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Discussion Paper
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One Country, Two Systems and Taiwan: Actions More Important than Words?

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When China's domestic politics and foreign policy underwent a major reorientation towards 'reform and opening' in the late 1970s, the 'one country, two systems' formula emerged as a pragmatic way to bring Taiwan under the sovereignty of the motherland. So enthusiastic was Deng Xiaoping that the formula could be used to resolve disputes over sovereignty that it was not only later applied to Hong Kong and Macao but even put forward as a way to solve territorial disputes around the world.¹

Deng's enthusiasm, however, overlooked the difficulties of extending one formula to some very different polities. In fact, by applying 'one country, two systems' to the colonies of Hong Kong and Macao, he effectively undermined any credibility that it might have in Taiwan. The main reason for this is that Taiwan has not been governed by an external colonial power since the Republic of China (ROC) regime retreated there in 1949. Although the ruling KMT claimed that Taiwan was a part of China, Taipei's effective rule only extended to Taiwan and its outlying islands. After democratisation began in the 1980s, Taiwan's independent status became even more entrenched as sovereignty was practiced through the ballot box by the citizens of the island.

Taiwan's unique history and political independence makes it hardly surprising that the attempt to put Taiwan into the same category as the former colonies of Hong Kong and Taiwan is met with great indignation by its citizens. As democracy in Taiwan has matured, this has left Beijing facing a deepening dilemma that has partly been addressed by minimising references to 'one country, two systems' in its appeals to the island for unification. Despite this diminished visibility of the formula, however, it does still play a significant role in the rationalisation and legitimisation of Taiwan policy inside China. This is particularly the case as it is used as a guide to make sense of the proliferating number of ad-hoc measures that are taken to deepen cross-Straits integration, guiding these towards an outcome that can be presented as compatible with the demands of Chinese nationalism and the 'one China principle'.

Where can 'one country, two systems' be found?

Although 'one country, two systems' is usually associated with Hong Kong and Macao, where it has been implemented by Beijing, it actually emerged from a number of policy statements that were concerned with seizing the new opportunity for unification with Taiwan. These began with the 'Letter to Taiwan Compatriots' issued by China's National People's Congress (NPC), which was issued in

¹ Deng Xiaoping, "A New Approach to Stabilizing the World Situation", in *Selected Works* (February 22, 1984), Volume 3, Beijing: Foreign Languages Press, 1994, p.n39. Online: <http://www.archive.org/stream/SelectedWorksOfDengXiaopingVol.3/Deng03#page/n39/mode/2up>.

December 1978, on the eve of the normalisation of Sino-US relations on 1 January, and the consequent breaking of diplomatic relations between Washington and Taipei. In September 1981 this was followed by a nine-point statement made by Marshall Ye Yianjing. These began to lay the framework for an expansion of economic, cultural and kinship ties with Taiwan. The various steps proposed in these texts were finally summed up as the six points of ‘one country, two systems’ by Deng Xiaoping when he gave an interview to an American-Chinese professor in June 1983. These are as follows:

1. Taiwan as a special administrative region ‘will assume a character and may practise a social system different from that of the mainland’;
2. Taiwan ‘will enjoy independent judicial power and there will be no need to go to Beijing for final adjudication’;
3. Taiwan may maintain its own army, provided it does not threaten the mainland;
4. The mainland will not station military or any other kind of government personnel in Taiwan;
5. The Party, governmental and military systems of Taiwan will be governed by the Taiwan authorities themselves;
6. A number of posts in the central government will be made available to Taiwan.²

It is important to stress, then, that this formula was originally a post-facto rationalisation of a number of ad hoc measures that were taken to develop economic, social and cultural ties with Taiwan after the normalisation of Sino-US relations. From Beijing’s point of view this was a magnanimous gesture because it promised that Taiwan could maintain its capitalist system, distinct from the mainland’s socialism, so long as it accepted the precondition of realising the ‘unification of the motherland’ and protecting national sovereignty³. It was hoped that this would be considerably more attractive to Taiwan than the old policy of ‘peaceful liberation’.

² Deng Xiaoping, “A Concept for the Peaceful Reunification of the Chinese Mainland and Taiwan”, in: *Selected Works* (June 26, 1983), Volume 3, Beijing: Foreign Languages Press, 1994, p. n25. Online: <http://www.archive.org/stream/SelectedWorksOfDengXiaopingVol.3/Deng03#page/n25/mode/2up>.

³ Taiwan Affairs Office of the PRC, *Zhongguo Taiwan wenti waishi renyuan duben* (Reader For Foreign Affairs Personnel on the Problem of China’s Taiwan), Jiuzhou chubanshe 2006, p. 41.

From a pragmatic perspective, the poor economic and political condition of mainland China in the early 1980s made this the most viable solution at the time. Unification through the use of force was impossible at the time, given the lack of military power on the part of China and the priority of maintaining good relations with the United States for the sake of economic development. The alternative option of allowing independence for Taiwan was even more unattractive, given that the prospect of unification promised a massive boost to a CCP whose legitimacy was rapidly moving from socialism to nationalism under ‘reform and opening’.

When ‘one country, two systems’ was extended from Taiwan to Hong Kong and Macao to facilitate negotiations with Britain and Portugal, Beijing tried to placate indignation in Taiwan over being treated on a par with the colonies by stressing that Taiwan was being offered a number of special concessions. These include the promise that Taiwan will be allowed to maintain its own military forces and that the central government will not station its personnel there. Moreover, Beijing could claim that it was treating the ‘Taiwan authorities’ on an equal basis because it was proposing a negotiated solution between the KMT and the CCP. In principle, this was different from the way in which negotiations over Hong Kong and Macao were conducted with London and Lisbon over the heads of the residents of those territories.

All of this made good sense in the early 1980s when Taiwan faced increasing international isolation and was still ruled by an authoritarian KMT regime that had the power to do a deal with the CCP. Moreover, unification was also compatible with the KMT’s own nationalist mission and claim to legitimacy. More specifically, it was hoped that party-to-party negotiations could result in an agreement on the ‘cessation of hostilities’ and the formation of a ‘Third United Front’, referring to the much older strategy that the CCP adopted for working with the KMT in 1922 to fight the warlords then ruling the divided country and during the later War Against Japan.⁴ It was even hoped in Beijing that public opinion in Taiwan could become a force for unification, because the ‘Taiwan compatriots’ were said to be imbued with a strong sense of patriotism that could be cultivated through growing economic, cultural and kinship relations between the two sides, promoted and shaped by the United Front.

Emboldened by the acceptance of ‘one country, two systems’ in the negotiations with London and Lisbon on the future of Hong Kong and Macao, the CCP leadership raised ‘one country, two systems’ to an increasing level of prominence in China’s domestic politics. Eventually, as an element of ‘Deng Xiaoping Theory’, it became integral to the orthodox ideology of the Party line.

⁴ Hughes, Christopher R., “Democratization and Beijing’s Taiwan policy”, in: Tsang, Steve and Tien, Hung-mao (eds.), *Democratization in Taiwan: implications for China*, New York: St. Martin’s Press, 1999, pp. 130-147.

This has continued down to the present, with CCP General Secretary Hu Jintao recently reiterating the status of Deng Xiaoping Theory to the CCP's 17th National Congress in 2007, and including in his work report a section under the title 'Carrying Forward the Practice of "One Country, Two Systems" and Advancing the Great Cause of Peaceful National Reunification'. This states:

To resolve the Taiwan question and achieve complete national reunification is a common aspiration of all sons and daughters of the Chinese nation. We will uphold the principle of 'peaceful reunification and one country, two systems' and the eight-point proposal for developing the relations between the two sides of the Taiwan Straits and advancing the process of peaceful national reunification in the present stage.⁵

By gearing its policy towards dealing with the KMT dictatorship, however, Beijing had created a dead end for its policy as new political dynamics were created by the democratisation that began in Taiwan with the establishment of the Democratic Progressive Party (DPP) in September 1986. The right of any single party to negotiate the status of the island was progressively undermined as Taiwan moved towards having full elections for the ROC National Assembly in 1991, the Legislative Yuan (parliament) in 1992 and finally the Presidency in 1996. Facing the challenge of winning votes, in 1994 the KMT government under the leadership of the native-born Lee Teng-hui issued a clear and official rejection of the relevance of 'one country, two systems' to Taipei, on the grounds that it amounts to capitulation to the CCP and requires the people of Taiwan to give up their democratic system after a certain period of time. Although Taipei still accepted that both sides of the Strait belonged to 'China', it insisted that the two separate jurisdictions on each side of the Taiwan Strait were equal 'political entities' and had to deal with each other as such.⁶ Since then, 'one country, two systems' has remained anathema to any political party competing for power in Taiwan. It has not been mentioned since the return of the KMT to the presidency following the victory of Ma Ying-jeou in the March 2008 election.

The conspicuous absence of 'one country, two systems' when talking to Taiwan

The application of 'one country, two systems' to Hong Kong and Macao has thus resulted in a difficult situation for Beijing. On the one hand it has remained an element of the CCP line and official Taiwan policy. Yet there is no mention of the

⁵ Hu, Jintao, "Hu Jintao's Report at 17th Party Congress", 2007. Online: <http://www.china.org.cn/english/congress/229611.htm> (accessed on December 3, 2009).

⁶ Chinese version online: http://news.xinhuanet.com/video/2007-10/20/content_6913035.htm.

⁶ Mainland Affairs Council of the Executive Yuan, *Liang an guanxi shuoming shu*, (Explanation of Cross-Strait Relations, Taipei, July 5, 1994).

formula on the two Chinese versions of the website of the Taiwan Affairs Office of the State Council (TAO).⁷ In fact it is only the English version that presents the formula in a special section under the title ‘one country, two systems’, which contains ten documents.⁸ The most recent of these is a speech by Premier Wen Jiabao dated 5 March 2004, in which he states:

The Chinese mainland will adhere to the basic principle of "peaceful reunification and one country, two systems" and, during this current stage, to the eight-point proposal for developing relations across the Taiwan Straits and promoting the peaceful reunification of the motherland, the report notes.⁹

The timing of Wen’s speech is significant, because it was delivered just before pro-independence DPP President Chen Shui-bian was re-elected in Taiwan later that month. It was only after Chen’s victory marked another decisive rejection of Beijing’s overtures for unification that the use of ‘one country, two systems’ began to be downplayed. This was most significant when cross-Strait relations embarked on a new trajectory with the revival of CCP-KMT cooperation marked by the visit of then KMT chairman Lien Chan to China in 2005.

The absence of ‘one country, two systems’ is one of the most notable features of the Hu-Lien agreement¹⁰, which commits the two parties to work together to ‘oppose Taiwanese independence’. Given the negative reception of ‘one country, two systems’ in Taiwan, it is not surprising that this was not mentioned in the joint statement, which instead makes any attempt to hammer out an institutional settlement for cross-Strait relations the subject of future negotiations.

It is important to note this development because it was a vital part of the broader context that allowed Ma Ying-jeou to minimise the threat posed by the PRC in his successful campaign for the 2008 ROC presidential election. Since then, Beijing has continued to minimise the use of ‘one country, two systems’. When, in December 2008, Hu Jintao made his first important statement on Taiwan policy after the inauguration of Ma Ying-jeou, the formula was only mentioned as Deng Xiaoping’s contribution to policy in the historical introduction. It does not feature in the innovative part of the speech, where Hu spells out what has become known as his ‘Six Points’ doctrine. This is despite the fact that Hu’s speech was to

⁷ The TAO has one website that uses simplified Chinese characters as used in mainland China and one that uses the more complex traditional characters that are still used in Taiwan and Hong Kong.

⁸ Taiwan Affairs Office of the State Council, [http://www.gwytb.gov.cn:8088/list.asp?table=OneCTS&title=One+Country+Two+Systems](http://www.gwytb.gov.cn:8088/list.asp?table=OneCTS&title=One%20Country%20Two%20Systems)

⁹ Wen Jiabao, “Wen: Mainland Never Allows Taiwan Separation”. Online: http://www.gwytb.gov.cn:8088/detail.asp?table=OneCTS&title=One+Country+Two+System&m_id=8.

¹⁰ “Hu Jintao yu Lian Zhan huitan xinwen gongbao”, full text in Wei Xiu, Li Jianrong, Luo Shaoguang and Chen Minfeng, (“Joint Press Statement on the Hu Jintao and Lien Chan Meeting”), *Lishi die zhuanlie dian: Lian Zhan dalu xing*, (Historical Turning Point: Lien Chan’s Journey to the Mainland), Taipei: Bazhahe chubanshe, 2005196-99.

commemorate the 30th anniversary of the ‘Letter to Taiwan Compatriots’ out of which ‘one country, two systems’ was born.¹¹

Words less important

Hu’s speech thus gives the impression that ‘one country, two systems’ is important in the historical evolution of Beijing’s cross-Strait policy, but that thinking has now moved in to a new stage that has been emerging since the middle of the 1990s. The most notable landmark in this process is the ‘Eight Point’ proposal made by CCP General Secretary Jiang Zemin, in his New Year speech of 1995. Appealing to a Taiwan that was well on the way to democracy at that time, and headed for its first presidential election the following year, Jiang began by summing up the successes that had been built on Deng Xiaoping’s formula, such as the start of cross-Strait negotiations in 1993 between ‘non-official’ organisations to find solutions to the practical problems that were arising from mushrooming transactions between the two sides.

The main thrust of Jiang’s speech, however, was directed at what he saw as the new challenge of growing secessionism and the development of ‘Taiwan independence activities’. He thus started his list of eight points by stressing the need to oppose the growth of such forces. Yet, rather than discuss ‘one country, two systems’, the rest of the speech went on to list ways in which Jiang hoped to win over the hearts and minds of the population of Taiwan. These were based on a number of measures, such as stressing support for Taiwan’s private foreign relations, encouraging parties other than the KMT to engage in cross-Strait negotiations and appealing to a combination of material interests and the cultural ideals of Chinese patriotism to promote unification.

The limitations of even this approach were soon revealed, however, by the mobilisation of China’s navy to try to intimidate voters on the island before its first presidential election in March 1996, which saw Lee Teng-hui remain in the Presidency. The capture of the presidency by the DPP’s Chen Shui-bian in 2000 and 2004 presented Jiang and his successor, Hu Jintao, with little choice other than to maintain the movement away from mentioning ‘one country, two systems’.

One way to read Hu’s 2008 speech to commemorate the ‘Letter to Taiwan Compatriots’ is thus as a continuation of Jiang Zemin’s stress on opposing ‘Taiwanese independence’ through increasing cooperation, integration, negotiations on a peace agreement and a general appeal to Chinese patriotism. The only significant difference is that ‘one country, two systems’ has been dropped by Hu completely.

¹¹ Hu Jintao, “Jinian gao Taiwan tongbao shu” (“Commemorating the Letter to Taiwan Compatriots”), December 31, 2008. Online: <http://www.chinareviewnews.com/doc/1008/4/4/7/100844796.html?coluid=7&kindid=0&docid=100844796&mdate=1231165416>.

... than actions?

While it makes sense for Beijing to not use ‘one country, two systems’ when talking to a democratic Taiwan that is only offended by any attempt to liken the island to the former colonies of Hong Kong and Macao, it is still necessary to assess why the formula remains in the domestic discourse of the CCP. Its enduring presence cannot be dismissed as some kind of mere oversight, given that the report delivered at the CCP National Congress provides the highest reference point for legitimating policy initiatives and harmonising them with other national objectives. From this perspective, more weight needs to be given to the function of ‘one country, two systems’ in China’s domestic politics, where it was originally devised as a way to rationalise the series of ad hoc measures after 1979. Because no coherent alternative has appeared, it still retains this important role.

The author was in fact alerted to this internal role of the formula when attending a conference at Xiamen, the port city on the Chinese coast opposite Taiwan, in May 2008, following the election of Ma Ying-jeou that March. The keynote speech was delivered by Zhang Mingqing, a vice chairman of China’s Association for Relations Across the Taiwan Straits (ARATS), the body authorised by Beijing to engage in ‘unofficial’ talks with its counterpart in Taiwan. Talking to an audience of local personnel dealing with Taiwan affairs, local government officials, and Chinese and foreign academics, Zhang dwelt at length and with great passion on the prospects of ‘one country, two systems’. When asked directly by a somewhat surprised foreign member of the audience why he was reviving this old formula, Zhang replied that it had never been dropped.

That Zhang was physically attacked by a pro-independence activist when he visited Taiwan later that year may show that his views are somewhat out of touch with sentiment in Taiwan. Within China’s political system, however, it is very difficult to question the ideological building blocks which are used to rationalise and legitimise policies, especially when they have been planted by one of the great leaders of the past, namely Deng Xiaoping. A situation has thus been created in which ‘one country, two systems’ may not be mentioned when talking to Taiwan, but still shapes policy initiatives.

The result is an increasing degree of cognitive dissonance when rare attempts are made to find a new way forward in cross-Strait relations. A notable example of this is a bold attempt to reinterpret ‘one country, two systems’ by Wang Yingjin of Beijing’s Renmin University, published in the leading PRC journal on Taiwan issues, *Taiwan Research*, in early 2009. This is remarkably honest insofar as it acknowledges that Taiwan rejects ‘one country, two systems’ and explains why the island cannot be treated like Hong Kong and Macau. It then goes so far as to make the tentative proposal that it might be worth exploring the very sensitive territory of learning something from ‘federalism’ as a solution. This is brave

indeed, given that federalism has negative connotations in a country that saw several provinces declare independence when it was attempted in the early 1920s. Yet it is also an important idea to explore, because it has been proposed by several influential figures in Taiwan, including the current Vice President, Vincent Hsiew. Despite this, however, Wang still has to stress that it is not permissible to apply federalism itself, only to try to draw some implications from its use in other places. He thus ends up raising more questions than answers about the status of Taiwan, its name and how the two governments in Taipei and Beijing could reconcile any conflicts between them on a basis of equality. Ultimately, then, Wang's project reveals more about the limits imposed by 'one country, two systems' on policy-making in China than the room it might open up for creative thinking.¹²

The next step?

This makes it important to further explore whether the absence of 'one country, two systems' from Beijing's appeals to Taiwan shows a real change of policy or amounts to no more than a tactical manoeuvre. Since the relaxation of cross-Strait relations that has taken place since the KMT won its landslide victories in the 2008 Parliamentary and Presidential elections in Taiwan it is even more important to explore Beijing's motives.

The return to power of the KMT has generated a good deal of optimism in China and the United States due to the promise it holds of a thaw in cross-Strait relations. The groundwork for this has been laid since Lien Chan's 2005 visit to China. Central to this is the '1992 Consensus', so-called because it is supposed to refer to an arrangement made between negotiators from Taiwan and China in Hong Kong in 1992. This allowed talks on resolving practical issues arising from increasing cross-Strait transactions to take place because each side accepted verbally that there is only one China.¹³

Again, it is important to note that the timing of the revival of the '1992 Consensus' in 2005 was shortly after Chen Shui-bian won Taiwan's Presidency again for the DPP the previous year. As mentioned above, it was when Beijing reconsidered its tactics after Chen's second victory that 'one country, two systems' also disappeared from its statements. These two initiatives can thus be understood as reinforcing each other so as to pave the way for Ma Ying-jeou to defuse concerns over Beijing's intentions in his campaign for Taiwan's Presidency in

¹² Wang Yingjin, "Guanhu 'Yi guo liang zhi' Taiwan moushi de xin gouxiang", *Taiwan Yanjiu jikan*, 2009:2, pp. 1-7.

¹³ The "1992 Consensus" was in fact devised retrospectively by the KMT legislator Su Chi, who became the first Director of Taiwan's National Security Council under the Ma Ying-jeou presidency.

2008 and focus instead on issues of domestic corruption and economic revival. Ma thus came to power promising a *modus vivendi* with Beijing in which ‘one country, two systems’ does not feature at all. Instead, he has promised to uphold a deliberately ambiguous policy when it comes to Taiwan’s status and identity based on the ‘Three Nos’ of ‘no independence, no unification and no use of force’.

Given the sensitivity of identity politics in Taiwan, it is not surprising that any mention of ‘one country, two systems’ in Chinese statements does not chime with this carefully contrived ambiguity of the ‘92 Consensus’ and the ‘Three Nos’. However, the fact that ‘one country, two systems’ is still so important in China’s domestic political discourse that Hu Jintao had to include it in his report to the 17th CCP National Congress, only a few months before Taiwan’s 2008 elections, shows how fragile this *modus vivendi* really is.

Given that Beijing was only grudgingly forced to accept the existence of the ‘92 Consensus’ by repeated DPP victories at the polls, having originally denied its existence after Chen Shui-bian’s first victory in 2000, it seems safe to say that the present *modus vivendi* is not supposed to be a permanent solution for Beijing. In fact, since Ma’s inauguration, Hu Jintao has given strong signals that he wants to move towards another element of the package agreed with Lien Chan in 2005, namely negotiations on political issues that will result in an agreement on the termination of hostilities and a ‘framework for peaceful development’. From this perspective, Hu’s January 2009 speech to commemorate the ‘Letter to Taiwan Compatriots’ can thus be seen as a step towards putting more pressure on Ma for political talks under the ‘one China principle’. Yet even when mention of ‘one country, two systems’ is confined to the historical introduction of this text, this has given Ma Ying-jeou’s critics in Taiwan an opportunity to claim that ‘one country, two systems’ remains Beijing’s real agenda, and that China is merely biding its time before it puts more pressure on Ma to move towards unification.¹⁴

One country, two systems and political negotiations

The pressure from Beijing for Taipei to move towards political negotiations has stimulated much debate over what kind of a framework agreement might be reached between the two sides. When looking at how the PRC will formulate a bargaining position, it is interesting to ask whether ‘one country, two systems’ can provide any solutions to the most sensitive political issues. It has been argued above that any decision on this tactical question will not only depend on possible reactions from Taipei. It will also have to consider the fact that ‘one country, two

¹⁴ See for example the article by former DPP legislator Lin Cho-shui, “Ma’s Cross-Strait Policy Misguided”, *Taipei Time*, November 12, 2009. Online: <http://www.taipeitimes.com/News/editorials/archives/2009/11/12/2003458235>.

systems' has now been used for several decades to create the institutional framework within which 'unification' can be implemented.

From this perspective, 'one country, two systems' may offer both pros and cons for providing the context within which negotiations take place. The pros lie in the way that the formula is rooted in the orthodoxy of Deng Xiaoping Theory, which could be useful for overcoming any opposition inside China to concessions that will allow Taiwan to retain a high degree of political autonomy. Deng's principle that the island 'will enjoy independent judicial power and there will be no need to go to Beijing for final adjudication' is a good example. Not only is this pragmatic, it also removes the necessity to discuss an issue that directly touches on sovereignty from any cross-Strait negotiations.

The same is true for Deng's promise that Beijing will not station its officials in Taiwan and that the party, governmental and military systems of Taiwan will be governed by the Taiwan authorities themselves. The importance of being able to resort to Deng's canon for legitimacy should not be under-estimated when it comes to opposing the many vested interests in the Chinese system, let along the milieu of rising nationalism within which they operate.

Yet Deng was also shrewd enough to make sure that 'one country, two systems' does not offer Taiwan a carte blanche. This can be seen in the hyper-sensitive topic of military relations where Taiwan will be allowed to have its own armed forces, but only so long as they do not threaten the mainland. This kind of condition is important because it will allow Beijing to still object to US arms sales to Taiwan if it deems these to be of an offensive nature.

Perhaps the most interesting and potentially controversial element of 'one country, two systems' for any cross-Strait political negotiations that might take place is Deng's principle that a number of posts in China's central government will be made available to Taiwan. This could well prove attractive to some elements of the political spectrum in Taiwan who are emotionally sympathetic to the cause of unification or are attracted by the material benefits of taking a high slot in the Chinese political system. According to opinion polls, only a tiny number of people in Taiwan want unification at present. As growing integration leads to more ROC citizens having greater material interests in the mainland, however, the prospect of an important job in the Chinese government could be increasingly attractive.

Yet even if 'one country, two systems' opens up the possibility of making some practical arrangements for Taiwan within China's own policy framework, its basic purpose of reducing the island to a part of China is not so easy to fudge. A good example of this is the legal instruments that have been put in place in China for working with Taiwan. The basic concept on which these have been built is the classification of Taiwan as a 'Special Administrative Region' (SAR) that will 'assume a character and may practise a social system different from that of the

mainland'. This gives Taiwan the same status as Hong Kong and Macao within legal arrangements that were made when the PRC constitution was amended by the National People's Congress (NPC) in December 1982. While the Ma administration, or any other, is unlikely to accept such a status, that is how Taiwan is treated in PRC law. If Ma is successful in achieving one of his main objectives, the signing of an Economic Cooperation Framework Agreement (ECFA) with Beijing, for example, this will presumably have to be made compatible with PRC legislation and the regulatory frameworks that are derived from the PRC constitution.

Such arrangements might make good sense in terms of Beijing's policy framework but will inevitably be very controversial in Taiwanese politics. Moreover, if 'one country, two systems' remains as part of Beijing's policy, the present ambiguity of Ma's 'Three Nos' strategy can become a source of real weakness for him because it fails to present a clear vision for a political resolution of the dispute with Beijing in the long term.

Short of such a vision, it is possible to look to works such as Vice-President Vincent Siew's book on the 'cross-Strait common market' to get some idea of the kind of structures that might be acceptable to a KMT government.¹⁵ Siew's ideas are in fact worth paying attention to because the idea of a 'common market' was taken up in 2005 CCP-KMT agreement between Lien Chan and Hu Jintao. Yet his main idea for an institutional structure to govern economic integration is to create a new tier of governance that is above both the PRC and the ROC. This would probably start out as something like the European Commission, but could be presented as 'Chinese' to make it compatible with the 'one China principle'.

While such an idea is imaginative and constructive, there has been no suggestion that it would be acceptable to Beijing. Given that Siew also sees the formation of a common market as a way for Taiwan to expand its international room for manoeuvre, it is likely to be treated with suspicion. Moreover, it is hard to see how such a model can be accepted when it falls outside the orthodoxy of Deng Xiaoping Thought. If it is ever accepted, it will mark a departure from a strict interpretation of 'one country, two systems'. Above all, however, such an arrangement would be rejected by many in Taiwan precisely because it would be seen from the perspective of the island as capitulation to 'one country, two systems', insofar as Taiwan would still not be recognised as a sovereign state.

¹⁵ Xiao Wanchang (Vincent Siew), *Yi jia yi da yu er* (*One Plus One is Greater Than Two*), Taipei: Tianxia wenhua, 2005.

Conclusion: *ting qi yan – guan qi xing*

In some ways, the present condition of cross-Straits relations presents a mirror of attitudes when Chen Shui-bian captured the presidency of the ROC on Taiwan for the DPP in March 2000. When Chen tried to assuage nerves in China and the United States by making a number of conciliatory gestures in cross-Straits relations such as not reforming the ROC Constitution or changing the name of the country, Beijing reacted with the cautious slogan ‘listen to his words, watch his actions’ (*ting qi yan, guan qi xing*). In the end Chen’s words were judged to have been out of synchronisation with his actions, which were bent on the pursuit of greater international recognition of Taiwan, in line with his party’s mission.

At present, while Beijing has stopped calling on Taiwan to accept ‘one country, two systems’, its actions should be carefully scrutinised. Although ‘one country, two systems’ has been rejected by Taiwan because it belittles the island’s status to that of a former colony like Hong Kong or Macao, it cannot so easily be discarded while China’s leaders and policy makers continue to legitimate and rationalise their actions within the framework of Deng Xiaoping Theory. Anybody who wants to understand the fate of ‘one country, two systems’ as cross-Straits relations enter the second year of the KMT administration of Ma Ying-jeou might thus do best to follow the advice Beijing once gave for dealing with Chen Shui-bian: ‘*ting qi yan, guan qi xing*’.