter. This ambiguity is encapsulated in the acceptance by the two parties of the “’92 Consensus”, which allows Beijing to claim that Taiwan is a part of the PRC, while the KMT can run for election on a platform that accepts that the ROC is an independent state that has sovereignty over the whole of the Chinese mainland but only administers Taiwan and the offshore islands. With this formula having helped the KMT oust the DPP from the ROC presidency in 2008, Hu Jintao’s tactics can be said to have been a relatively effective way for the PRC to manage the challenges of democratisation in Taiwan while not giving up its fundamental strategy of “peaceful unification” under “one country, two systems”. The question remains, however, as to whether Hu’s tactic of “hard harder, soft softer” will remain sufficient for maintaining stability when the new CCP leadership is appointed later this year.

The new CCP leadership

Almost the entire membership of the Standing Committee of the Politburo, the most powerful decision-making organisation in China, will be renewed when the CCP convenes for its 18th National Congress in autumn. The exceptions will probably be Mr Xi Jinping, who is expected to succeed Hu Jintao as General Secretary of the Party, and Mr Li Keqiang, who will also likely to succeed Wen Jiabao as Premier of the State Council. Although the Politburo Standing Committee is now supposed to work by consensus decision-making, Taiwan is an issue of core national interest and should come under the control of Xi Jinping, who can be expected to act as head of the Central Leading Group for Taiwan Affairs.

It has been pointed out by various observers that Xi Jinping will be better qualified to handle Taiwan policy than his predecessors. Lin Chong-pin, former deputy Chairman of Taiwan’s Mainland Affairs Council and deputy ROC Defense Minister gives a good summary of what he has christened Xi’s “Seven Transcendences” over his predecessors in this respect.

First of all, Xi is said to understand Taiwan because he was a CCP official in China’s Fujian Province, where he made friends with various Taiwanese businesspeople. Secondly, he is said to like American culture and to understand the US because he stayed there in 1985. Thirdly, he has a better relationship with the military than Hu Jintao had when he came into the top office, which goes back 28 years to when he served as a secretary of former Chinese minister of national defence, Geng Biao. Fourthly, Xi’s father, Xi Zhongxun, was a well-respected patriarch in the CCP who has left behind him a reputation for being a reformist and fighter for justice. Moreover, he has been able to shed his reputation of being a “princeling” because he worked at a rural re-education camp when his father lost favour with Mao Zedong, which gave him the kind of practical experience that is

more valuable than any gleaned by Communist Youth Corps members. Fifthly, Xi is well qualified to deal with policy areas ranging from science and technology to politics because he is the first Chinese leader to hold a doctorate, and actually he has two - one in chemical engineering and one in political science. Sixthly, Xi has a “bright and beautiful” wife who is a PLA major general and a singer who will be an asset for establishing an international presence. Finally Xi is said to be more sympathetic with religion than previous leaders, because it is said he has been close to Buddhist mystics, qigong practitioners and supernatural power researchers, and his wife is a devout Buddhist.¹

According to Lin, these advantages are likely to make Xi Jinping more flexible and forward looking than previous leaders. This has already been demonstrated because he is said to be the main person behind promoting the policy of “winning Taiwanese hearts and using economics to push for unification” under Hu Jintao. Moreover, Xi has raised the possibility of dialogue with the DPP. In Lin’s view, all of these factors make it more likely that there will be some breakthroughs in cross-strait relations. Less directly, but still of vital importance to cross-Strait relations, is the hope that Xi will be able to manage the relationship with the United States well, as China continues its rise to dominance in East Asia. Moreover, Xi’s family background and life experience also make it likely that he will be able to launch political reforms and campaigns to root out corruption when he has consolidated his power, which would make working with China more attractive to Taiwan. Finally, Xi’s empathy with religions could have a similar effect by reducing tensions in Tibet and Xinjiang.

Given the crucial role that Xi will play in Taiwan policy as CCP General Secretary, it is worth looking in more detail at some of Lin’s propositions. Perhaps most important is the claim that Xi understands Taiwan better than other CCP leaders because of the seventeen years during which he served as a party official in Fujian (1985-2002). This can in fact be seen as a crucial period in Xi’s career, when he began his ascent to the top level of the CCP as he was promoted from a member of the standing committee in Xiamen city (where he also served as deputy mayor) to become governor of the province in 2000. As provincial governor, Xi took a keen interest in cross-Strait relations primarily with an eye to attracting Taiwanese investment into a province that was one of the first Special Economic Zones, but was beginning to fall behind the Yangtze River delta in terms of economic performance.

This is important because it draws attention to the fact that most of Xi’s early contacts with Taiwan will have been with business people from the island in search of profits. This is a good reason to think that Lin is correct in assuming that

1 “Xi Jinping ‘Transcends His Predecessors: Expert’”, Taipei Times 17 February 2012. <http://www.taipeitimes.com/News/taiwan/archives/2012/02/17/2003525696>

Xi's policy will be relatively pragmatic and focused on the pursuit of economic advantages for both sides.

Yet this focus on business links may also indicate that Xi has developed a rather narrow understanding of the general political situation in Taiwan. This will be tested when it comes to managing the crucial political questions that are still causing deadlock in cross-Strait relations, such as Taipei's refusal to give in to Beijing's request for political negotiations, how to deal with the issue of US arms sales and how to manage the possibility of a DPP victory in Taiwan's 2016 presidential election. Moreover, Xi's knowledge and understanding of the United States may still not be sufficient to deal with the increasingly complex security dynamics that are emerging as China's rise stimulates debates both inside and outside China over issues such as enforcing claims over maritime territories and sea lanes in order to secure the sea lanes upon which the economy depends.

The new political context

How Xi Jinping approaches such problems will be determined to a large extent by the domestic political context within which he has to work. As pointed out above, the CCP has moved increasingly towards consensus decision making. This already appears to be going beyond consensus in the Politburo Standing Committee, because the top decision makers have to take into account the interests and opinions of many powerful and new actors that are emerging from an increasingly pluralistic society. It is important to take this wider picture into account when considering how Xi will deal with some of the unresolved problems in cross-Strait relations that he will inherit from his predecessor.

There now appears to be a fairly broad range of opinion in the PRC on how Taiwan policy should unfold. The main voice in this debate still appears to be from those who believe that the present policy of engagement, without pushing for unification, is a viable strategy. It can be expected that China's business community supports such a position. However, even this may be divided to some degree, due to the perception that Taiwan has been a net gainer from the policy of opening up to the mainland market under ECFA, while allowing the island to still maintain significant limits on exports to Taiwan and inward investment from the mainland.

At the other extreme are those who believe that the current strategy is not working, because it is merely buying time for Taiwan to consolidate its de facto independence, which will not only mean that the CCP has failed in its sacred mission to unify the nation but will also fail to change the geostrategic constraint that prevents the PLA Navy from gaining easy access to the Pacific Ocean. It is particularly significant that some of the most outspoken people in this respect are members of the generation of military personnel born after 1949, who will be

moving to the top of the hierarchy as the new leadership is consolidated. Such voices in the military also seem to reflect a significant body of nationalistic public opinion that is voiced through think tanks, academics and popular literature. This has become increasingly impatient and confident since the financial crisis of 2008, which has created a new international context within which China is perceived to have significantly more power at its disposal.

In this context, Lin's observation that Xi Jinping will be able to exercise control over China's military with relative ease deserves further analysis. Acting as secretary to Defense Minister Geng Biao is important, but does not tell us much about how any would-be leader has to cultivate the support of the military in the Chinese political system. Looking at Xi Jinping's career, it appears that he has spent many years assiduously trying to cultivate good links with the military, through a range of measures that run from assisting with employment and housing for demobilised soldiers to taking a leading role in ideological campaigns to promote the status of the military in society, such as the National Defense Mobilisation Education campaign. Such measures indicate that rather than the relationship with the military is more of a two-way bargaining process. In future years this should allow elements of the military to move higher up the decision-making system, successfully demand more resources and gain a greater degree of traction over policy, including in the area of cross-Strait relations.

The impact of economic factors

Dealing with this changing political context will be made even more complex by the rapid transformation in the domestic and international economic situations, which are of course inextricably linked under globalisation and regionalisation. From this perspective, the current stability in cross-Straits relations can be seen as a function of China's remarkable economic growth, especially since WTO entry in 2001. Because this has led to Taiwan's dependence on the mainland economy, it has given the Chinese government immense political leverage over Taiwan and over the attitudes of other states towards the island. It has also given policy makers, pressure groups and the general public in China a rising expectations that national unification will be an outcome of China's rise.

It is worth considering, therefore, how the economic slowdown in China will affect the options for the new Chinese leadership. Some tendencies can already be seen: rising costs of production in China are making other countries more attractive destinations for Taiwanese investment, for example, and this could decrease Beijing's leverage in cross-Strait relations. Such a development on its own is unlikely to have much significance, however, considering the magnitude of Taiwan's dependence on the mainland economy.

More important is how such changing dynamics may interact with changes of sentiment inside China as economic and social problems increase. In such a context, public anger over issues such as corruption, unemployment and social inequality may shift the debate over Taiwan and foreign policy towards the more hard line position. Assertiveness in foreign policy is always a tempting diversion from such domestic problems for political leaders. If such a scenario unfolds, therefore, it will be more difficult for Xi to maintain the moderate policy inherited from Hu Jintao.

The impact of leadership change in Taiwan

One thing that will help the new leadership in Beijing is the re-election of Ma Ying-jeou in the January 2012 election for the ROC President. So far as cross-Strait relations are concerned, Ma's victory is widely seen as gaining a new mandate for the "92 Consensus". However, the new leadership in Beijing will also be aware that although Ma's victory represents a consolidation of the "status quo" in cross-Strait relations, this could also be turning into something of a deadlock. This is for two reasons:

First, Ma was not able to build a mandate for taking cross-Strait relations to a new phase by starting political negotiations. This was made painfully clear when he raised the possibility of discussions with the mainland on a peace agreement. No sooner had this suggestion been made than Ma's support in the opinion polls plummeted. He only regained the confidence of the public when he promised that no such talks would go ahead without a referendum – something that is unlikely to be acceptable to Beijing.

Secondly, Beijing still appears to be losing the battle for hearts and minds in Taiwan. This can be seen from the fact that although the DPP did not win the presidential election and did not get a majority in parliament, its vote in both elections shows a continuation of a long-trend rise in support. Although many observers harboured unrealistically high expectations for a Tsai Ing-wen victory, the DPP's performance would have surprised all of those who wrote it off as a significant political force after its shocking defeat in 2008. In addition to this, the biggest challenge to Beijing's policy is that public opinion polls continue to show a steady increase in the number of people who identify as Taiwanese and not Chinese, or even Taiwanese and Chinese.

Pronouncements from Beijing since the Taiwanese election indicate that a new emphasis on shaping public opinion through cultural activities is seen as the best policy for changing this trend. The appointment of Mme Long Ying-tai as the first Minister for Culture of the ROC indicates that the Ma administration may be prepared to engage with mainland China in this project, with Long's proposal for a cross-Strait cultural forum being a first step. However, it should be borne in mind

that the percentage of people identifying themselves as “Taiwanese” overtook those who see themselves as “Taiwanese and Chinese” for the first time during Ma’s first administration, when the state was undertaking measures to re-sinify Taiwanese culture. This must raise some doubts as to whether such a state-driven attempt to shape national identity can work to prevent the natural process of nativisation that occur under the practice of sovereignty through democracy in Taiwan.

Leadership Change in the United States

As with leadership change in Beijing and Taipei, there is an expectation that Washington’s Taiwan policy will also remain unchanged after the presidential election in the United States. Again, some doubts about this need to be raised, however. Already under the Obama administration there has been a growing debate on whether the US should maintain its commitment to Taiwan’s security, mainly among think tanks and academics.

So far, the State Department has insisted that there is no change, and has engaged with the growing call of a scaling down of the commitment to Taiwan’s security by merely restating the existing policy of the Three Communiques, the TRA and the “Six Assurances”. This apparent stasis, however, has to be assessed in the broader context of the apparently conflicting factors of Obama’s Asia Pivot and cuts in defense spending. Nobody is really sure how these developments are going to work out in US foreign policy, which will create an uncertain situation for the incoming leadership in Beijing.

While many in China may be optimistic about a general relative decline in US power, taking this as an opportunity for a more assertive approach to Taiwan risks undermining the stability of the international regime that has worked for over two decades now. In the immediate future, if more pressure is exerted on Taiwan, this will be seen in the context of growing suspicions in the Asia-Pacific region over the rise of China and shift support among the American public and Congress in favour of supplying arms to Taiwan and restating the commitment to the island’s security. In the longer term, more pressure from Beijing is likely to increase the alienation of the public from China, which will only help the DPP when the next presidential and parliamentary elections are held in 2016.

Conclusion

The above reflections are not intended to predict a nightmare scenario. China has faced enormous problems during the period of Reform and Opening that have not derailed Beijing’s pragmatic Taiwan strategy. If the new leadership in China wants

to continue the period of “peaceful development” begun by Hu Jintao, however, it will require more imaginative ideas for solving sensitive issues such as Taiwan’s need for more international space and accommodating its pressing need to develop a more effective democratic system. In the process, however, the new leadership will have to take into account the growing pressure of discontented pressure groups in China, from elements of the military through frustrated entrepreneurs to angry nationalists who want to see the aim of unification made real. This all has to take place in the context of major restructuring of the domestic economy to adjust to the rebalancing of the global system that is taking place. Neither China, Taiwan, the United States nor Europe is exempt from such pressures. The new leadership that comes into power in Beijing later this year will thus need to draw on all its skills and experience to ensure that cross-Strait relations remain stable and do not descend into the kind of crisis that now characterises China’s relations with Japan and some of the states of Southeast Asia.