

**The Stagnant Relations across the Taiwan Strait: A
Study on Cross-Strait Political Interactions between
1988 to 2012**

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Introduction

1. An unstable triangle: Taiwan-China-US relations

It has been roughly 70 years since the end of WWII, when the Nationalist Kuomintang (KMT) party suffered a complete defeat in the Chinese Civil War in 1949. Throughout this period, Taiwan and China have never been able to establish a stable relationship. The first part of this section examines changes in cross-strait relations from 1949 to 2016.

(1) Taiwan Strait war, cross-strait interactions, and frequent confrontation (1949~2008)

On August 15, 1945, in a radio broadcast recorded the previous day, Emperor Showa announced Japan's unconditional surrender and acceptance of the Potsdam Declaration. This recording later became known as the Gyokuon-hōsō (literally, the "Jewel Voice Broadcast") that marked the official end of WWII. With Japan's defeat, the government of the Republic of China (ROC) under Chiang Kai-shek accepted the surrender of Japanese troops in Taiwan and assumed control over the island by General Order No. 1 from the Supreme Commander for the Allied Powers, General of the Army Douglas MacArthur. Furthermore, the 70th and 62nd Corps of the Chinese Nationalist Army were dispatched to land at Keelung and Kaohsiung, respectively, in October and November of 1945. However, the post-WWII peace in East Asia did not last very long; conflict between the KMT and the Communist Party of China (CPC) arose in 1946, starting from the northeastern region of China. In just a few years, the KMT-led ROC lost its advantage and was repeatedly forced to retreat. Soon, KMT authority over the mainland was lost, and in 1949, the KMT saw complete defeat and retreated to their last piece of territory: Taiwan. Thus began a decades-long state of contention between the two parties: the Republic of China (referred to as Taiwan hereafter) and the People's Republic of China (referred to as China hereafter).

Intense confrontation and armed conflicts continued for approximately 30 years,

from 1949 until 1978, when the US formed official diplomatic relations with China. With the US being Taiwan's greatest supporter and source of aid (including financial, material, and military aid when the Nationalist government first arrived in Taiwan), the breaking off of diplomatic relations between Taiwan and the US became the most devastating event in a string of diplomatic failures since Taiwan (or more accurately, the Republic of China) left the UN in the early 1970s. Having established diplomatic relations with the US, China released a "Message to the Compatriots in Taiwan" (告台灣同胞書)¹ on January 1, 1979, announcing a cease on the intermittent bombardment against Kinmen that had begun in 1958. In addition, the message proposed a military truce, more cross-strait interactions, and the Three Links². Although minor skirmishes and disputes³ have occurred between the two since then, there has been no more major warfare since the 1960s. Therefore, China's act of sending a message to Taiwan can still be considered a conclusion to the military conflict phase between the two.

Essentially, this thirty-year-long military conflict phase can be regarded as a continuation of the Chinese Civil war. Major engagements include the Battle of Guningtou as well as the Battle of the Dachen Archipelago and the Dongshan Island Campaign. Both sides continued to fight over archipelagos along the coast of the mainland, and the Nationalist navy and guerrillas of the Anti-Communist National Salvation Army began to utilize their maritime superiority to enforce a blockade along the coast of the mainland. Engagements between ground troops ceased after the two Taiwan Strait Crises that took place in Kinmen in 1954 and 1958, and in 1972, the KMT government abandoned their long-planned Project National Glory (國光計畫), thereby bringing an end to their efforts at recapturing the mainland. After this, the only military conflicts between the two sides were China's regular bombardments against Kinmen, several naval and air engagements, and sporadic small-scale conflicts. Thus, the period from the 1970s to the 1980s can be looked upon as a significant turning point in cross-strait relations, in

¹ On January 1, 1979, the Standing Committee of the National People's Congress of the PRC released this message announcing an end to the bombardment against Kinmen, calling for exchanges across the Taiwan Strait and to seek end of military confrontation.

² The Three Links refer to the opening of direct postal, transportation, and trade links between Taiwan and China.

³ Examples include the Caoyu Isle Incident (or the June 27 incident) in 1984, where the garrisons on Kinmen and the People's Liberation Army (PLA) of China exchanged artillery fire, in addition to hostile attacks from PLA frogmen against Kinmen garrisons and several conflicts between Taiwanese law enforcement units and armed Chinese fishing boats.

which both sides experienced major changes in diplomatic status and military conflicts basically came to an end. The climax of this period included the establishment of diplomatic relations between China and the US and China's Message to the Compatriots in Taiwan.

The next major turning point in cross-strait relations occurred not long afterwards, in the late 1980s. In 1987, Taiwan's government, under the leadership of Chiang Ching-kuo, began to allow family visits to Mainland China. This marked an official reopening of cross-strait interactions and led to significant improvements to cross-strait relations in the following years. Taiwan then began to allow Taiwanese businesses to make investments in China, which created a mass flow of investments into China. This inspired attempts to achieve intergovernmental communication and interaction. The Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Straits (ARATS), were semi-official organizations established for these exchanges, and the first Wang-Koo summit took place in the early 1990s.

This honeymoon period did not last very long. The increasingly warm interactions between civilians across the strait were accompanied by civilian and intergovernmental disputes and conflicts, including the Fujian-Shi fishery boat Incident (閩獅漁事件) that occurred early in the cross-strait exchange period. The Qiandao Lake Incident, President Lee Tung-hui's visit to the US, Taiwan's first presidential election, and the following Third Taiwan Strait Crisis followed. These events led to a new high in cross-strait tension.

Cross-strait relations deteriorated in the late 1990s after the Third Taiwan Strait Crisis. Despite the fact that the Three Links had yet to be established, Taiwanese businesses were still making substantial investments in China. Statistics compiled by the Ministry of Economic Affairs of Taiwan show that Taiwanese businesses began investing heavily in China in 1991, and cross-strait trade expanded rapidly in the years that followed. In the period from 1989 to 1993, the proportion of Taiwan's foreign trade exports to China increased sharply from 5.03% to 16.47%⁴. After the third Taiwan Strait

⁴ 中華民國行政院陸委會 (Mainland Affairs Council of the ROC executive Yuan), *兩岸經濟統計月報 (Cross-Strait Economic Statistics Monthly) No. 121* (May 26, 2017),

Crisis, the government of Taiwan led by Lee Tung-hui began adopting the slogan “No haste; be patient” in an attempt to curb these investments and prevent excessive dependence on China. Investors were encouraged to invest in Southeast Asian countries instead. The overall proportion of investments in China declined slightly⁵ but still accounted for a significant portion of foreign investments.

In 1999, President Lee Tung-hui made a statement regarding his concept of special state-to-state relations in an interview with German international broadcaster “Deutsche Welle,” further deteriorating cross-strait relations. Then in 2000, Taiwan’s presidential election saw a Democratic Progressive Party (DPP) victory for Chen Shui-bian. This ended the long reign of the KMT and represented the first transfer of power in Taiwan. Considered to be a strong advocate of Taiwan independence, the DPP pledged the Four Noes and One Without at the very beginning of their regime. In the year before the election, they also ratified the Resolution on Taiwan’s Future in an attempt to reduce doubts regarding Taiwan independence. As a result, cross-strait relations stayed at a low during Chen Shui-bian’s eight-year presidency, only improving in 2008 when the KMT returned to power with the election of Ma Ying-jeou.

Despite strained political relations between China and Taiwan during Chen Shui-bian’s time as president, Taiwanese investments in the mainland began to rise swiftly⁶, reaching a new high after Ma Ying-jeou took office. An interesting trend thus started with the “cold war” between Taiwan and China: political relations continued to be unstable, and although a short thaw appeared during the “cold war” period, it quickly froze over with renewed conflicts between the two sides. In contrast, economic relations continued to improve. Taiwanese businesses continued to invest in China and become more dependent on China’s market even though tension remained between the two governments and Taiwanese businesses encountered endless problems and disputes on the mainland.

http://www.mac.gov.tw/ct.asp?xItem=57683&ctNode=5720&mp=1&xq_xCat=2002

⁵ Ibid.

⁶ 中華民國行政院陸委會 (Mainland Affairs Council of the ROC executive Yuan), *兩岸經濟統計月報 (Cross-Strait Economic Statistics Monthly) No. 193* (May 26, 2017),

http://www.mac.gov.tw/ct.asp?xItem=51026&ctNode=5720&mp=1&xq_xCat=2008

The table below lists major cross-strait political events that took place before the KMT returned to power in 2008:

Time	Event
1954	First Taiwan Strait Crisis
1958	Second Taiwan Strait Crisis, 823 Artillery Bombardment
1978	China declares its Message to the Compatriots in Taiwan
1949~1980s	Sporadic conflicts and exchange of fire continue between the two sides
1987~early 1990s	Cross-strait interactions begin
Early 1990s	Civilian conflicts accompany interactions
1990~1991	Taiwan establishes the National Unification Council, and the Guidelines for National Unification are published
1992	1992 Hong Kong Meeting (between SEF and ARATS); Taiwan passes the Act Governing Relations between the People of the Taiwan Area and the Mainland Area
1993	First Wang-Koo summit
1994	President Lee Tung-hui visits the US
1995~1996	Third Taiwan Strait Crisis; cross-strait negotiations cease

1996	Taiwan adopts “No haste; be patient” policy to curb investments in China
1998	Second Wang-Koo summit
1999	Special state-to-state relations; third Wang-Koo summit is canceled
2000	Chen Shui-bian takes office and proposes the Four Noes and One Without
2002	Chen Shui-bian proposes One Country on Each Side
2005	China passes the Anti-Secession Law
2006	Taiwan terminates the National Unification Council

Although this table only contains a brief summary of the many cross-strait political events that took place between 1988 and 2008, it shows how cross-strait relations have fluctuated during this time. We divided these developments in cross-strait relations into four periods:

(1) 1949~1978: Military conflict period

During this period, both political powers were trying to assume unified control over China through military force. Although few large-scale battles occurred after the Second Taiwan Crisis in 1958, naval and air engagements over the strait were still common.

(2) 1978~1987: Low period

This period saw the end of most military confrontations, with only sporadic conflicts early on. However, both parties began diverting their resources toward achieving a unified China through peaceful means, and near the end of this period, the possibility of nonaggressive interactions emerged.

(3) 1987~1994: Honeymoon period

Civilians across the strait began interacting, and relations began to improve both in

civilian investments and trade and between the two governments. Dedicated organizations were thus established to handle these semi-official exchanges. Conflicts and problems still accompanied the increasingly warm interactions.

(4) 1995~2008: Return to strained relations

The Third Taiwan Strait Crisis and other conflicts had a severe destabilizing effect on political interactions. Despite slight relief after the Taiwan Strait Crisis, the statement of special state-to-state relations brought an end to semi-official interactions after 1998.

An examination of cross-strait relations reveals that long periods of political stability are rare; although swift progress was made in cross-strait relations once cross-strait exchanges began, these soon deteriorated sharply until Ma Ying-jeou became president. From a broader perspective, cross-strait relations were tense and extremely unstable even with the renewed exchanges during the last two periods. Seldom did political relations between the two parties develop steadily.

Trade and civilian exchanges play an important part in cross-strait relations. Official statistics from Taiwan show that investments and trade between Taiwan and China flourished when interactions began. Even during Chen Shui-bian's presidency from 2000 to 2008, when political relations were at their lowest, trade conditions did not change significantly with political relations. Yet increasingly strong trade and civilian connections did not produce the same effects that functionalism and neo-functionalism exerted on political relations during the consolidation of the EU⁷. In the EU, civilian and trade interactions promoted cooperation, dependence, and progress that "spilled over" into politics and military issues, inducing consolidation. This wasn't the case for Taiwan and China, as there were no changes in cross-strait relations regarding the topic of Taiwan independence/Chinese unification.

⁷ For instance, during Chen Shui-bian's presidency, the proportion of investments made by Taiwanese businesses in China increased from 0.5% of the GDP in 1999 to 2.61% of the GDP in 2007. From 1989 to 2007, Taiwanese businesses launched a total of 75,147 investment projects, the monetary value of which reached USD 45.671 billion. Furthermore, investments increased from USD 430 million in 1989 to USD 10.36 billion in 2005. In 2003, Taiwanese investment in China accounted for 53.66% of Taiwan's approved foreign investments. By the second transfer of power in 2008, the value of Taiwan's exports to China had exceeded USD 100 billion, adding up to over 40% of the annual export value. For details, see 宋鎮照 (Soong, Jenn-Jaw), "兩岸和平發展的新思維與新策略：從經貿整合到政治趨和 (The New Thinking and Strategy for Cross-Strait Peaceful Development: From Economic and Trade Integration toward Political Harmony)," *全球政治評論 (Review of Global Politics)*, No. 28 (2009), pp. 68-69.

Was any progress made in this respect when the KMT returned to power in 2008? Ma's campaign had, after all, focused on cross-strait relations and expanding trade.

(2) Second transfer of power: Progress in cross-strait relations during Ma Ying-jeou's first term as president (2008~2012)

In 2008, the KMT's Ma Ying-jeou and Vincent Siew won the presidential election by an overwhelming 17%. The KMT reclaimed political power after eight years of DPP leadership. This represented the second transfer of power in Taiwan. Ma Ying-jeou's win was considered a significant turning point in cross-strait relations after over a decade of instability, tension, and stagnation.

Ma Ying-jeou's election ran on a platform promising to revive Taiwan's depressed economy, and one significant step toward achieving this was to improve cross-strait relations and lift restrictions with regard to China (such as operating direct flights, relaxing regulations concerning investments in China, and allowing Chinese investments in Taiwan) so as to strengthen cross-strait exchanges in trade and use China's growing national power to boost Taiwan's economic development. Before Ma Ying-jeou took office, Vice President Elect Vincent Siew even led a delegation to participate in the Boao Forum and meet then Chinese President Hu Jin-tao. This meeting was deemed to be a balm on the tension between Taiwan and China by then Taiwanese Vice President Annette Lu and various academics who saw it as a good new beginning for cross-strait relations⁸.

During the four years of Ma's first term, Taiwan signed various agreements with China, Hong Kong, and Macau regarding trade, transportation, health, justice, education, and tourism. Cooperation in agriculture and postal services also increased. In 2010 and 2012, Taiwan and China performed two joint maritime search and rescue exercises, and talks resumed between senior members of the SEF and ARATS.

As predicted by the outside world, cross-strait relations improved during this peri-

⁸ “蕭萬長融冰歸來 (The return of Vincent Shaw's journey of thaw),” *蘋果日報 (Apple Daily)* (May 26, 2017), <http://www.appledaily.com.tw/appledaily/article/headline/20080414/30450004/>

od and eased the tensions of the previous decade. Considerable progress was made in the form of various cooperation projects, and proposals were made regarding the more sensitive political and military issues raised during the 2008 presidential election, including confidence-building measures (CBMs) and the even more ambitious Cross-Strait Peace Accords. The joint maritime search and rescue exercises can be seen as a generalized type of CBM that are less controversial than political and military CBMs. Thus, they can be considered a positive step towards building mutual military trust and promoting more direct cross-strait CBMs⁹.

Despite the return of warmer cross-strait interactions, there was increased doubt and disapproval toward exchanges with China. In addition to opposing views from the Democratic Progressive Party (DPP), there was also mounting concern among Taiwan's population with regard to the interactions. An example is the strong protests that ARATS Vice President Zhang Ming-qing and President Chen Yun-lin encountered during their visits to Taiwan and the clashes between protesters and the police. In spite of the large number of agreements that China and Taiwan signed for trade and civilian exchanges, further progress was difficult in more sensitive political and military issues. The most representative example is the aforementioned CBMs; although joint maritime search and rescue exercises were conducted and track two diplomacy¹⁰ began in 2009, regular contact mechanisms could not be established and any measures involving the militaries on both sides of the strait could not be substantiated, though proposals were made by a few politicians, scholars, and military officials. Therefore, there was little progress in cross-strait relations with regard to politics.

(3) Ma Ying-jeou's second term as president (2012~2016)

⁹ “台灣和中國大陸舉行海上聯合搜救演練 (Taiwan and Mainland China hold joint maritime search and rescue exercise),” *德國之聲 Deutsche Welle* (May 26, 2017),

<http://www.dw.com/zh/%E5%8F%B0%E6%B9%BE%E5%92%8C%E4%B8%AD%E5%9B%BD%E5%A4%A7%E9%99%86%E4%B8%BE%E8%A1%8C%E6%B5%B7%E4%B8%8A%E8%81%94%E5%90%88%E6%90%9C%E6%95%91%E6%BC%94%E7%BB%83/a-6009000?&zhongwen=trad>

¹⁰ Track two diplomacy generally refers non-governmental channels and informal diplomatic interactions between semi-official or unofficial individuals such as scholars or retired officials. Although Taiwan and China do not have official diplomatic relations, the exchanges between the semi-official organizations SEF and ARATS are already considered a cross-strait channel for track one diplomacy. For details, see Chih-yu Shih & Ginger C. Huang, “我國第二軌道外交中的「國家—社會」論述 (The State and Society in Taiwan's Second-Track Diplomacy: A Discursive Analysis),” *政治科學論叢 (Taiwanese Journal of Political Science)*, No. 11 (1999), pp. 104-105.

President Ma Ying-jeou was re-elected in 2012. After the election, Ma continued to work on cross-strait policies despite disapproval from the general public. In May of 2014, the large-scale Sunflower Student Movement emerged out of protest against the passing of the Cross-Strait Service Trade Agreement in the Legislative Yuan.

The ideologies and goals of participants in large-scale social movements often vary, and the Sunflower Student Movement was no exception. The Sunflower Student Movement objected to the Cross-Strait Service Trade Agreement because it was passed so quickly that it was considered a “black box” operation and protestors were concerned about its possible impact on society and various industries in Taiwan. Extensive discussions on these issues covered the topics of Taiwan’s national security and economic independence. This shows that the people in Taiwan had grave concerns over the political objectives attached to trade exchanges with China.

Further progress in Cross-Strait cooperation was made more difficult by the opposition of the Taiwanese people. Though the Ma administration’s approval ratings continued to be low at the end of Ma’s second term, the Ma-Xi meeting was arranged for November 7 2015.

2. Characteristics of cross-strait interactions

Taiwan and China have an unusual relationship due to historical factors and incidents in recent decades such as 95/96 Taiwan crisis. Various issues limit political interactions; these include China’s long-standing mission to reunify with Taiwan and the general distrust felt by the Taiwanese public toward China. Trade needs, however, have brought the two closer economically since the 1980s. Below is an attempt to briefly characterize cross-strait relations.

(1) Cross-strait political issues are a zero-sum game

The political issues between China and Taiwan have created a zero-sum game. China has relaxed its stance from liberating Taiwan via military force during the “cold

war” period to appealing to compatriots in Taiwan and then to promoting peaceful unification and “One country, two systems.” However, two fundamental elements remain: China’s persistent pursuit for Chinese unification and its refusal to rule out the use of force to achieve this. For cross-strait relations, the form implies eliminating Taiwan’s ROC government (or any other political powers that could substantially rule Taiwan) and uniting it with the People’s Republic of China. This indicates a zero-sum game in which the gains and losses of the participants will add up to zero. In other words, if one gains, the other loses. When using force remains a possibility for China, any political issue could escalate to a zero-sum game with national security at stake.

From Taiwan’s perspective, however, unification is not the only option, and opinions on this matter are mixed. Taiwan’s cross-strait political stance can be one of three types: 1. unification, 2. independence, or 3. maintaining the status quo. Without the last option, Taiwan’s political position regarding unification or independence would also form a zero-sum game.

(2) Avoiding sensitive issues

First and foremost, political zero-sum game clearly exerted influence on all interactions between China and Taiwan.

In 1987, martial law was lifted in Taiwan after almost four decades. At the end of the year, civilians were permitted to visit their relatives on the mainland, which put an end to a separation that had existed since 1949. In 1986, the year before visitation was allowed, a China Airlines pilot hijacked a freight plane, taking it to China. This forced Taiwan to reverse the Three Noes policy (no contact, no negotiation, and no compromise) that Chiang Ching-kuo had established and contact China through backchannels so as to negotiate the repatriation of aircraft and crew. Such interactions through non-governmental organizations became the primary means of communication between the two governments.

When interactions first resumed, cross-strait negotiations were conducted via civilian organizations such as the Red Cross. However, increasing civilian interactions also sparked an increase in disputes, which demonstrated the need for organizations dedicat-

ed to handling them. Each side therefore founded their own semi-official organization for cross-strait relations. In Taiwan, the Straits Exchange Foundation (SEF) was established at the end of 1990 and began operating in 1991, while China instituted the Association for Relations Across the Taiwan Straits (ARATS) in response. The two governments put the parent bodies of these organizations in charge of cross-strait affairs: the Mainland Affairs Council (MAC) under the Executive Yuan and the Taiwan Affairs Office of the State Council. The SEF and ARATS do not belong to either of the governments but are authorized to handle cross-strait issues, so they can be considered semi-official organizations. Once they began, all formal cross-strait exchanges went through these two organizations rather than through embassies and official diplomats as is normal between other countries.

The parties involved with these interactions avoided sensitive political issues. As previously mentioned, no substantial progress had been made with regard to political and military issues in cross-strait relations. Evasive attitudes toward military and political issues is a basic characteristic of cross-strait relations.

(3) Cross-strait policies, political objectives and public concern for Taiwanese national security

Taiwan's public was concerned for their national security, and this concern represented the second influence on the cross-strait political zero-sum game. The core theory of neo-functionalism stresses that trade interactions can spill over into politics and facilitate regional integration; this spillover effect was apparent during the consolidation of Europe. However, China's ultimate goal is to reunify with Taiwan, which, in effect, is to engulf and eliminate Taiwan. This political competition between the two is therefore a win-all or lose-all zero-sum game.

Since cross-strait interactions began, China has been using economy and trade to inhibit Taiwanese independence and promote unification. Two of China's cross-strait policies involve using commerce and the people to compel Taiwanese officials. When cross-strait interactions first began, attempts were also made on Taiwan's part to share the Taiwan experience with China through trade interactions and promote democracy

and liberty there¹¹.

With cross-strait relations being a zero-sum situation in terms of politics, economy and trade policies often harbor political objectives; even international sports competitions have become stages for political confrontations between Taiwan and China. Increasing cross strait investments and the greater economic dependence sparked debate in Taiwan about whether to continue cultivating these exchanges with China. Supporters hope that such integration will promote economic development on both sides, while opponents are worried that doing so will threaten the national security of Taiwan. There are six main aspects to this argument: national security, economic sanctions, economic inducements, economic war, the transformation of national identity, and economic interdependence and peace¹².

(4) Political cross-strait interactions initiated by Taiwan

China has some overwhelming advantages over Taiwan, including territory size, military strength, and status in the international community. This presents a substantial power imbalance in the game. However, the history of cross-strait interactions has shown that the initiator is not always the one with greater overall strength. More often than not, Taiwan was the party to bring up status-changing issues, whereas China merely passively reacted to Taiwan's actions. This characteristic was confirmed in an interview conducted by the author with former Minister Su Chi of the MAC. Su Chi observed that before Ma Ying-jeou became president in 2008, issues regarding cross-strait relations were often initiated by Taiwan, whereas China and even the US only reacted passively.

The above table listing major events in cross-strait relations also shows Taiwan's initiative tendency. Taiwan permitted visits to relatives in the mainland, established semi-official organizations for cross-strait interactions, adopted the slogan "No haste; be

¹¹ 林繼文 and 羅致政 (Lin, Jih-wen & Lo, Chih-cheng), "零和或雙贏? 兩岸經貿交流新解 (Zero-sum or Win-win? A Reinterpretation of Cross-strait Economic Exchanges)," *人文及社會科學集刊 (Journal of Social Sciences and Philosophy)*, Vol. 10, No. 1 (1998), pp. 41-42.

¹² 童振源 (Tung, Chen-yuan), "兩岸經濟整合與臺灣的國家安全顧慮 (Cross-Strait Economic Integration and Taiwan's National Security Concerns)," *遠景基金會季刊 (Prospect Journal)*, Vol. 4, No. 3 (2003), p. 55.

patient” in an attempt to curb investments in China, Lee Tung-hui proposed special state-to-state relations in 1999, Chen Shui-bian proposed “One country on each side,” and Taiwan terminated the Guidelines for National Unification and the National Unification Council. Practically the only event that China initiated before 2008 was the passage of the Anti-Secession Law.

(5) Stagnation in political and military issues

As previously discussed, clear progress could not be made with regard to political or military issues. We also attribute the lack of any real breakthroughs to the zero-sum nature of this game. Observations regarding the most significant, controversial, and representative political issue of unification/independence and the establishment of military CBMs are as follows:

(5.1) Cross-strait unification/independence

As previously mentioned, this is one of the most crucial factors in cross-strait interactions. China’s position on this issue has always been clear: Taiwan is a part of China, and there is no possibility of two Chinas or one country on each side. In contrast, the Taiwanese public could be inclined towards one of three situations: unification, independence, or maintaining status quo. The last is a very ambiguous concept that could mean “maintaining status and deciding later” or “maintaining status quo indefinitely,” and those who support the former would also have to choose between independence and unification. In terms of Taiwan’s domestic political spectrum, the Pan-Blue Coalition (including the KMT, the People First Party, and the New Party) have generally been considered supporters of unification, trade relations, and even economic integration with China, whereas the Pan-Green Camp (including the DPP and the Taiwan Solidarity Union) are inclined towards Taiwanese independence, despite varying stances among parties. In terms of how the public feels about independence/unification, poll statistics compiled by the Election Study Center of the National Chengchi University show that in the 20 years between 1994 and 2014, support for “unification as soon as possible” declined from 4.4% to 1.3%. The most noticeable drop took place in 1995 during the Third Taiwan Strait Crisis, from 4.4% (1994) to 2.3% (1995). Support continued to de-

crease steadily with no return to the original level. The percentage of those inclined towards unification once jumped from 15.6% to over 19% during the Third Taiwan Strait Crisis in 1994 and increased slightly from the year 1999 to 2001. Other than that, support for unification has declined substantially in the past two decades, and by 2014, only 7.9% of the public supported unification. The proportions of those inclined towards independence and wanting independence as soon as possible rose slightly during this twenty-year period. The most significant change appeared in support for maintaining status quo, which increased from 9.8% in 1994 to 25.2% in 2014¹³. It is worth noting that while China is firm on the issue of unification/independence, Taiwan has multiple inclinations. Furthermore, public opinion in Taiwan has gradually progressed towards independence and maintaining status quo, and away from reunification.

Despite these changes in ideology, Taiwan's movement toward either unification or independence has been limited. Taiwan's National Unification Council was established in 1990 and passed the Guidelines for National Unification the following year. The Guidelines clearly stipulate short-term, mid-term, and long-term phases to achieve the goal of unification, and conditions and limitations were set for each phase. The Guidelines were established based on the pro-unification ideology at the time and presented clear principles for the KMT to pursue unification. The purpose of the conditions and limitations was to prevent hasty advancements that could potentially harm Taiwan's security and benefits. This became a significant step in the issue of unification/independence. After this step, there was no more high political progress. At the 1992 Hong Kong Meeting, SEF and ARATS representatives could not achieve political consensus¹⁴. The controversial "1992 Consensus"¹⁵, which is used to promote cross-strait interactions, was actually proposed in 2000 and is strictly a procedural consensus rather than substantive consensus. This means that procedural consensus was used to handle the "One China" issue, which lacked substantive consensus, for the sake of ena-

¹³ "臺灣民眾統獨立場趨勢分佈 Changes in the Unification-Independence Stances of Taiwanese," 政治大學選舉研究中心 (*Election Study Center, National Chengchi University*) (May 26, 2017), <http://esc.nccu.edu.tw/course/news.php?Sn=167>

¹⁴ From an interview conducted by the author in 2013 with then Minister Huang Kun-huei of the MAC, who presented documents and reports and clearly stated to the author that substantive consensus had not been reached on the "One China" issue at that time.

¹⁵ Then Minister Su Chi was the first to use this term in 2000 in an attempt to summarize the differences of opinion between Taiwan and China at the time of the 1992 Hong Kong Meeting. During the author's interview with Mr. Su Chi, he mentioned this as well.

bling later cross-strait exchanges¹⁶. After the meetings and talks in the early 1990s, little to no progress was made with regard to unification or lower level political integration. Tension and stagnation continued until Ma Ying-jeou took office, when cross-strait interactions became more frequent. However, these interactions remained transactional in nature; there was no progress in political cross-strait relations, or high politics. No further action was taken regarding Taiwanese independence after the mention of special state-to-state relations and one country on each side caused cross-strait relations to deteriorate. In other words, all actions taken to achieve unification or independence remained in the preliminary stages.

(5.2) Military trust and confidence-building measures (CBMs)

With cross-strait tensions easing after Ma Ying-jeou became president, mutual military trust and CBMs became a major focus. CBMs include both formal and informal measures, whether unilateral, bilateral or multilateral, that address, prevent, or resolve uncertainties among states, including both military and political elements. Thus, any measures that help reduce misperception, suspicion, and uncertainty can be considered CBMs and do not necessarily have to be directly associated with security issues¹⁷. Building mutual military trust can therefore be regarded as a CBM. In general, CBMs can be categorized into the following types: communication, constraint, transparency, and verification.¹⁸

After the Third Taiwan Strait Crisis in 1996, the US strongly recommended that Taiwan and China build mutual military trust. During the Clinton administration, Stanley Roth, then US Assistant Secretary of State for East Asian and Pacific Affairs, proposed that Taiwan and China create CBMs to engage in dialogue and then sign an interim agreement to reduce the possibility of a military conflict erupting¹⁹. Similar pro-

¹⁶ 卓慧菀 (Cho, Huei-wan), “觀點投書：馬總統錯把程序共識當實質共識 (Letter of Perspective: President Ma Mistakes Procedural Consensus for Substantive Consensus),” *風傳媒 (Storm Media Group)* (May 26, 2017), <http://www.storm.mg/article/73604>

¹⁷ Bonnie S. Glaser, “Cross-Strait Confidence Building: The Case for Military Confidence-Building Measures,” *Center for Strategic and International Studies* (May 26, 2017), <https://www.csis.org/analysis/cross-strait-confidence-building-case-military-confidence-building-measures>

¹⁸ 卓慧菀 (Cho, Huei-wan), loc. cit.

¹⁹ 林正義 (Lin, Cheng-yi), “美國與台海兩岸信心建立措施 (The US and Confidence-Building

posals were made by US officials and scholars in the several years following. Kenneth Lieberthal ambitiously proposed the signing of an agreement with the US's intervention that would last 20 to 30 years, clearly stipulating that the status quo would be maintained. For example, Taiwan would not cross the independence red line established by China, and China would agree not to use military force against Taiwan²⁰. During the third session of China's 8th National People's Congress in 1995, a representative of the People's Liberation Army (PLA) suggested adding military exchanges to cross-strait talks, and in Taiwan, officials from the Chen Shui-bian administration recommended establishing CBMs at least eight times on varying occasions²¹. These multiple proposals from Taiwan, China, and the US show that establishing CBMs has come to the fore several times since the Taiwan Strait Crises. However, no concrete actions or progress has been made. During roughly ten years starting in the latter half of Lee Tung-hui's presidency, institutional negotiations across the strait broke off completely, which eliminated the possibility of establishing CBMs.

Once Ma Ying-jeou became president, institutional negotiations resumed, and CBMs became a popular topic once again. President Ma Ying-jeou personally brought up CBMs multiple times when he first took office, but after the initial responses from China, the Ma administration began adopting a more conservative attitude and gradually diverted towards suggesting that China should first disarm missiles aimed at Taiwan. Later, Taiwan's government decided economic issues should be resolved before going into political issues²².

Communication CBMs include occasional attempts at track two diplomacy between Taiwan and China. As previously mentioned, Taiwan and China performed joint maritime search and rescue exercises in 2010 and 2012. However, as with the unification/independence issue, both sides made only preliminary overtures and participated in uncontroversial search and rescue exercises.

Measures in the Taiwan Strait”, *問題與研究 (Issues and Studies)*, Vol. 44 No. 6 (Nov/Dec. 2005), p. 2.

²⁰ Kenneth Lieberthal, “Preventing a War Over Taiwan,” *Foreign Affairs*, Vol. 84, No. 2 (Mar/Apr. 2005), pp. 53-63.

²¹ 郭添漢 (Guo, Tain-hain), *熱線：兩岸軍事互信機制建構 (Hotline: Construction of Cross-Strait Military Trust Mechanisms)*, Taipei: Showwe Information Co. Ltd. (2013), pp. 129-130.

²² *Ibid*, pp. 131-135.

(6) The US factor

US involvement represents another significant characteristic of cross-strait relations. The US wields political, economic, and military influence over the entire world. In addition to exerting significant influence over cross-strait relations, the US has often played a crucial role in major cross-strait events:

A. After the start of the Korean War, the Seventh Fleet of the US Navy began to patrol the Taiwan Strait and provide support to Taiwan and stabilize the situation²³.

B. During the two Taiwan Strait Crises in the 1950s, the US provided a certain degree of support to Taiwan and facilitated negotiations without directly participating in the engagement between China and Taiwan.

The US dispatched the Military Assistance Advisory Group (MAAG) to provide Taiwan with military assistance, and the CIA gathered intelligence at a base in Taiwan²⁴.

C. The US played a significant role as mediator in the struggle between Taiwan and China for UN seats.

D. Secretary of State Henry Alfred Kissinger's visit to China was followed by the US breaking off diplomatic relations with Taiwan and establishing official diplomatic relations with China.

E. After the US signed the Three Communique with China, they enacted the Taiwan Relations Act to define their relations with Taiwan.

F. During the Third Taiwan Strait Crisis, the US dispatched two aircraft carrier fleets to the Taiwan Strait to stabilize the situation.

G. The US has been the primary supplier of Taiwan's defense equipment for a long time, providing military aid, selling arms, and transferring technology.

The above is not a complete list of all the events that the US has participated in; only the most significant ones are included here. However, the events in this list show the importance of the US in cross-strait relations; the US has been a determining factor in cross-strait developments.

²³ Including military supports and economic Aid.

²⁴ For instance, the Black Cat Squadron, a collaboration between Taiwan and CIA between 1962 and 1974, flew the U-2 surveillance plane to perform reconnaissance missions in China.

In general, the cross-strait policies of the US are considered to have long-term continuity; the US's stance on cross-strait relations has been largely consistent since official diplomatic relations were established with China. They've shown little variation even as ruling parties have changed after presidential elections in the US²⁵.

After cross-strait exchanges began in 1987, the US played various roles in major events. During the Third Taiwan Strait Crisis from 1995 to 1996, the US intervened with a show of considerable military force to deter further escalation. When President Clinton visited China, he enunciated a Three No's policy regarding Taiwan. When Lee Tung-hui proposed a special state-to-state relationship in 1999, the US implemented preventive diplomatic measures on both sides of the strait. This demonstrates that the US still plays an important role in cross-strait relations even after cross-strait interactions resumed, sometimes as an intimidator, sometimes as a balancer of cross-strait military force by providing Taiwan with defensive military equipment, and sometimes as a mediator settling cross-strait conflicts.

3. Research questions

The history and cross-strait relationship characteristics reviewed above illuminate the somewhat inexplicable fact that for more than two decades, cross-strait interactions have been both unstable and stagnant regardless of the cross-strait policies adopted by the leadership of both sides. Below, we examine the primary dilemmas and formulate the research questions of this study.

Taiwan: A Troublemaker?

²⁵The Clinton administration (1992 to 2000) and the Bush administration (2001 to 2008) basically adopted the same cross-strait policies: 1. the "one China" principle, 2. no independence for Taiwan and no use of force from China, 3. hope that both sides can peacefully resolve issues via dialogue, 4. compliance with the Three Communiqué and the Taiwan Relations Act, 5. requirement that any cross-strait agreements have the assent of the people of Taiwan, with the US willing to cultivate and promote cross-strait communication and play a bridging role. The US suggests that both sides establish mutual trust regarding military issues and establish CBMs and that Taiwan should have basic defensive capabilities and be able to preserve alone for some time. Any progress between China and Taiwan should be evolutionary. This comes from the same source as Footnote 18, p. 2.

Not long after the presidential election, President elect Ma Ying-jeou expressed the following in an interview with Reuters on April 2 2008: that he hoped to transform Taiwan from "troublemaker" to "peacemaker" internationally, outlining a series of policy steps to stimulate trade and investment with political rival China²⁶. This statement demonstrates Ma's dissatisfaction with regard to cross-strait relations and demonstrates that Taiwan is often the initiator of cross-strait relation issues.

This was also not the first time that the word troublemaker was used to refer to Taiwan or its head of state. Upon Lee Tung-hui's statement regarding special state-to-state relations, China dubbed him as a troublemaker²⁷, and later, the termination of the Guidelines for National Unification and the National Unification Council during Chen Shui-bian's presidency also earned Taiwan the title of troublemaker²⁸.

But is Taiwan really a troublemaker? Taiwan has generally served as the initiator in cross-strait relations. However, cross-strait interactions did not officially begin until the late 1980s; before this, Taiwan held to the idea of creating a unified China while refusing any contact with China. This requires a further look into the context behind the history already reviewed in this study.

3-1. Initial research question: "Domestic and structurally-oriented" Cross-Strait Politics?

Taiwan's characteristic role as initiator began in the mid to late 1980s, when official cross-strait interactions began, and has persisted until the present. It's worth noting that during this period, both Taiwan and China faced similar situations:

- A. Extreme domestic changes: As the economy rapidly developed in Taiwan, anti-KMT protests and democratization movements began to gather strength. China faced similar situations in the post Cultural Revolution era; Deng Xiaoping beat the Gang of

²⁶ "Taiwan's Ma aims to be peacemaker, not troublemaker," *Reuters* (May 26, 2017), <http://www.reuters.com/article/2008/04/02/us-taiwan-ma-idUSPEK6756720080402>

²⁷ "China slams Taiwan's UK visit," *BBC News* (May 26, 2017), <http://news.bbc.co.uk/2/hi/asia-pacific/808039.stm>

²⁸ "Taiwan scraps unification council," *BBC News* (May 26, 2017), <http://news.bbc.co.uk/2/hi/asia-pacific/4753974.stm>

Four to party leadership, and his Chinese economic reform changed the society and economy of China.

- B. Changes in cross-strait policies: While both sides were still seeking Chinese unification, they had shifted to a goal of achieving it by peaceful means, and the armed confrontation period that had persisted through the 1970s was now at an official end.

The structure of the international community was also undergoing transition. The political upheaval in Eastern Europe in 1989 brought an almost complete collapse of the Communist world, and the US-USSR bipolar system that existed during the Cold War transitioned to a system with the US as the only superpower and multiple potential superpowers following the dissolution of the USSR. Prior to changes in the relationship between Taiwan and China, the US had already begun to persuade China to become a partner in its struggle against the USSR. Thus, both China and Taiwan were facing profound changes domestically and internationally during this time period. Are these factors what led to the cross-strait relations that we see today?

(1) Cross-strait relations and the internal politics of Taiwan

The changes in Taiwan's unification/independence ideology has long been the focus of research on cross-strait relations. As cross-strait relations began to thaw and cross-strait interactions resumed in the latter half of the 1980s, Taiwan's democratization was at a major turning point. Taiwan's political elections took on a heightened importance. Did elections or internal political interests influence the cross-strait policies of Taiwan?

When Chiang Ching-kuo passed away, Taiwanese-born Lee Tung-hui succeeded the presidency. At that time, the senior members of the KMT were mostly mainland-born, putting Lee at a disadvantage. As Lee consolidated his power, Taiwan's cross-strait policies were noticeably more amicable towards China. This created the aforementioned honeymoon period in which time many policies and measures improved cross-strait relations.

During the honeymoon period, Taiwan continued to make progress towards democ-

ratization and the KMT still held political and economic control over Taiwan. Though previous research indicates that internal political interests may have exerted significant influence on Taiwan's diplomatic policies, domestic politics during this period may have had nothing to do with the aforementioned changes in unification/independence ideology but were instead focused on political struggles within the KMT. However, the democratization of Taiwan was in full swing and saw dramatic changes during the period from the late 1980s to the early 1990s: Martial Law and bans on press freedom and the formation of new political parties were lifted, the National Assembly and the Legislative Yuan were re-elected in the early 1990s, and the first direct presidential election was held in 1996. The rapid democratization of Taiwan caused internal political interests to exert a degree of influence on the cross-strait policies of Taiwan. The focus shifted from struggles within the party to public opinion and elections.

(2) Cross-strait relations and the internal politics of China

As for the other party in cross-strait relations, China experienced a number of large-scale political movements after the CPC gained control over China in 1949, such as the Cultural Revolution and constant changes in supreme leaders. Finally, the one-party dictatorship prevailed and persists to this day, with power concentrated in the hands of a small number of political elites. The circumstances were similar to those of the KMT on the other side of the Taiwan Strait before democratization took place. With no opposing parties to go against the Communists in power, the people could not participate in politics directly. Thus, the internal politics of China only had influence on China's cross-strait policies when it came to the interests of the political elite. This influence originated from political struggles within the CPC. Were any other internal factors at work other than internal political struggles?

Between the 1978 and 2015, China has experienced four generations of leadership: Deng Xiaoping, Jiang Zemin, Hu Jintao, and Xi Jinping. China's cross-strait policies have remained stable and continuous despite changes in leadership. The political goal of each generation of leaders and the political elite has always been the same: national unification.

Officials in charge of cross-strait affairs in Taiwan²⁹ have shown that they agree with this analysis. China's cross-strait policies toward Taiwan have not changed significantly, and their "one China" policy, opposition to Taiwan independence, and the ultimate goal of Chinese unification will likely not change. Relevant interviewees stated that whether or not internal struggles are taking place among political factions in China, they are still united and very firm³⁰ regarding their policies toward Taiwan. However, the author did note from the interviews with these officials that the "firmness" of China's policies toward Taiwan may vary with time³¹. Thus, we can infer that internal political interests still affect China's cross-strait policies; just in a way that is very different from that in Taiwan. Moreover, China's internal political interests impact cross-strait policies much less than those of Taiwan.

(3) Cross-strait relations and the internal politics of the US

Though the US maintains a more passive role, it can still be considered the third important party in cross-strait relations. Do the internal politics of the US impact cross-strait relations? Being that the US is an established democracy, its most important internal counterweight naturally lies in Congress. The earlier review indicated that the US generally adopts long-term and continuous policies with regard to cross-strait relations. Abrupt and major changes are rare. However, the earlier history review also shows that the US Congress has some degree of influence on cross-strait relations. The most notable examples include the Taiwan Relations Act passed by the US Congress soon after the US broke off diplomatic relations with Taiwan in 1979 and the many Taiwan-friendly resolutions during the Third Taiwan Strait Crisis in 1995 and 1996. Taiwan has also allocated substantial resources to lobbying the US Congress. Taiwan therefore has a certain degree of influence there.

²⁹ In 2013, the author interviewed several former Ministers of the MAC, including Huang Kun-huei, Chang King-yuh, Su Chi, Joseph Wu, and Chen Ming-tong (in order of time in office).

³⁰ In the author's interview with Su Chi in 2013, Su Chi described China's stance on cross-strait relations as monolithic: unshakable and impossible to change.

³¹ Sourced from the author's interview in 2013 with Joseph Wu, the second Minister of the MAC during the DPP presidency from 2004 to 2007. During the interview, former Minister Joseph expressed doubt that any of the internal struggles in China would change the core of its Taiwan policies; at most, they would become "less hawkish" rather than "hawkish".

Elections are indeed of considerable importance to the internal politics of the US and thus seem to have some impact on cross-strait relations. One obvious example is the arms sales project of 1992 in which President George H. W. Bush approved the sales of 150 F-16 A/B Block 20 fighters to Taiwan. Taiwan had been fighting for the F-16s for a long time, but the petition had been declined. The Bush administration decision to approve the F-16 for Taiwan reflected a comprehensive consideration including electoral politics³². Other than the presidential election, the routine re-elections of Congress two years after presidential elections, which is referred to as the midterm elections. This major election event can be considered the US president and administration's midterm report card regarding the first half of their term. If internal US political interests are indeed a significant factor influencing cross-strait relations, then the midterm elections are also events of profound influence for cross-strait relations.

But do the internal factors of the US really have such a great impact on its stance on cross-strait relations? Have the cross-strait policies of the US ever changed radically? Although the US Congress facilitated the Taiwan Relations Act, the resolutions that were passed during and after the Taiwan Strait Crises were non-binding resolutions. The Taiwan Relations Act regulates the interactions between Taiwan and the US within the ambit of US domestic laws; although the Act protects Taiwan's rights, it did not change the overall cross-strait policies of the US at the time. Although the arms sales of high-performance fighter jets to Taiwan was the result of an election, the sales are in line with the US's existing policy of providing Taiwan with appropriate defensive weaponry. When Taiwan purchased the F-16s from America, the balance of power across the Taiwan Strait was already tilted³³. The midterm elections are a crucial election event for the US, and past midterm records revealed that Bush's Republican party was at a disadvantage, with few exceptions³⁴. These circumstances indicate that internal political in-

³² Richard C. Bush, *At Cross Purposes: U.S.-Taiwan Relations Since 1942*, (London & New York: Routledge, 2004), p.224.

³³ China began using high-performance weaponry from the USSR/Russia in the early 1990s. The Su-27 fighter jets that China began purchasing in 1991 were vastly superior to the old F-104 and F-5E fighters being used by the ROC Air Force, creating a significant imbalance in air force technology over the Taiwan Strait. Taiwan was therefore in urgent need of advanced high-performance fighters and announced that the Bush Administration's decision to sell F-16A/B Block 20 fighters did not go against the US principles regarding arms sales to Taiwan nor the Taiwan Relations Act.

³⁴ Records show that among the 21 midterm elections in the US from 1934 to 2014, the president's party gained seats in both the House and the Senate only twice, in 1934 and 2002. They gained seats in either the House or in the Senate in 1962, 1970, 1982, and 1998. In 1970 and 1982, 2 and 1 Senate seats were

terests may indeed affect US policy on cross-strait relations but not to a great extent; the core of US cross-strait policy remained the same.

3-2. Research Questions:

Based on the above review of the development of cross-strait relations, the author formulated the following research questions:

Cross-strait relations have remained unstable for a long period of time. What impedes progress to political relations across the Taiwan Strait? Why is there no progress towards unification or independence? Later in his presidency, Lee Tung-hui attempted to expand Taiwan's diplomatic space using pragmatic diplomacy and made statements such as that regarding special state-to-state relations in an attempt to strengthen discourse concerning Taiwan's sovereignty. Later, Chen Shui-bian proposed one country on each side and promoted Taiwan's participation in the UN. These actions all created tension in cross-strait relations. Both presidents were considered to have pro-independence ideologies, but nothing ever actually came of them. China's proactive actions include passing the Anti-Secession Law, which demonstrated a more rigid stance on the unification/independence issue. Strictly speaking, however, this did not significantly change the positions of either side but merely served as an obstacle preventing progress towards Taiwan independence.

In other words, all actions taken to achieve unification or independence remained in the preliminary stages, and no substantial progress was made. What followed were more proposals and attempts to continue interactions in low politics. The spillover effect that marked functionalism and neo-functionalism in the integration of Europe did not materialize in the cross-strait relationship. If we look at later developments, such as the protests in Taiwan that followed cross-strait interactions during Ma Ying-jeou's presidency, and the large social movements created during Ma's second term, we could say that a "reverse-spillover effect" appeared instead. Our earlier observations indicate that internal political interests and the US factor have a crucial impact on the development of po-

gained respectively, but 12 and 26 House seats were lost. These numbers show that the president's party is often at an extreme disadvantage in midterm elections, and there are few exceptions.

litical relations across the strait. So are structural factors the main reason that political relations across the strait are at a standstill?

By delving deeper into the research questions the author formulated several secondary questions:

(1) What influences the primary parties (namely Taiwan and China) within cross-strait relations?

The list of major political events in cross-strait relations revealed that Taiwan is generally the initiator. Furthermore, Taiwan's internal factors have greater impact on its cross-strait policies than China's internal factors. If internal factors are responsible for Taiwan's frequent role as the initiator in cross-strait events, then which of Taiwan's internal parties and factors have induced changes in cross-strait relations during different time periods?

(2) How do Taiwan's internal parties and factors affect cross-strait relations? Does the degree of their influence vary over time?

(3) China's internal factors have a far smaller impact on cross-strait policies than those in Taiwan do, but do China's internal factors still play an important role in cross-strait relations?

(4) What role does the US play in the overall structure of cross-strait relations?

By answering these secondary questions, the author will be able to construct a clearer picture of the structure of the cross-strait triangle relationship.

The next chapter contains a review of the relevant literature and a description of the approach used to analyze and answer the research questions.

4. Chapter organization

Following the introduction, the Chapter 1 is the Framework of this research. In Chapter 1 we introduce the literature review, hypothesis, and theoretical framework which includes approaches, research limitation, research area, definition, analysis model and methodology.

In Chapters 2 to 4, this research discusses cases from three major periods in cross-strait relations. These periods are defined by the terms served by Taiwanese presidents: the 12-year Lee Teng-hui period (1988-2000), the 8-year Chen Shui-bian period (2000-2008) and the 4 years of the first term of Ma Ying-jeou (2008-2012).

The second chapter is a case study of the Lee Teng-hui period. The duration of this period is much longer than the subsequent two, and includes a major turning point in cross-strait relations in the mid-1990s. This period is therefore further divided into two sections to which differing game models are applied. Both Taiwan and China experienced significant changes throughout this time. China experienced a transition of power: the Tiananmen incident led to considerable shifts within the CPC in the late Deng Xiaoping period, resulting in an overall change in direction of the ruling regime. Subsequently, China entered the Jiang Zemin era. Taking the above into account, the structure of the third chapter is as follows:

- (1) Description of the overall political environment and structure of the early Lee period and classification of the main game.
- (2) Presentation of the assumptions and propositions of the main game.
- (3) Definition of the sub games in this period and analysis of the assumptions and propositions.
- (4) Analysis of the late Lee Teng-hui period using the tools presented in (1) to (3).
- (5) Comparison of the two sub-periods from the perspective of the most important changes in domestic variables: Taiwanese democratization and localization.

Chapters 3 and 4 present case studies of the Chen Shui-bian and the Ma Ying-jeou periods, respectively. Although the Chen period did not include any cross-strait diplomatic crises, the Chen administration made significant changes in their position, and it was during this period that China passed the anti-secession law. China also experienced a transition of power: in 2003, Hu Jintao took over as the Chinese president, but there was a short-term period of power-transition because Jiang did not simultaneously transfer both military and political power to Hu. At the end of 2013, Hu transferred both military and political powers to his successor Xi Jinping, creating yet another period of

power-transition. The structure of Chapters 3 and 4 are similar to that of Chapter 2.

The section after Chapter 4 concludes this research. In this section we integrate analysis of all three periods, leading to an in-depth discussion of the structure of the cross-strait two-level triangular games over the last two decades. The research questions are answered in the process.

Chapter 1: Research Framework

In the last section, we raised research questions regarding the circumstances influencing cross-strait relations. In this chapter, we provide a brief literature review followed by the framework for this research. This includes methods, approaches and hypotheses.

1-1. Literature Review

In Introduction, we discussed the development of cross-strait relations between Taiwan and China, and established that both Taiwan and China likely alter their cross-strait policy when confronted with pressing domestic needs. This section presents an in-depth review of the literature related to cross-strait relations since the end of World War Two, a period which has seen vast shifts in the political and economic power of the United States, China and Taiwan.

(1) Linkage between domestic and foreign affairs

Taiwan's domestic politics exert a significant influence on cross-strait relations. This section therefore focuses on the relationship between domestic affairs and diplomacy, a topic that has attracted the attention of scholars focused on international relations. After World War Two, scholars began to develop frameworks and theories for understanding international relations. An obvious example of this is neorealism (a.k.a. structural realism). Neorealism represents one of the most prominent schools of thought in the field of international relations.

Multilevel analysis of the relationship between domestic and foreign policy is a vital component of structural realism. Neorealists have begun to question this relationship. During the early period of the Cold War, Kenneth Waltz (1959) had already started to integrate traditional realism with different perspectives such as behavioral science. Waltz linked domestic political issues and international relations, and discussed international politics through various levels of analysis. These include individual behavior, domestic politics and international structures. In addition to the traditional perspective that realists have adopted regarding the power of states, Waltz's conception of neorealism regards the structure as one of the most important factors restricting the actions of states¹.

¹ Kenneth Waltz discusses three different levels of analysis in his "Man, the State and War" (1959): (1) individuals, (2) states, and (3) the international system.

In his work “Second Image Reversed: The International Sources of Domestic Politics” Peter Gourevitch (1978) investigated the effects of the international system on domestic politics. The international system could be considered an important domestic political variable. Domestic political structures exert influence on the international system and domestic politics also affect the country's political structure. In other words, the interaction effects between the international system and domestic structure are bidirectional. An analysis of national policies must consider the external environment, domestic issues and the impact of the international situation as a whole. There is a long history of research on the interactions between internal affairs and diplomacy, as well as on the decision-making of countries and the way existing structures limit their choices.

Both domestic and diplomatic affairs likely influence cross-strait relations; therefore American scholar Robert Putnam's concept of “two-level game theory” (1988) is helpful within the context of this paper. Game theory is often used to analyze competitions and interactions between countries; it's also been used by scholars to analyze cross-strait interactions. Game theory was introduced by von Neumann and Morgenstern in 1944 and was soon used by researchers in a variety of fields, for example economics and politics. The cross-strait political relationship is a classic example of a zero-sum game, while the process of cross-strait interactions could be considered a continuous game. Putnam proposed the two-level game concept to explain domestic-international interactions and the outcomes of the 1978 Bonn Summit. In Putnam's model, a tentative agreement reached by level-I (international level) players needs the ratification from level-II (intra-national/domestic level) players. Putnam's model closely links domestic and diplomatic affairs, and both the internal support of level-I actors and the needs of level-II actors can influence the outcome of international negotiations. The second concept in this model is the *win-set*: when outcomes are accepted by the domestic majority, agreement is possible when win-sets overlap. Win-sets play crucial roles in international negotiations. The bigger the win-sets are, the higher the possibility that an agreement will be reached; the size of win-sets also affects the earnings of negotiators. In the Bonn Summit, all the level I players already knew that their opponents faced strong domestic pressure; therefore the level-I negotiators did not apply too much pressure on their opponents, and the outcomes of this summit were much better than expected.²

Putnam's research shows that there are three key factors that influence the size of

² Robert Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization*, Vol.42, No. 3. (Summer, 1988), pp. 427-460.

win-sets: 1. level-II players' distribution of power, preferences and coalitions of political parties; 2. the institutions of level-II players and 3. the strategies of level-I players. In addition, Putnam found that differences of opinions within the countries might become an advantage in level-I negotiations, and vice versa.³

After Putnam proposed his original conception of two-level games, several further notions of two-level games have developed. Through the discussion of U.S.-Soviet negotiations on intermediate-range nuclear forces (INF), Knopf (1993) proposed a framework that adopted three forms of domestic-international interactions. This allows for a third level comprising a third-party state level actor. Putnam's original conception failed to give adequate attention to the differences among three forms of domestic-international interaction: trans-governmental, transnational and cross-level.

Researchers continued to develop Putnam's idea of two-level games. In Moravcsik's (1993) research, the statesmen (level I players, the "chief negotiator" or "chief of government," COG) seek to manipulate domestic and international politics simultaneously. The diplomatic strategy is constrained both by other states and domestic constituencies; Moravcsik calls the domestic win-set "domestic constraints," while the win-sets of level I are considered "international constraints." Domestic politics and international bargaining influence each other as the statesman strives to reach his goals. Through eleven case studies Moravcsik proposed several further hypotheses and discussions, expanding the definitions put forth by Putnam's model: the manipulation of domestic constraints; domestic politics and international bargaining; preferences of statesmen; strategies employed by domestic groups. Moravcsik also explored details of the theoretical implications of Putnam's work, including the autonomy that an individual statesman can gain using the role of gatekeeper; the role of domestic support in issuing credible threats; the role of asymmetrical information about domestic politics in international negotiations; and the importance of the distinctions among statesman-as-hawk, statesman-as-dove, and statesman-as-agent. With the spread of democratic regimes, domestic politics exert increasing influence on foreign policy.⁴

Milner and Rosendorff (1997) further examined the two-level game model among four sets of players: the political executive of the home country, a foreign executive, the home country's legislature and the interest groups within the home country. In the anal-

³ Ibid., p. 442.

⁴ Moravcsik, "Introduction: Integrating International and Domestic Theories of International Bargaining," In Peter B. Evans, Harold K. Jacobson and Robert D. Putnam ed., *Double-Edged Diplomacy: International Bargaining and Domestic Politics*, Berkeley, Los Angeles and London: University of California Press (1993), pp.33-34.

ysis Milner and Rosendorff found that “international agreement is less likely when domestic politics are involved,” and “domestic power sharing changes the terms of an agreement,” suggesting that the influence of the legislature over negotiation weakens when the status quo moves further from the preferences of the legislature. Milner and Rosendorff also found negative consequences for international cooperation when a government was divided, which is a common condition for multiparty systems. Moreover, asymmetric information and endorsements have far-reaching effects on international agreements. The endorsement of an interest group could make agreements more likely, particularly when the endorser provides information and influences legislature. Under these conditions, the foreign executive and the executive from the home country are more likely to propose agreements closer to the legislature’s ideal. These are more likely to be accepted as the preferences of legislative bodies are often influenced by information from interest groups.

The brief review of cross-strait relations provided in Introduction reveals that cross-strait relations changed rapidly in the post-cold war period, bringing periods of struggle and cooperation. The development of cross-strait relations over nearly three decades could be considered a continuous game, and Taiwanese domestic politics exert obvious influence on cross-strait policy. Therefore, this research will take an approach based on Putnam’s conception of the two-level game.

(2) Domestic political factors and the development of cross-strait relations

In recent years analysts have taken domestic political factors into consideration when discussing specific cross-strait events. Yu-Shan Wu (1999) discusses the connection between Taiwanese domestic factors and cross-strait relations. Wu describes changes in Taiwan’s domestic politics and analyzes the influences of elections on Taiwan’s three main political parties, namely the KMT, the DPP and the New Party (NP). The standard distribution of public preferences affects the identities and interests of political parties as well as their vote-maximizing strategies. These also influence their policies with regard to China.

Wu (2000) further analyzed vote-maximizing strategies and changes in the US-Taiwan-China relationship due to the effects of Taiwan’s presidential election on cross-strait relations. Wu points out that similar phenomena occurred within the United States and China; that is, domestic politics influenced foreign policy, or, more precisely, cross-strait policy. In China, Wu found that the national leader could only take a relatively

flexible attitude with regard to Taiwan when he held political control. Due to the effects of domestic politics on the cross-strait policies of all three actors, the US-Taiwan-China relationship keeps “re-balancing.” Therefore, the impact of the pro-independence DPP’s victory in the presidential election of 2000 on the cross-strait relations was limited due to the other two actors (the US and China) will re-balance the triangle relationship.

Wu (2005) also discusses the connection between Taiwan’s domestic political changes and cross-strait relations. His study was conducted after the first term of the Chen Shui-bian administration. At this time the DPP had once again won the presidential election and continued in its position of power; this led to changes in Chen’s cross-strait policies and in the strategies of Taiwanese political parties. Wu discusses the changes that took place from the late 1980s to the 2003-04 presidential election, employing three key factors: democratization, nativization and cross-strait engagement and points out that these three factors caused political changes and therefore influenced cross-strait relations. In this paper, we reveal a close link between the vote-maximizing position changes that Taiwanese political parties engage in and their cross-strait policies. In the 1999-2000 presidential race, all the parties recognized that votes were concentrated in the middle, whereas the 03-04 campaigns competed with plans to institute referendums and rewrite the constitution. The Chen administration, for example, changed its cross-strait policy from “four noes and one without” (四不一沒有) to “one country on each side” for domestic political purposes. In addition, the Taiwan Solidarity Union (TSU) benefited from its pro-independence appeals in 2003, which caused the ruling party to put its focus further on pro-independence issues and identity issues. Similar phenomena also occurred in the United States and China, highlighting the impact of domestic politics on the US-China-Taiwan triangle. For example, the presidential elections have prompted American politicians to debate their positions regarding China; during non-election times, however, the US President usually takes a realistic approach by seeking cooperation with the PRC.

Yu and Chen (2011) used Graham Allison’s “bounded rationality” and “organizational process” to analyze the changes in China’s Taiwan policies from 2002 to 2010. They suggest that Taiwan’s 2009 participation in the World Health Assembly as “Chinese Taipei” represented a substantial shift in China’s policies with regard to Taiwan. Previously, China had aggressively promoted “One China” through verbal intimidation and saber rattling. Yu and Chen outline the change in discourse through analysis of political statements from 1979 to 2008, uncovering four categories of policy⁵; China’s

⁵ Discourse 1: *Only one China in the world and Taiwan is a part of China*, and *The People’s Republic of China is the only legal regime of China* in “Message to the Compatriots in Taiwan” (1/1/1979), in “Con-

main policy focus after 1978 is economic development rather than the unification of China. The United States' position and opposition from the Taiwanese public made rapid unification difficult and made it more likely to cause a decline in economic growth. Thus, the Hu Jing-Tao administration proliferated slogans such as "peaceful development" or "a harmonious world." In addition, the proposal of the anti-secession law showed that China had shifted from promoting unification to an anti-independence stance in order to avoid conflict between national unification and economic development. Organizations involved in cross-strait relations such as the United Front, Taiwan Affairs Office, Association for Relations Across the Taiwan Straits (ARATS) and various diplomats held differing views of the "One China" policy depending on their own considerations⁶, revealing the gap between the organizations and the official position of China. It seems likely that cross-strait relations warmed up when the Ma administration came into power because although the Chinese government maintained a relatively tough stance on the definition of "One China," there was some give in this position due to diplomatic and economic pressure. The considerations of national leaders are simpler. For example, the director of the Taiwan Affairs Office proposed the slogan "Progress in stabilization means putting the economy first and politics second" (穩中求進、先經後政). This slogan contributes to the national objective of reunification in the long term while acceding to pressure from the Chinese government.

stitution of the People's republic of China" (adopted on 12/4/1982), in a white paper entitled "The Taiwan Question and Reunification of China" (8/1993) and in "The One-China Principle and the Taiwan Issue" (2/21/2000).

Discourse 2: *Only one China in the world. Both the mainland and Taiwan belong to one China. China's sovereignty and territorial integrity brook no division* in an interview with former Chinese foreign minister Qian Qichen (9/11/2000), in "Political Report at 16th National Congress of the Communist Party of China" (11/9/2002) and in "Anti-secession Law" (3/15/2005).

Discourse 3: *Although the peoples across the strait are not yet reunified, the truth that both the mainland and Taiwan belong to one China has never changed* in the speech of Hu Jing-Tao in Chinese People's Political Consultative Conference (3/4/2005) and in "Political Report at 17th National Congress of the Communist Party of China" (10/15/2007).

Discourse 4: *Since 1949 Taiwan and the mainland have not been unified; this is not a separation of Chinese territory and sovereignty, but [...] evidence of the political confrontation engendered by the Chinese Civil war. Reunification across the strait is not a rebuilding of sovereignty and territory but an ending of political confrontation* in "forum of 30th anniversary Message to the Compatriots in Taiwan" (12/31/2008).

⁶ Yu and Chen found that the United Front is pro "One China" but in this policy has encountered conflict from the diplomatic system and the Taiwan Affairs Office. If the Taiwan Affairs Office eased its opposition to the "One China" policy, it would reduce its policy execution costs, but compromising too much might endanger Taiwan's possibility of independence. Therefore the discourse of "One China" policy of the Taiwan affairs office is still mainly Discourse 1 or Discourse 2, ideas which are already in the constitution of the PRC or have been identified by legislative process when dealing with sensitive issues; the main considerations of a diplomatic system are "reversible or not" and "sphere of influence," thus the much tougher discourse 1 is used in the non-reversible "international field," discourse 2 is used when the field has a smaller sphere of influence and the former discourse can be rebutted.

Hsu (2009) also reflects on the cross-strait triangle from the perspective of rational actors. Since the national interests that Taiwan and China offer to the United States are not equal⁷, Hsu proposes that the US military intervention during the Taiwan crisis in 1995-96 was a non-rational “balancing” policy. Allison’s rationality model does not satisfactorily explain the United State’s wandering position between strategic ambiguity and strategic clarity. Hsu thus introduces Taliaferro’s (2004) balance of risk theory to analyze the triangle relationship between Taiwan, China and the US: the United States plays the role of “stabilizer” or “guarantor” in areas which it deems important in terms of potential threats from hostile regional powers. But when the United States has accomplished this strategic goal, it shifts policy to repair the US-China relationship. Thus, even though the Clinton administration passed a non-binding resolution to support Taiwan, it avoided intervening through the Taiwan-Relations Act. Since that crisis, China’s economic, military and international power has grown exponentially. Therefore if the United States faces similar situations in the future, the considerations of the decision-makers will have drastically changed: the imperative of Asian-Pacific security has declined while interdependence between the United States and China has increased.

As abundantly evidenced by the literature, domestic and diplomatic affairs influence cross-strait relations. Therefore an in-depth analysis of international and domestic factors would help build understanding of this relationship. The following section reviews applications of Putnam’s two-level game model to cross-strait diplomacy.

(3) Interactions among domestic and international factors: two-level games applied to cross-strait relations

As mentioned above, Robert Putnam analyzed the 1978 Bonn Summit using his two-level game theory. In recent years, several scholars have applied the same model to cross-strait relations. Although it is a relatively new concept, Putnam’s ideas have provided useful insights within this context. Above, we reviewed refined versions of Putnam’s original two-level game conception. Researchers have also suggested several modifications to the model so it can be applied specifically to the cross-strait political environment. Relevant applications and modifications are discussed in this section.

Wu and Shih (1997) analyzed possible contexts for cross-strait negotiations. They found that it was important for level II players to recognize the relative positions of all

⁷ After the economic reform that began in 1978, China has become a great power in both economic and military fields; China now has more influence on US national interests than Taiwan.

the players. When both level I players enter a compromise, they can play a joint leadership role. When the level I actor on one side takes a different position from its level II players, it's difficult to reach a compromise, but when a compromise is reached, it tends to be particularly advantageous to the level I actor. When a level II player takes a particularly radical position, although the result might still benefit all four players, it's rare that they'll reach a compromise.

Chang (2002) analyzed cross-strait political negotiation in different periods. Due in a large part to the sovereignty issue, political negotiations between China and Taiwan continue to be zero-sum. Both sides insist on different interpretations of political identity and hold disparate ideals for the resolution of cross-strait relations. Chang found that Taiwan's bargaining power and strategies are highly influenced by the divided "win-sets" of the Taiwanese political parties and Taiwan's increasing dependence on China. Taiwan's dependence on China makes it difficult to refuse negotiations with Beijing, and Beijing believes that time is on its side. The DPP's Chen Shui-bian administration constantly re-estimated the costs of countering China in negotiation. Drawn-out negotiation processes deplete political energy, use resources, and interfere with a government's ability to focus on other important foreign and domestic issues. Chang suggests that both Taiwan and China should re-think previous strategies, avoiding direct confrontation.

Chan (2006) discussed the triangular relationship between China, Taiwan and the United States in the year 2005. In his paper, Chan suggests that interactions between the three actors in 2005 indicate the shortcomings of the prevailing perception for Taiwan. Cross-strait relations have become a zero-sum game. This state of affairs has emerged from the view that these actors form a single entity, overlooking the dynamics of the two-level games played by all three sides. After reviewing the events of 2005, including the debates regarding the weapons procurement bill and China's promulgation of the anti-secession law, Chan characterizes the bilateral complexities within the China-Taiwan relations as "a vibrant and dense network of unofficial or semi-official ties and interests," while Taiwan-US relations are more complicated than that of a "protégé and its patron." In addition, Taiwan's 2005 domestic politics reveal intense competition among the political parties.

Kuan's (2007) doctoral thesis is a time-series study that discusses cross-strait relations from 1987 to 2004. Kuan analyzed the Taiwan-China relationship and the US factor in cross-strait relations through the following four key factors: "the democratic transition in Taiwan," "Taiwan's electoral politics," "cross-strait economic exchanges" and

“US policy with regard to Taiwan.” Kuan emphasizes the importance of domestic factors in cross-strait issues. He makes four significant observations: (1) President Lee Teng-hui acted rationally in his prioritization of Taiwan’s democratization and adoption of a peaceful policy toward China. (2) Since the mid-1990s, along with localization and the increasing importance of elections (due to the process of democratization), Taiwanese politicians have tended to take an aggressive policy toward China in order to win votes. (3) The preference of Taiwanese businesses for stability across the Taiwan Strait is overrode by politicians; i.e., economic interdependence does not reduce the hostility between Taiwan and China. (4) Pressure from the United States does not exert a consistent influence on policy in Taiwan: during Taiwan’s elections, action by the United States did not deter Taiwanese politicians from provoking China but after the elections the United States induced Taiwan to introduce a cooperative policy toward China in order to repair its relationship with the United States.

Kuan (2008) also applies the two-level game model to his analysis. The period of Taiwan’s democratic transition from the late 80s to the mid-90s is considered a time of relatively “friendly” cross-strait policy, with President Lee maintaining the stance of Chiang Ching-Kuo. Kuan theorizes that as a native-born Taiwanese, President Lee was isolated in the KMT power structure, which was still dominated by the mainland elite. Moreover, most Taiwanese people at the time still had a strong Chinese consciousness, which also deterred President Lee from confronting the mainland elite. Thus, domestic political reform (democratization) became his top priority and cross-strait policies were carried over from the old administration. After 1994, political reform was complete and presidential elections established. Lee Teng-hui then consolidated his political power and turned his focus to strengthening the international position of Taiwan. This ended the “honeymoon period” of cross-strait relations and culminated in the 95/96 Taiwan-strait crisis.

Wu and Shih’s 2010 research first describes both changing and unchanged conditions in China, Taiwan and the U.S. regarding cross-strait relations, then compares two models of two-level games: one proposed by Wu and Shih (1997) and another by Lin (2000). These were discussed above. Based on these two approaches, Wu and Shih further discussed a model of “multi-issue” two-level games, without discussing the role of the United States. Wu and Shih found that when cross-strait relations move from no contact to negotiation, they tend to make a compromise at the beginning, but domestic political competition then tends to bring in a radical national leader. At that point, cross-strait relations tend to enter a stage of conflict. Taiwan might elect a radical national leader in the next election, which could lead China to take relatively moderate position,

corroborating Lin's (2000) analysis.

Hsu Szu-Chien (2011) analyzes the signing of the CECA/ECFA (The cross-strait Economic Cooperation Framework Agreement, previously called CECA)⁸ from the perspective of Putnam's two-level game model and argues that its explanatory power is limited in the following regard: even when the KMT still held an overwhelming majority in the Legislative Yuan, Beijing expressed willingness to talk about CECA/ECFA and agreed to accept Ma's change of the title from CECA to ECFA. However, Ma accepted Beijing's mandate to participate in the WHA under the title of "Chinese Taipei" and under the annual consent of Beijing. Hsu discusses the game from both political and economic perspectives. He purports that in addition to the two levels of actors, the power of public opinion to move the new government from level I to level II should also be considered a player in the game. He further believes that information asymmetry allows the foreign negotiator access to the domestic politics of the opponent and also allows the domestic opposition to understand the true intention of its negotiator. In addition, when a democratic country negotiates with a non-democratic country, the higher transparency of the democratic country might become an advantage of the latter, and when two dimensions are negotiated simultaneously, the gains of one might be the losses of the other. Indeed, the more pragmatic the strategy promoted by the DPP on an economic issue, the weaker the checking power of the opposition or the public in the democratic process, the longer the negotiation process, and the more political dominance the KMT gains domestically, the more likely it is that the KMT will be forced to pay a higher political price in exchange for Beijing's continuing cooperation in economic negotiations such as the ECFA.

Clark and Tan (2011) developed a two-level game model of the past two decades of cross-strait relations. They found the following four aspects of cross-strait relations to be paradoxical: 1. China's aggressiveness appears counterproductive; if China becomes more aggressive, the ability to pursue unification will be undermined. 2. There is polarization despite seemingly mitigating factors that lessen the political struggles between the blue and green (KMT and DPP) camps, but Taiwanese public opinion and main political parties (DPP and KMT) are dominated by the moderate position. 3. Trade statistics and the DPP charge that Ma sold Taiwan out; the KMT and DPP's attitude toward cross-strait economic trends is inconsistent with data. Critics felt Ma's promotion of cross Strait economic ties was putting Taiwan's sovereignty and dignity at risk. The data shows trade and investment rapidly expanded during the Chen period but remained

⁸ ECFA is a preferential trade agreement between Taiwan and China and was proposed in December 2009. The final agreement was signed on June 29, 2010.

stable in the first three years of Ma's term. 4. Finally, the effects of Ma's rapprochement mean that current stability might mask the threat of future instability. Successful economic integration not only creates pressure and momentum to push further cross-strait political issues but also increases the intensity of domestic debates of Taiwan.

Yuan and Shen (2014) analyzed the dynamics involved in cross-strait negotiations by combining a two-level game approach and an analysis of the cognitive factors influencing decision-makers. In this paper, Yuan and Shen divide cross-strait relations since 1987 into six periods and expose China-Taiwan-US relations using Dittmer's "strategic triangle." Yuan and Shen found that an extended analysis framework using everything from international structure to domestic win-sets to the behaviors of national leaders has more explanatory power when examining the complications of cross-strait negotiations and differences between political periods.

Lien's 2014 research combined Putnam's two-level games and a framework first used by Katada and Solis (2010) to examine Japan's foreign trade policy. These frameworks are applied to explain Taiwan's FTA policy and the signing of ECFA. Lien suggests that ECFA came to fruition because Taiwanese industries were trying to avoid the losses caused by the absence of FTAs. Loss avoidance therefore became the main purpose driving the Taiwanese government, and this was easily accepted by the Taiwanese people. On the other hand, it's difficult for the public to measure and recognize the benefits brought about by ECFA. Similar reactions were found with further cross-strait cooperation. The Service Trade Agreement, for example, faced strong opposition because it mainly makes an appeal regarding "gain benefits" which are difficult to measure and therefore don't garner the approval of the Taiwanese public.

Wu (2016) also analyzed cross-strait relations through case studies of two events: the disputes regarding the South China Sea and the Sunflower movement. Wu suggests that strong political and economic ties across the Taiwan Strait were evident at level I (the state level), despite the strong domestic opposition that plagued the Taiwanese level I actor. Building consensus among different groups required coordination among Taiwan's political elites. Wu also suggests that issues involving common interests between Taiwan and China (such as those at work in the South China Sea) could be used to improve cross-strait relations and create a more peaceful East Asia.

Yu, Yu and Lin (2016) reexamined Beijing's patronage policy towards Taiwanese business. They found that the opposition came not only from Taiwanese society but also from within China. Economic nationalism and local protectionism appear to have un-

dermined the credibility and sustainability of Beijing's patronage policy. Yu, Yu and Lin analyzed the phenomenon through Moravcsik's model (1993) within a bilateral two-level game framework, showing that increased domestic constraints in China impacted Beijing's decision-making. With domestic factors constraining China's patronage policy, cross-strait economic integration stagnated and Taiwanese business lost leverage in cross-strait relations. Yu argued that with changes in domestic political economy in both China and Taiwan, the cross-strait two-level games should also discuss the influence exerted by Chinese domestic actors. Moreover, the phenomenon reflects divergences in belief between chiefs of government (COG) and the public.

Jih-wen Lin (2000) suggests that Putnam's original model is too indistinct to adequately explain cross-strait interactions, and that cross-strait analysis therefore requires the application of modified two-level game models. Putnam analyzed negotiation between the countries that participated in the 1978 Bonn Summit, which were all democratic countries and western allies. It thus is not directly applicable to cross-strait relations. Lin instead proposes a two-level game model between "rival regimes:" this is a zero-sum game. Lin suggests that in this model, dissatisfaction with either side reduces stability, and a national leader of a non-democratic country surrounded by hardliners will react radically to external pressure. These features are quite different from Putnam's original concepts. Lin also found that the timing and direction of domestic power-transitions play key roles. When the timing of domestic power-transitions does not coincide, it is highly probable that decision-makers might misunderstand the strategy of the rival regime and react aggressively. The candidate often instigates vehement foreign reaction and the moderate incumbent has little room to accommodate the rival's demand after the election.

Wu and Shih (2010) first described the changing and unchanged conditions in China, Taiwan and the U.S. as they apply to cross-strait relations, then compared the distinct models for two-level games proposed by Wu and Shih (1997) and Lin (2000).

Lin (2009) proposes an additional modification represented by the inclusion of the concept of a "strategic triangle." This comprises three factors: "domestic politics," "cross-strait relations" and the "US-Taiwan-China relationship." The model retains the two levels of players; i.e., public opinion decides the attitude of its government toward other countries. Lin analyzes this strategic triangle through a second-dimension space model: the two dimensions are cross-strait relations and US-China relations; the distance between the countries in the graphical model shows the degree of conflict of interests; and the main variables are regime changes and the ability of all countries to

change the status quo.

Lin (2016) continued his discussion of cross-strait relations from the perspective of two-level games. He went on to investigate the role of China in Taiwanese domestic politics and points out that Beijing's strategy of economic pressure exerted a significant influence on Taiwan's nonpartisan voters. Through case studies of different periods, Lin shows that Beijing successfully influenced the ideological beliefs of the Taiwanese public. Despite Taiwan's democratization, the choices of its people are conditioned by economic incentives. Voters with less vested interest in issues of identity, sovereignty and ideology who are relatively economically vulnerable were the main focus of Beijing's strategy. Its success was dependent upon the partisanship of Taiwan's president.

(4) Domestic factors

It's worthwhile to make a closer examination of the most relevant domestic factors influencing cross-strait relations. Similarly, it is important to ask who the relevant actors are within this context.

Wang, Chu and Huang (2011) propose several relevant domestic factors⁹. This led them to identify two strategies applied by Taiwan's national leaders and elites: (1) Integration of domestic political elites and the public to strengthen the win-sets of "specific supporters" helps justify policy and strengthen its executive power; (2) According to the "Garbage Can Model," the ruling party manipulates aspects of the external environment to increase the likelihood of passing its favored policy. Wang et al. further point out that political perception and atmosphere are the contextual factors influencing cross-strait relations within Taiwan's domestic politics. Wang, Chu and Huang found that in terms of Taiwanese domestic politics, the "president factor" becomes the leading variable or key factor of internal and external connections. It also seems that unexpected accidents affect cross-strait relations to a considerable extent. In China, a multitude of internal factors are at play¹⁰, each dependent on current "party's program." Therefore changes in

⁹ Potential domestic factors influencing cross-strait relations: 1. structure and specifications of domestic institutions; 2. policy statements of the national leader; 3. transitions in political environment and power structure; 4. balancing of opposition forces; 5. hostility among domestic political factions; 6. structure of society; 7. public opinion; 8. political perceptions; 9. effects from external events.

¹⁰ Relevant domestic factors in China include the following: 1. traditional thinking or the conventions of policy, including actions taken when consensus within the party is reached; 2. the internal power arrangement; 3. consideration of the situation within the system, namely the basis for the legitimacy of the ruling party; 4. national interests and self-positioning, which limit China's policy toward Taiwan based on its current national interests; 5. changes to the "concept of security" (新安全觀); 6. the logic of China's foreign policy; 7. the needs of economic development; 8. nationalism, as the basis for the legitimacy of the ruling party and as social glue; 9. the declaration of tasks of party program.

ideology are important predictive factors for China's policy.

Ko (2004) introduced the ideological trends guiding related research, with several approaches focused on China's elite politics and the power transitions within the CPC since 1949. These include "totalitarianism," "faction politics," "political generation" and "expert politics." The research trend that involves analyzing China's elite politics by looking through a lens of Mao Zedong's totalitarianism has fallen out of favor. After the death of Mao, "faction politics" became the most popular research approach due to the institutional political reform instituted by Deng Xiaoping. However, politicians such as Deng were still believed to control Chinese politics until Deng's southern tour (南巡) in 1992; this was achieved through unofficial influences rather than his political position. Therefore, after the end of strongman politics¹¹, the national leader built his team and political elites would also form alliances through their relationship because of political struggles¹²; the definition of factions, reasons for establishing them and the nature of their struggles are explained differently by different scholars. Using the political generation as an approach to analysis is similar to using faction politics: both discuss the contexts of the conflicts between Chinese political elites, but the latter focuses on its "bandwagoning relationship" and the former focuses on its "common experience," namely the tendency of politicians from the same political generation to hold similar values and exhibit similar political tendencies. The "expert politics" approach is relatively new; this approach arose following Deng Xiaoping's reform when he took power for a second time. When China decided to promote economic reform in 1978, the Chinese communist party urgently needed officials with the professional knowledge to push its agenda of economic and social development. Thus the CPC began to promote the "four modernizations"¹³ and from the early 1980s onwards, young technocrats began to replace the old conservative communist cadres. However, traditional party elites and administrators still maintain much of their power within Chinese politics.

In Hsu's (1998) analysis of the decision-making patterns of Chinese foreign policy in the Deng era, three major patterns of decision-making emerged: "leader in command (領袖主導決策模式)," "collective leadership (領導集體決策模式)" and "bureaucratic organization (官僚組織決策模式)." Under the leader-dominant pattern, Deng Xiaoping, senior statesmen and members of the Standing Committee of the Politburo played

¹¹ It's believed that Deng's southern tour could be seen as the end of China's strongman politics although Deng's political reform already established China's political principle of collective leadership.

¹² 寇健文(Kou, Chien-wen), "中共菁英政治的研究途徑與發展 (A Study of Chinese Elite Politics: Past, Present, and Future)," *中國大陸研究 (Mainland China Studies)*, Vol. 47, No.3 (2004), p.6.

¹³ The four modernizations (干部四化) are: revolutionization (革命化), youthfulization (年轻化), knowledgelization (知识化) and professionalization (专业化).

important roles in foreign policy-making. Collective decision-making characterized basic diplomatic guidelines toward “key countries,” basic policy toward neighboring countries and the security of Chinese sovereignty and territory. The Politburo Standing Committee, Secretariat of the CPC (1980-1987) and the Politburo led this movement since 1987. The bureaucratic organizational decision-making pattern was applied to general foreign policy-making. Hsu found that after the Deng Xiaoping era, the core leadership of the Jiang Zemin administration did not wield strong political power like Deng, and thus the main decision-making pattern in this era was collective decision-making.

Taiwanese presidential elections and unification-independence issues are popular topics for Taiwanese public discourse. Since most of the cross-strait political issues have been proposed by Taiwan, a review of the literature on identity and unification-independence issues is vital to understanding the cross-strait relationship.

Hsu (2009) feels that Taiwanese public opinion is moving away from the traditional “Great China” ideology. Although the identity of the Taiwanese people changes, the opinion of Beijing does not. The Chinese government continues to emphasize the “One China” principle and this difference in ideology has created a deadlock in cross-strait relations. A growing political identity in Taiwan tends toward hoping for independence in the future, although the main tendency is still to keep the status quo. The ethnic identification embraced by the majority of the population as “both Taiwanese and Chinese” did not change significantly from 1992 to 2007; however, the ratio of those identifying only as “Taiwanese” increased from 17.3% to 43.7% and those identifying only as “Chinese” reduced from 26.2% to 5.4%. The discourse of the Taiwanese president reflects a similar tendency: before the first party alternation in 2000, it focused mainly on China and the Chinese; after party-alternation, Taiwan’s unique identity was emphasized. Hsu identifies five reasons underlying this shift: 1. democratization, 2. political socialization, 3. the dilemma of diplomacy, 4. military threat from China, and 5. long-term political confrontation.

Chen, Keng, Tu and Huang (2009) analyzed identity issues through the perspective of political socialization and divided the population of Taiwan according to provincial origins and generations. Their survey results indicate the following trends: “prefer maintaining the status quo” was still the mainstream sentiment with regard to independence-reunification issues. There were some subtle shifts: those for “prefer unification” declined and those for “prefer independence” increased. Even when cross-strait relations warmed up when the Ma administration took power, the “prefer unification” kept

declining. The two most important ideological forces at play are as follows: 1. “sensual identity” (感性認同) shaped by social background such as ethnic groups and generations; and 2. “rational self-interest” (理性自利) based on the international political-economic situation (especially after China’s rise to power on a global scale) and advantages and disadvantages of cross-strait interactions and Taiwan’s economic situation.

Fell (2012) also discusses the changes in Taiwan’s identity. Fell’s survey included unique conditions which allowed him to divide the respondents into four types: (1) pragmatists who would accept either unification or independence if the conditions were acceptable; (2) Taiwanese nationalists who would only accept independence for Taiwan no matter what reunification offers; (3) Chinese nationalists who support unification with China under any condition; and (4) conservatives who reject both outcomes in favor of maintaining the status quo indefinitely. The biggest change among the ratios of respondents was in the numbers of Chinese nationalists, which decreased significantly from 1992 to 2001, and in Taiwanese nationalists, who increased significantly in the same time frame. Fell suggests that the motivation for identity changes in political parties and elites are the outcomes of shifts in the balance of power. In other words, election-oriented factions and leaders tend to dominate the party and move it toward the median voters. However, the New Party moved toward an extreme position after its election campaign failed and the moderate members left the party. This partly explains the behavior of the KMT after the presidential election in 2000. This extremist approach however fails to accommodate external influences such as those exerted by China or the United States. Various international contexts, public opinion and election pressure all work to encourage politicians with extreme ideologies to take a more moderate course.

1-2. Hypotheses

The literature review above provides evidence that the decision-making of national leaders is limited by the international structure, and that the international structure is determined by the distribution of power among the states/actors. Therefore, we propose two hypotheses based on the neorealist-perspective, the international power-structure of cross-strait relations and research that was reviewed in former section:

(1) Limiting role of the United States in cross-strait relations

The United States plays a unique and significant role in cross-strait relations. As it

does not influence cross-strait relations directly¹⁴, this role is not confined to one dimension. This research assumes that because of the superior power enjoyed by the United States, it essentially plays the role of limiter in the cross-strait structure. Both Taiwan and China could not cross the “red line” set by the United States. While it sat on the sidelines as a passive observer, the United States only acted when its mandates were challenged; it would take no action to initiate change in the status quo. The preferences and tendencies of the limiter might change because of the changes in environment and conditions, but the United States for the most part maintained certain guidelines within the investigation period of this research. In other words, we purport that the United States’ privileged position as a global hegemony granted it the role of an external limiting factor within cross-strait relations. It did not explicitly contain Taiwan and China within the range of behavior it deemed acceptable, but shifted from a passive to an active role when Taiwan and China moved beyond this range, effectively curbing any tendency to transgress.

However, economic reform in China caused its economic power to grow steadily until it constituted the second largest economy in the world.¹⁵ This growth led to corresponding increases in international status and military power. It will be interesting to note whether the role of the United States and its preferences change when the national power of China aligns with or even eclipses that of the United States.

(1) Limiting role of domestic interests

We outline primary and secondary research questions previously. The literature review allows these research questions to be more accurately defined. Most of the domestic games in the two-level game structure of cross-strait relations are power transitions. After Taiwan’s democratization reached the milestone of presidential elections, its domestic games comprise election strategies and outcomes; before this time domestic factors on both sides mainly involved factions of the ruling party. Both Taiwan and China tended to take radical actions or initiate cross-strait issues during periods of power

¹⁴ Strategic ambiguity and a commitment to keep the status quo are the main principles of the cross-strait policy of the United States. If cross-strait relations reach a deadlock, or tension results in the outbreak of armed conflict, the US will play a different role depending on the context; for example, it will either engage in military intervention or become a mediator.

¹⁵ According to data from the World Bank, the growth rate of the Chinese GDP increased from 3.93% (1990) to 8.43% (2000), peaking in 2007, at approximately 14.19%. Although this growth began to decrease after 2007, the growth rate in 2012 was still approximately 7.75%. In terms of Chinese GDP, it was 358973230048.399 US Dollars in 1990 and already 8461623162714.07 US Dollars in 2012, a significant increase. Source: Databank of the World Bank, http://databank.worldbank.org/data/reports.aspx?Code=CHN&id=556d8fa6&report_name=Popular_countries&populartype=country&ispopular=y

transition or directly before and after. Therefore domestic political interests have exerted significant influence on cross-strait politics. Thus, we propose a second hypothesis.

In Introduction, it was suggested that the political interests of all parties might be important factors in cross-strait relations. We therefore hypothesize that the domestic interests of Taiwan and China also function to limit the cross-strait policies of both state actors. As in the case of the United States, domestic interests limit the actions of the state actors.

(2) Formation of a double limitation

These two hypotheses depict the structure of cross-strait relations as follows: The cross-strait relationship is in fact a triangular relationship, the three points of which are Taiwan, China and the United States. The former two state actors are the primary players, while the United States acts to restrict their action. In addition to the limiting influence of the international structure, both of the primary state actors are also limited in their level II games by their internal structure. Therefore both Taiwan and China are limited by internal (domestic interests) and external (US policy) limitations.

Further inferences can be made from this depiction: both Taiwan and China are restricted by both external and internal factors in cross-strait political relations, and cross-strait policies can only operate without barriers when it wanders between the borders of the two limitations. These structural limiting factors have made it difficult if not impossible for Taiwan and China to seek fundamental change to cross-strait political relations outside of the scenarios proposed by the United States¹⁶. This leaves the primary state actors with only marginal control that can be used to achieve domestic leverage but no radical effective change over the long term.

1-3. Theoretical Framework

In this section, we present the framework of this research, including various approaches to analysis, research limitations, area and definitions, and the selected methodology.

¹⁶ The principles behind the United States' cross-strait policies can be found in a footnote in Introduction: they do not support Taiwanese independence; they ask China to promise not to use force; and they ask both sides to deal with the cross-strait issues through dialogue. Thus, a radical or fundamental change would be for example a claim by Taiwan for independence or military action by China to "reunify" Taiwan.

1-3-1. Approaches to analysis

Robert Putnam's two-level game model was introduced above. Although it has applicability in the context of cross-strait relations, it requires several modifications to this unique context, as pointed out in the literature review. We therefore present a novel version of Putnam's two-level game model.

(1) Two-level games in cross-strait relations

Core concepts of Putnam's model that remain relevant are the two levels of analysis (international and domestic interactions) and win-sets. Lin (2016) and Hsu (2009) also introduced features applicable to this analysis.

Lin (2016) points out that China's actions regarding cross-strait issues (such as saber-rattling in early phases or profit-sharing) (讓利) are the main focus for Taiwan's median voters. He assumes that all state-actors are restricted by structural factors and infers that both states tend to seek gain in domestic games. In Lin's model the interactions of cross-strait relations are still mainly interactions at state level, though we seek to enlarge the conception of level II actors. Therefore in the creation of a new model, we merge Lin's inference and Putnam's concept in the assumption that the level-II actors of Taiwan might be encouraged by both level-I actors to implement their policies. In other words, although the cross-strait games are between two state-actors, the actual interactions might not only be state-to-state but also between the Chinese government and Taiwan's public.

Hsu (2009) differentiates between the political and the economic. He further separates domestic actors into the public (voters, or more broadly, public opinion) and the opposition party. These distinctions are useful, but it is also necessary to further differentiate level-II actors based on the time period and context. In the earlier period of Taiwan's democratization, level-II actors could only be found within the ruling party, as the influences of the opposition parties and the public were limited until the end of the Lee Teng-hui period even though the process of democratization had already reached a milestone: the first direct presidential election was held in 1996. It is also possible that there are more than one type of level-II actors participating in the domestic game during the earlier time block of this research.

(1) Two-level games of the Taiwan-US-China triangle

The concept of a strategic triangle was first applied during the Cold War to refer to interactions among the United States, the Soviet Union and China. Depending on the bilateral relationships of the countries involved, the following four strategic triangle models have been developed: *Ménage à trios*, *Marriage*, *Romantic triangle* and *Unit-veto triangle*. We integrate the concepts of strategic triangle and two-level games into this theoretical framework through adoption of Lin's "two-level triangle" and his space model. In Lin's model, all three state actors are discussed as three independent political entities interacting in a three-pointed relationship; the type of strategic triangle model which applies to this relationship differs over time. In other words, the three state-actors are "equal" as main actors in this game structure. However, we purport that only Taiwan and China interact directly, while the United States, as a hegemony, remains the most powerful state actor in this structure. Yet although its power exceeds that of Taiwan and China, it maintains a passive role. Indeed, many studies identify the United States as a "mediator" or "balancer."

Therefore, we modify Lin's space model and designates the United States as a frame rather than an equal actor with Taiwan and China. Although the United States did not change the thrust of its cross-strait policy over the investigation period of this research, details of the policy were adjusted under different presidents. Therefore while the frame remained constant, the range of the frame varied slightly in different periods.

1-3-2. Research limitations and research area

(1) Research Limitations

Due to the difficulties inherent in collecting data regarding the internal interactions of political powers within China, this study was forced to make inferences based on personnel changes and their subsequent influences in order to determine the effects of the domestic games within China. Based on this limitation, the domestic games of China could not form the primary focus of this research, though Chinese domestic constraints may have influenced Beijing's cross-strait economic policy in recent years (Yu et al., 2016). China's cross-strait policy has shown little change, especially on high political issues such as cross-strait relations and sovereignty, such that this limitation is considered acceptable. Analysis of domestic games is therefore focused on Taiwan.

(2) Investigation period

The 25 years investigation period for this research begins in 1988, when the Tai-

wanese were first allowed to visit China, and stretches to the end of the Ma Ying-jeou administration (2012). An extended investigation period was selected in an attempt to test the hypotheses through analysis of structural factors, which requires comparison of different administrations.

Our focus on the domestic games in Taiwan suggests a division of this investigation period into time blocks corresponding with power transitions in Taiwan: the Lee Teng-hui period (1988-2000, although 1987 is also discussed in this period¹⁷), the Chen Shui-bian period (2000-2008) and the Ma Ying-jeou period (2008-2016). The Lee period can be further divided into two sections by the 1995/96 Taiwan crisis, which was precipitated by Lee Teng-hui's visit to the United States in 1994; these events marked the beginning of rapid deterioration in cross-strait relations.

Another advantage to an extended investigation period is the opportunity to analyze rapid and intense changes in Taiwan's domestic political structure. However, the period of study examined in this research will not extend through 2016, though the Ma administration was in power from 2008 to 2016. In Introduction we found that unilateral actions instigated by Taiwan seem to have led to the development of the cross-strait relations. The year 2012 marked the end of Ma's first term, and this year brought power transitions to both Taiwan and China. Taiwan held the 2012 presidential/legislative elections and China experienced a power transition from Hu Jintao to Xi Jinping. In terms of the China's Xi Jinping period, witnesses in 2017 have already observed several events, such as the completion of the power transition from Hu to Xi¹⁸, and Xi's large-scale anti-corruption campaign (which could also be seen as a move to consolidate his political power¹⁹). Xi's consolidation of political power has been considered by some to be a rearrangement of Deng Xiaoping's collective leadership structure²⁰. Chinese politics under Xi are truly different from those of his predecessors. Secondly, due to Xi's first presidency will end in November 2017, the data of the political interactions within China during the Xi era would be more difficult to collect and the role of Chinese do-

¹⁷ As successor, Lee Teng-hui took office in 1988 after the death of Chiang Ching-kuo, not 1987. However, in the end of Chiang period the Taiwan people is allowed to visit china in 1987 and Lee Teng-hui also followed Chiang's cross-strait policy, therefore we decided to extend the time block to 1987.

¹⁸ Hu Jintao transferred both political and military powers to Xi Jinping after the 18th National Congress of the Communist Party of China in November 2012. Hu's predecessors did not do this.

¹⁹ Soon after Xi took power in November 2012, he began to campaign against the bureaucratic waste and extravagance that had caused the anger of the Chinese public; in 2013 the CPC punished almost 20,000 officials, even vice-ministerial officials and their superiors. Xi may have done this in an attempt to weaken political factions and to push his reform. Source: Zheng Yongnian and Lance L. P. Gore, "Introduction" in Zheng Yongnian and Lance L. P. Gore ed., *China Entering the Xi Jinping Era*, London & New York: Routledge (2015), pp. 2-3.

²⁰ *Ibid.*, p.1.

mestic games in Xi's Taiwan policy would be thus difficult to measure. As previously mentioned, the difficulties in collecting data of the political interactions within China lead this research focusing more on Taiwanese domestic politics; therefore, the setting of investigation period of this research only until 2012 in order to control the variables examined by this research.

Furthermore, the cross-strait high-political issues in the Ma period (e.g. the CBMs) were mostly proposed during Ma's first term. Moreover, the cross-strait relationship between 2012 to 2016 reveals similar phenomena as during Ma's first presidency from 2008 to 2016. As Ma successfully won the 2012 presidential election, both Ma's route of policy and the obstacles that he faced in his second term could be considered an extension of his first term; Xi's Taiwan policy is also basically following his predecessor. We therefore believed that the investigation period until 2012 could be accepted.

(3) Prerequisites of the United States as a limiter in cross-strait relations

The United States is a limiting factor in cross-strait relations in that the preferences of the United States restrict the options of both Taiwan and China. To some degree this contradicts the tenets of international relations theory, which proposes that the world is ruled by anarchy. However, when Soviet Union collapsed in 1992, the United States emerged with incomparable national power. Its strength in international politics, military and economics solidified its position as the only world superpower. This superiority allowed the United States to play a limiting role in cross-strait relations.

Economic reform allowed China to gradually increase its power during the 1990s, and this trend accelerated in the 21st century, particularly in terms of economic power. This in turn drove growth in China's military power. Although a huge gap still exists between the powers of China and the powers of the United States, this gap narrows every year.

The investigation period spans these shifts in national powers, which mandates their inclusion in the proposed model. In 2012, Hu Jintao was due to retire and he was in the process of ceding his political and military power to Xi Jinping. China's national power was rising at this time but remained far below that of the United States. Hu's policies were relatively mild. Xi's foreign policy is more ambitious than that of his predecessor, but there is still a gap between the national power wielded by the US and that wielded by China. The United States therefore was in a position of superiority through-

out the investigation period, validating its designation as a limiter. However, 21st century changes to the world's power structure are worth closer examination.

1-3-3. Research definitions

(1) The Cross-Strait political environment and level-I actors

The most important level-I actors in cross-strait relations are Taiwan and China. The United States has been the only global hegemony actively involved in East Asia following the Cold War; it therefore is also a level-I actor.

It is worth asking whether there are any other level-I actors playing an important role in cross-strait relations. Those that fall under consideration include Japan, South Korea, North Korea and ASEAN countries such as the Philippines and Vietnam. Japan and South Korea have significant national power, particularly in terms of economics, and Japan is further important to Taiwan geopolitically. However, Japan closely cooperated with the United States following World War Two, so in order to maintain the US-Japan alliance it has not taken any active part in cross-strait relations. This confines the list of level-I players to the three mentioned above.

(2) Domestic actors

The following three questions are asked in this section: Which state-actors should be considered as level-II actors? Within these selected states, who are the domestic actors of significance?

As mentioned above, the US congress often passed relatively pro-Taiwan resolutions, though in practice the effects of these non-binding resolutions were limited. Therefore the domestic actors in the United States do not have much bearing on this research. Domestic actors in China are difficult to analyze due to lack of information on internal affairs. Further, China's cross-strait policy varied only slightly over two decades and was seemingly unaffected by domestic political interactions. Most of the cross-strait political events were proposed or caused by Taiwan; therefore, the only level-II actors seriously considered in this research are domestic actors within Taiwan. Domestic interactions of China are discussed to a minor degree.

Domestic games in China are largely restricted to the political elites within the CPC, and are influenced by the stability of party leadership. Thus level-II actors from

China are the CPC and pressure from Chinese society. The degree of public influence has changed over time. China's authoritarian rule minimized the public's influence until the advent of China's rapid economic growth, which provoked a dramatic increase in the costs of maintaining internal stability. Therefore, in the middle and later parts of the investigation period, China took a tougher position toward cross-strait issues due to its need to maintain domestic stability. In both the Chen Shui-bian and Ma Ying-jeou periods this factor holds sway, but the extent of its influence is still minor compared to the internal interactions of the CPC.

Kuan (2008) points out that Taiwan's 1996 presidential election was an important milestone in Taiwanese democratization. Taiwan's dramatically shifting political environment involved a varied cast of domestic actors relevant to cross-strait relations. Most of those influential in the earlier period are found within the Kuomintang. The Lee Teng-hui administration thus put its policy focus on democratization. Following democratization, the presidential elections and legislative elections form the playground for domestic games. Lin (2000) notes that the most significant deviations from a conservative position occur during power transitions. The nature of Taiwan's power transitions transformed after 1993/94²¹; before 1994, power shifted within the KMT, while after, it shifted by the vote of the people. Similar reforms had been established in the Legislative Yuan a few years before 1996. However, democratization did not mean that Taiwan's domestic games transferred from KMT's intra-party competitions into the competitions between the ruling party and the opposition party. In the early 1990s when the SEF and ARATS met in Singapore, Taiwan's main opposition party (the DPP) had only limited political power. DPP legislators had doubts about the meeting and hoped to play a supervisory role, but these legislators could only observe and could exert no actual influence. In terms of domestic politics, the DPP could not make any bold moves against the KMT, because the KMT had power over the legislative Yuan at the time.²²

Therefore, after 1996, the Taiwanese domestic games transferred from internal political struggles within the KMT to major elections. Before the first party alternation in 2000, the opposition parties' ability to affect games was very much in doubt. The DPP attained partial victories in the parliamentary elections (not only in the legislative Yuan and the national assembly, but also within local councils) and municipal elections, but still didn't gain enough votes to compete with the KMT. Even when Chen Shui-bian

²¹ Due to Lee Teng-hui consolidated his intra-party power in 1993, and the National Assembly amended the constitution in 1994 that the President and Vice-President will be elected directly.

²² From an interview (2013) with Mr. Kun-huei Huang, the former chairman of the Taiwan Solidarity Union (2007 - 2016) and minister of the Mainland Affairs Council during the 1992 meeting.

won the presidential election for the second time in 2004, the DPP was still a minority in the legislative Yuan and could not challenge the KMT. Eight years later, the KMT took the lead when Ma Ying-jeou won the presidential election in 2008. The DPP still did not reach a majority in the legislative Yuan. Thus, supervision from opposition parties might be a factor in domestic games but the influences vary depending on the period and its attendant political environment. The principal players in domestic games are still mainly elections and the preferences of the Taiwanese people during elections. In order to describe the effects of domestic actors more precisely, we focus not only on the role of opposition parties, but also on the major reflections of Taiwanese public opinion: results of major elections and opinion polls. Major elections represent turning points where the Taiwanese ruling party could change cross-strait policies (Lin, 2000). The results of elections could be seen as the Taiwanese public's ratification of domestic policies. It is also a time when Taiwanese public opinion becomes a major Taiwanese level II actor. Polls can explain how election results may have been influenced by issues other than cross-strait policies. When a cross-strait issue is proposed during an election campaign, the polls reveal whether the public approves of policies made by Taiwanese level I players.

(3) Cross-strait games

What exactly is meant by "cross-strait game?" Which events are the most important to an analysis of cross-strait games? This section attempts to answer these questions. The fundamental precondition of cross-strait relations is the final object of China's cross-strait policy, which is to reach re-unification with Taiwan. Taiwan has a wider range of choices: "maintain the status quo indefinitely," "unification" or "independence." Therefore in-sets for the actors are as follows: if China achieves its objective, it will entail the end of the Republic of China (Taiwan); if Taiwan becomes independent or even if the KMT unifies China²³, this means the failure of China. In other words, the relationship between Taiwan and China is a continuous zero-sum game. All political interactions between Taiwan and China are part of this cross-strait game. Furthermore, since the final objectives of the game are winner-takes-all, all aspects of national power are at stake, including the military, economic and cultural issues.

This research discusses the political interactions between Taiwan and China, however, all kinds of interactions - even economic and less sensitive cultural interactions - have political meaning due to the particularity of cross-strait relations. Therefore, cho-

²³ The KMT's cross-strait policy was also to unify China from 1949 until the early 1990s.

sen case studies are not limited to political issues.

(4) “Main games” and “sub games” in different periods

This research further includes the concept of subgames within the main game structure. The relationship between Taiwan and China is a long-term, continuous game; however, every event within the context of cross-strait relations, whether competitive or cooperative, could also be seen as a game. Thus, each time block within the investigation period is considered a “main game” that represents cross-strait relations at the time. There are also “sub games” associated with specific events. These main games and sub games are defined at the beginning of each chapter. These periods have been designated as follows: early Lee Teng-hui period (1988-1994), late Lee Teng-hui period (1995-2000), Chen Shui-bian (2000-2008) and Ma Ying-jeou (2008-2012).

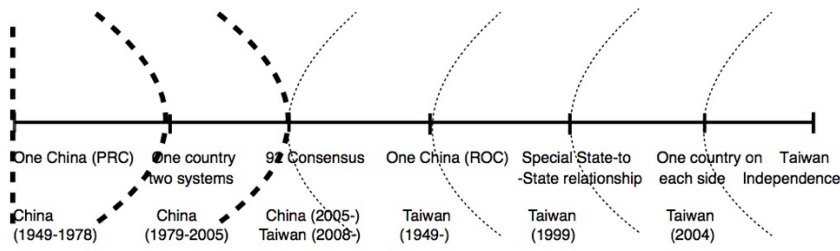
Within these four main games there exist various subgames. As the name suggests, these subgames depend on the main games. For example, in the late Lee Teng-hui period, cross-strait relations could be described using the two-level triangle model; the third Taiwan crisis and the pronouncement of a “special state-to-state relationship” are seen as the subgames for this period.

1-3-4. Research analysis

(1) Analysis model: cross-strait two-level triangular game model

This section presents the proposed game model with the help of graphical depictions (space models). The first image describes the relationship between Taiwan and China. A simple one-dimensional image uses Taiwan’s national status as an axis: the right-hand side represents “PRC as the only China,” while the left-hand side represents Taiwan as an independent country. It’s difficult to measure the true attitudes of level-I actors towards unification/independence issues; therefore this research analyzes the political positions of Taiwan as a proxy. The form of cross-strait games is approximated in Figure 1. In this model the placement of Taiwan changes depending on the attitudes of the ruling party, but the placement should be between “92 consensus” and “one-country on each side;” the changes in China’s placement after 1979 are smaller than those influencing Taiwan, but it stays between “92 consensus” and “one country two systems.”

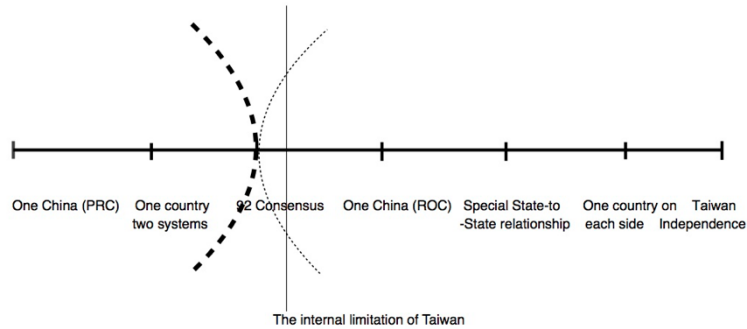
Fig. 1.



It should be noted that the coordinates on this axis might be different in different periods.

In Figure 2, we included the limitations imposed by level-II players. For example, when Taiwanese level-I actors adopted the “One China” principle after democratization was limited, a similar phenomenon also existed in China.

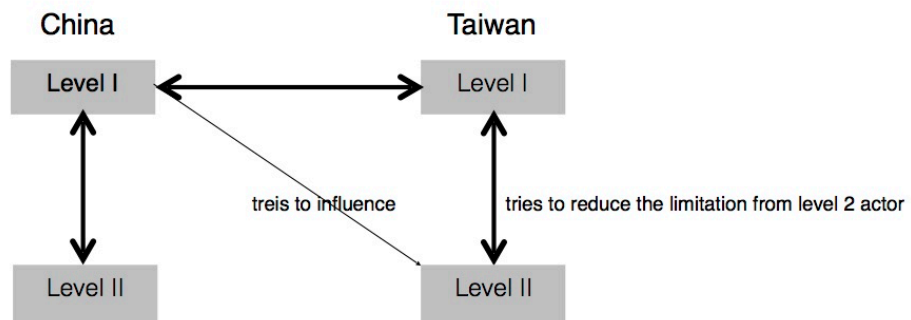
Fig. 2.



As shown in Figure 2, internal limitations restrict Taiwanese level-I actors, and prevent them from moving beyond the 1992 consensus. Level-I actors in China also limited the options available to China.

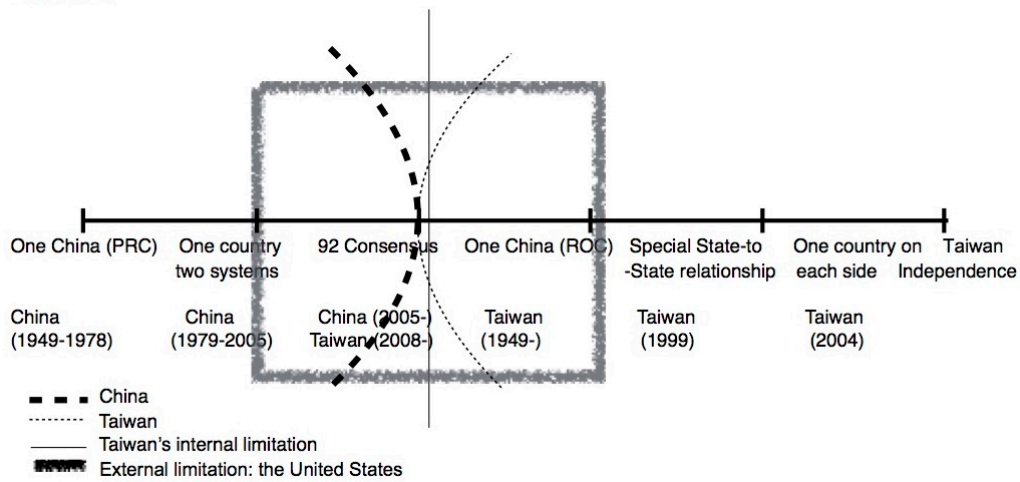
Once democracy in Taiwan had matured, Chinese level-I actors turned their efforts to influencing Taiwanese level-II actors. So at certain points in the game, cross-strait interaction developed beyond level-I actors. In these circumstances, cross-strait interactions are represented by Fig. 3:

Fig. 3.



The United States plays an important limiting role in cross-strait relations, restraining the options of level-I players in Taiwan and China. Figure 4 illustrates the game structure incorporating the role of the United States.

Fig. 4.



The limitations provided by Taiwanese domestic actors change depending on the time period; therefore the range of movement constrained by this factor is larger than that of China.

(2) Analytical method: comparative research

The comparative method is the principal analytical method applied in this research: a selection of case studies is discussed, then the pattern of cross-strait interactions is elucidated through application of the analysis models. This allows for a comparison of trends and changes.

This research will propose several assumptions and propositions based on the hypotheses and main game structure. Then subgames are identified, the game structure of which is analyzed through the same process and through comparison of the subgames with the main game structure. Preferences of the actors, and development of domestic games are also considered to verify if these factors are related to subsequent developments and reactions from the United States. It is also noted if there are any power-transitions such as Taiwanese major elections before or after the subgames; if there are, the political interests of level-I actors are verified and further analyzed to determine if the developments of the events in favor of the level-I actor.

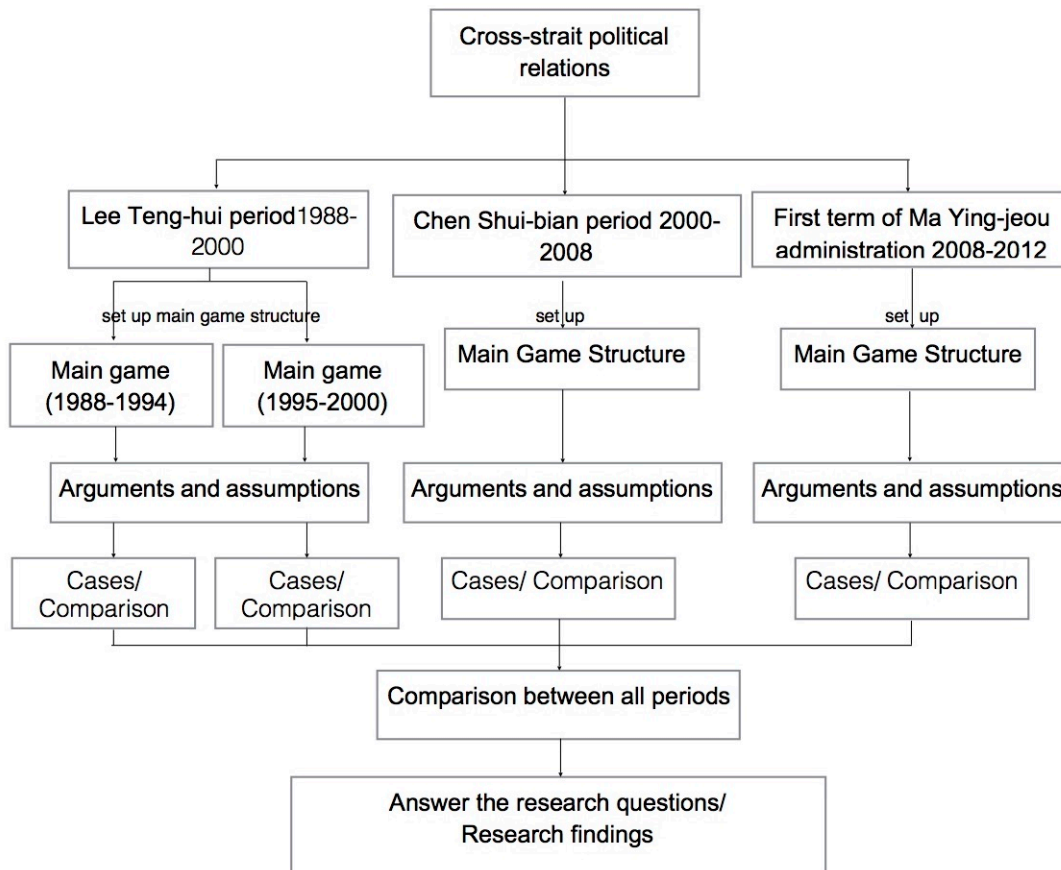
In addition, through a review of the development of cross-strait interactions from the late 1980s to 2012, observation of the structural changes in the cross-strait games through each time period, and comparisons of the main games and the subgames, patterns of interactions are identified and the proposed interaction model for cross-strait interactions is revised.

It is worth noting that within the context of two-level game theory, changes in Taiwan’s cross-strait policy in the Lee Teng-hui period are mainly driven by changes in Taiwanese level-II actors. In the Chen Shui-bian and Ma Ying-jeou period, there is a shift towards level-I actors.

(3) Chart of Methodology

Figure 5 presents the framework of methodology in this research.

Fig.5.



Chapter 2: Cross-strait interactions in the Lee Teng-hui era

On 13th January 1988, Taiwanese President Chiang Ching-kuo died of a heart attack, and was succeeded by then Vice-president Lee Teng-hui. Lee Teng-hui's tenure, which occurred before the end of the Chiang Dynasty, opened a new era in Taiwanese political democratization and had a profound effect on cross-strait relations.

Armed confrontation between Taiwan and China ended in 1979 with the establishment of official diplomatic relations between the United States and China. At that time, China proposed its new principle of "One Country, Two Systems" and shifted from a focus "to liberate Taiwan with armed forces" to "peaceful unification," and Taiwan began its "Three Noes" policy which consisted of "no contact, no compromise and no negotiation." Although this was the end of formal armed conflict between Taiwan and China, flight 334 of Taiwan's China Airlines was hijacked and made to land in China in 1986. This incident forced Taiwan to abandon its three noes policy and negotiate with China. The ROC government began to allow visits to China, a decision that signaled the beginning of the cross-strait interactions that occurred over the following three decades. After the death of Chiang Ching-kuo, the new President Lee Teng-hui not only promoted democratization (thereby consolidating his political power), but also promoted cross-strait relations.

In succeeding years, cross-strait relations warmed rapidly; non-governmental exchanges increased, and governmental relations progressed. Several official and semi-official organizations were established to promote cross-strait relations and to prepare for further political developments. When an additional article was added to the constitution of the Republic of China in 1991, it was clear that the Taiwanese government no longer saw the Chinese government as a rebel group. However, this honeymoon period in cross-strait relations did not last long. Small conflicts during non-governmental exchanges and political events such as President Lee's 1995 visit to the United States caused cross-strait relations to worsen, marking an end to semi-official exchanges and sparking the 95-96 missile crisis.

Cross-strait relations vacillated wildly during Lee Teng-hui's twelve years in office; as was stated in the previous chapter, 1995 was a watershed moment and a crucial turning point in cross-strait relations. The author therefore divides this period into two time blocks: early Lee period (1988-1994) and late Lee period (1995-2000).

2-1. Main game structure of the Lee Teng-Hui era

2-1-1. Main game structure of the early period (1988-1994)

The beginning of this time block was marked by the end of the Cold War and the collapse of communist regimes in Eastern Europe; these events were accompanied with the third wave of democratization (Huntington, 1991). Both Taiwan and China were influenced by the tide of democracy. For Taiwan, the 1980s hold sweet memories of economic growth and surges in democratization, which transformed Taiwanese politics. In China, economic reform brought the voices of change that heralded the 1989 democracy movement and the bloody conflicts thereafter, namely the June Fourth Tiananmen Square incident. The Cold War drew to a close and the Soviet Union was dissolved by the end of 1991.

The downfall of the Soviet Union signaled the end of more than four decades of the US-Soviet bipolar system; the United States became the sole superpower of the post-cold-war era, although there were also many other growing powers in integrating Europe, reforming China and Japan.

Taiwan and China were authoritarian regimes during this time period, but both faced massive structural changes.

(1) Taiwan's level I actors and political environment

Taiwan experienced significant political changes in the 70s and 80s, particularly in the form of the Tangwai (outside the party) opposition movement. In order to solidify political legitimacy and to answer the challenges facing Taiwanese society in the 1980s, political transition was promoted by the Chiang administration¹. After political liberalization in 1986, mass media arrived in Taiwan, and the establishment of opposition parties such as the DPP changed Taiwanese politics from a single-party system² to a dominant-party system. Thus, in the next few years, the landscape of Taiwanese politics lay as follows: There was a dominant ruling party (the Kuomintang) which enjoyed massive

¹ 王振寰(Jenn-hwan Wang), "台灣的政治轉型與反對運動 (The political transformation of Taiwan and opposition movements)," *台灣社會研究季刊 (Taiwan: A Radical Quarterly In Social Studies)*, Vol.2, No.1 (Spring 1989), pp. 71-116.

² There were actually three political parties in Taiwan between 1949 and 1986 including two nominal opposition parties: the Chinese Youth Party/Young China Party (中國青年黨) and China Democratic Socialist Party (中國民主社會黨). However, these two opposition parties lacked resources and political power, as Taiwanese politics were totally controlled by the KMT; after democratization these two parties lost their seats and political influence.

financial and political advantages, a major opposition party (the DPP), and other smaller political parties with negligible political influence³.

Before 1995, Lee's mainland policies were fairly moderate. Lee's words and actions after retirement suggest that he personally supported Taiwan independence from the moment he became president, but that he exercised caution in his early presidency in order to facilitate relations with China⁴.

Taiwanese politics were undergoing large-scale institutional changes at this time. After Lee Teng-hui succeeded Chiang Ching-kuo, the KMT kept the democratization reforms implemented in 1986 and the party gradually split into two factions: "mainstream"(主流派) and "non-mainstream(非主流派)"⁵. In other words, the party was divided into pro-Lee and anti-Lee factions. Fierce internal struggles and the "Wild Lily" student movement in March 1990 promoted changes to political institutions. Lee won the nomination and became the 8th president of Taiwan in 1990; this represented a major defeat of the non-mainstream group, but the struggle between the two factions continued. Additional articles were added to the constitution of the Republic of China in 1991, stipulating requirements for the election of 2nd central legislators;⁶ the comprehensive re-election of both the legislative Yuan and National Assembly in 1991 and 1992 ended the "ten thousand years parliament"(萬年國會).

When direct presidential elections were mandated through the second (1992) and third (1994) amendments to the constitution, the mechanism of power-transition in the Republic of China shifted from the intra-party competition. This prompted a significant group of young non-mainstreamers to break away from the KMT and form the New Party. However, the first direct presidential election, as defined by this study, was only held in 1996. This is considered to be part of the late Lee period. Lin Yang-kang resigned from his position as the minister of the Judicial Yuan in 1994 in order to prepare for his candidacy in the 1996 presidential election. It is clear that by the end of this time

³ The DPP was the 16th political party of the Republic of China when it was formed in 1986; the New Party (formed in 1993) was number 74. A large number of registered political parties are not currently active.

⁴ J. Bruce Jacob and I-hao Ben Liu, "Lee Teng-hui and the idea of "Taiwan"," *The China Quarterly*, No.190 (Jun. 2007), pp. 384.

⁵ At this time the non-mainstream/anti-Lee Teng Hui faction included actual established factions such as the New Kuomintang Alliance as well as the senior politicians who were against Lee Teng-hui, for example Lee Huan and Hau Pei-tsun. Lee was the subject of several intra-party struggles, and the composition of the non-mainstream group varied depending on the time period.

⁶ Including both the Legislative Yuan and National Assembly.

block, the main game had already shifted to elections, which means that the level II actors had also changed by this time.

(2) Taiwanese level II actors: intra-KMT faction and public opinion

The level II actors capable of exerting a significant influence on Taiwanese power-transition during this time block are as follows: (1) the opposition party(-ies), (2) public opinion, which, due to the democratization, suddenly had influence and (3) the opposition faction within the ruling party.

First of all, the young Democratic Progressive Party, formed in 1986, soon gained several seats in elections and came to wield significant political power in parliament. However, the DPP's influence on cross-strait issues was still limited: the DPP had neither seized power nor advantages in parliament, and the KMT maintained overwhelming majority in both the Legislative Yuan and National Assembly⁷. Thus, although the DPP did not trust the KMT to remain loyal to Taiwan's interests, the only action open to it was to send an observer to cross-strait meetings: it could not influence the cross-strait policies of the ruling party⁸. The opposition party was therefore not the main domestic level II actor during this time block.

Second, the major elections responsible for power transition were the direct elections of the Legislative Yuan and National Assembly in the early 90s: the re-election of the National Assembly in 1991 and the election of legislators in 1992. The direct presidential election in 1996 is not included in this section. After Lee took office, there was an increase in "Tangwai" movements as well as increased demand for reform from Taiwanese society. The influence of Taiwanese public opinion grew with the localization movement promoted by the Lee administration, the rapid changes economic growth brought to Taiwanese society, the process of democratization, which includes the constitutional amendments and direct presidential election. Therefore since the campaign to propose the direct election for the president was launched in 1992, Taiwanese public opinion became a domestic actor within the main game structure.

⁷ In the election of legislators in 1992, the KMT gained 53.02% votes, the DPP 31.03%, others and independents 15.95%. That is, the KMT had 95 seats, the DPP 51, others and independents 15. The results of Taiwanese elections are available online at the Election Study Center of the National Cheng-Chi University, <http://vote.nccu.edu.tw/cec/vote4.asp?pass1=B>

⁸ From an interview with former chairman of the Mainland Affairs Council Kun-Huei Huang (April 25, 2013).

The third level II actor could be considered the intra-party factions of the ruling party. When Lee Teng-hui took power in 1988, KMT leadership still mainly consisted of mainlander political elites and Lee was one of the few Taiwanese political elites promoted by Chiang Ching-Kuo's political localization policy. Lee experienced several political struggles which included both "mainstream" (pro-Lee) and "non-mainstream" (anti-Lee) elements. Political changes continued even after Lee triumphed and consolidated his political power within the KMT. The internal factions within the KMT, which resulted from Taiwanese democratization, were also important level II actors in the early Lee era.

In the early phases of this time block, the main level II actors were found within the Kuomintang. When the process of democratization became one of the most important policy foci, public opinion grew increasingly important to Taiwanese politicians. The Wild Lily movement that occurred in March 1990 solidified the importance of public opinion. Direct presidential election was then mandated by an amendment to the constitution, which caused public opinion to become the most important level II player.

During Lee's first six years in office, intra-party struggles determined the main domestic game. During the second period of his presidency, public opinion grew more important due to democratization. Taiwanese level II actors then determined the main game structure that influenced cross-strait relations for his final six years in office; therefore the general game structure could still be defined by means of an opinion survey.

The preferences of the intra-KMT faction depend which generation the members belong to. Most of the political elites within the Kuomintang, including the anti-Lee non-mainstream faction, were of a mainlander background. These political elites were mostly conservatives; ideologically they still hoped for a successful future reunification of the Republic of China with mainland China. These politicians also had strong security concerns when it came to cross-strait interactions. Thus, the political position of the KMT old guard toward the status of Taiwan maintained the traditional Kuomintang point of view, namely that Taiwan is a province of China (Republic of China). Their inclinations were similar to those of the Chiang Ching-kuo era, holding to the Three Noes Policy of the Chiang era while allowing initial interactions with China. The attitudes that KMT members held toward cross-strait relations could be divided into two parts: "anti-communist, unification tendency" and "anti-communist, status quo tenden-

cy.⁹ Within the KMT, the old mainlander politicians were generally against contact with China, but young KMT politicians tended to support exchanges with China,¹⁰ therefore, the old ideology in the KMT was altered with time. Wu (1999) suggests that (in the late 1990s) the political position of the KMT non-mainstream politicians toed the old KMT line but allowed some communication with China. This caused the separation of the Kuomintang¹¹. When Lee gradually consolidated his political power, there was an intra-KMT faction that was against Lee; members of this faction were labeled “non-mainstreams.” Naturally, the non-mainstreams also demonstrated different preferences. It could be said that in the beginning of this period, the intra-KMT opposition held to the old KMT values, and later the young non-mainstreams (many of whom later separated from the KMT and formed other parties such as the New Party and the People First Party) began to “tend toward final unification and support for cross-strait exchanges”.

The concept of national identity in Taiwan varied in this period; most of the public approved formation of the ROC and considered themselves Chinese. The degree to which they identified with the beliefs of the elite KMT differed, however. Younger people tended to support further democratization and supported opening economic exchanges with China, while the KMT old guard repudiated exchanges with China.

The major elections were first held in the 1990s¹², it’s difficult to understand the perspectives of the Taiwanese people by examining the results of the major elections from this time period; public opinion polls suggest that most of the people in Taiwan tended to identify themselves as Chinese rather than Taiwanese¹³. The Kuomintang also gained more support from people in Taiwan than the other parties (see Table 1); therefore it could be inferred that the ideological identity of the Taiwanese people was still close to the ideology of the KMT regime. While the general public still considered

⁹ Su Chi, *Taiwan’s Relations with Mainland China: A Tail Wagging Two Dogs* (London: Routledge, 2009), p.4.

¹⁰ From an interview with the former chairman of the Mainland Affairs Council, Su Chi (May 2, 2013).

¹¹ 吳玉山 (Yu-shan Wu), “台灣的大陸政策: 結構與理性 (Taiwan’s Mainland Policy: Structure and Rationality),” in 吳玉山 (Yu-shan Wu) and 包宗和 (Zong-ho Bao) ed., *爭辯中的兩岸關係理論 (Contenting Approaches to Cross-Strait Relations)* (Taipei: Wunan, 1999), pp.184-186.

¹² Before 1992, the 1st Legislative Yuan (which was elected in 1948) had seven supplementary elections in 1969, 1972, 1975, 1980, 1983, 1986 and 1989; although there were already 130 elected seats in the 1989 legislative supplementary election (the seats of supplementary Legislators should be re-elected every three years), the first comprehensive re-election of the Legislative Yuan was in 1992. The National Assembly has a similar history.

¹³ According to the opinion poll distributed by the Election Study Center of the National Cheng-Chi University, about 46.4% of Taiwanese people chose “both Taiwanese and Chinese,” 25.5% chose “Chinese,” only 17.4% chose “Taiwanese.” In 1994, the identity of “Taiwanese” increased to 20.2%, “Chinese” to 26.2%, and both Taiwanese and Chinese declined to 44.6%.

themselves to be Chinese, a Taiwanese consciousness was already present, especially among the “Benshenjen.”¹⁴

A survey of public opinion from the early 1990s revealed that Taiwanese people tended to support cross-strait exchanges, though they still harbored concerns about possible impacts on national security. Most of these concerns were regarding possible threats from the activities of Chinese officials in Taiwan¹⁵. These surveys suggested that the following political attitudes were prevalent among people living in Taiwan at that time: 1. The Waishenjen (mainlanders) were in general politically conservative but held a positive attitude toward cross-strait exchange; 2. The younger generation tended to support more comprehensive constitutional reform; 3. The Taiwanese people generally supported the Wild Lily movement, though they also worried about its negative influences on the stability of society; 4. Most Taiwanese people supported re-election of both central parliament and local leaders; significantly fewer Waishenjen supported constitutional reform when compared to Benshenjen; 5. Few people reported confidence in the ministries of the Taiwanese government; however, about 3/4 of the respondents reported confidence in President Lee, suggesting that people held positive attitudes toward Lee Teng-hui’s governance¹⁶.

Taiwanese level II actors during this time period comprised both the internal factions within the KMT and public opinion: the former can be seen as a level II actor during the whole time block, while the latter can be seen as level II actor only after the year 1990 due to the Wild Lily movement. The high level of support for President Lee could also be seen as a level I actor.

Although both of the Taiwanese level II actors had relatively similar values and ideologies toward the political status of Taiwan and cross-strait exchanges at this time, the KMT non-mainstream politicians supported increased cross-strait interactions and tended to want to maintain the existing political structure. Public opinion polls showed that the Taiwanese people were more focused on the constitutional/political reforms and democratization.

¹⁴ Benshenjen (本省人), literal translation: person of this province, meaning the people native to Taiwan before the year 1945.

¹⁵ In 1990, opinion polls indicated that the Taiwanese people felt insecure about policies that would “allow the activities of Chinese civilians and officials in Taiwan” than those that would “allow the activities of Taiwanese people in China.” Source: Center for survey research at the Academia Sinica, “project report of First and Second Irregular Survey in 1990,” <https://srda.sinica.edu.tw/group/sciitem/3/22> (2011)

¹⁶ Ibid.

(3) Political environment in China and Chinese level I actors

China also experienced large-scale demonstrations during this time period. In 1989, military action in the area surrounding Tiananmen square resulted in considerable casualties among the demonstrators who had gathered there since 15th April. The tragic incident on 4th June deeply influenced Chinese domestic and foreign affairs. The Tiananmen incident caused wide intra-party struggles at both the central and local levels. Reformers, such as the Premier Zhao Ziyang contended with conservatives¹⁷. The ideological beliefs of China's communist party were challenged by the reform politics of Deng Xiaoping in 1979, and the political struggles after the Tiananmen incident could be seen as a counterattack on the old CPC leftwing politicians, who sought to curb Deng's authority¹⁸. Zhao lost the political struggle against the conservatives, losing his political position in the process.

This incident disrupted the political arrangement designed by Deng Xiaoping for the post-Deng era. There were large-scale purges on the reformist factions, and on 24th June 1989, Jiang Zemin replaced Zhao Ziyang as the new general secretary of the communist party of China. As a result, the new politburo standing committees became even more conservative¹⁹.

Deng Xiaoping's southern tour in early 1992 marked the end of the Deng era; however, Deng's political operations were successful, and his southern tour cemented a restoration of his reform politics. Jiang Zemin kept a firm grip on economic reform²⁰.

Unlike Mao, Deng still had to prove himself as a political strongman. Though his authority was not guaranteed and depended on the success of his policies, he did enjoy personal prestige and strong backing from the military. Jiang Zemin, as a politician from the post-revolution generation, lacked personal authority because he was not part of the struggles to establish the PRC. He had also had a relatively short political career, especially in terms of military affairs²¹.

¹⁷ Joseph Fewsmith, *China since Tiananmen: the politics of transition* (Cambridge: Cambridge University Press, 2001), p.31-32.

¹⁸ Ibid, p.28.

¹⁹ Ibid, p.29.

²⁰ Yiu-chung Wong, *From Deng Xiaoping to Jiang Zemin: Two decades of political reform in the People's Republic of China* (Lanham: University Press of America, 2005), p.220.

²¹ Ellis Joffe, "The Military and China's New Politics: Trends and Counter-Trends," in James C. Mulvenon, Richard H. Yang ed., *The People's Liberation Army in the Information Age* (Santa Monica: Rand, 1999), p.26-29. http://www.rand.org/pubs/conf_proceedings/CF145.html

This Chinese political period can be separated into three parts: 1. 1988-1989: Deng's "reform and opening" policies, which he began instituting in 1979, brought not only economic but also political reform; 2. 1989-1992: The demonstrations in Beijing and the Tiananmen incident combined with the intra-party struggles changed the political landscape of China, giving conservatives control of the Politburo; 3. 1992-1994: With Deng's retirement, the PRC turned its focus back to "reform and opening."

(4) Chinese Level II Actor: Intra-Party

Since the establishment of the People's Republic of China in 1949, China's one-party authoritarian regime²² has not changed, despite large-scale demonstrations from protestors demanding more rights in the spring of 1989. During the Tiananmen incident, the communist party of China experienced fierce political struggles between the reformists and conservatives, which led to a shift in national focus. This indicates that intra-party political struggles were the main force in the domestic games during this period.

Though Deng could be considered a political strongman, the principle of collective leadership was established during his era. Political institutionalization was also the main focus of his reform politics. Although Zhao Ziyang's failure made Deng's attempt at institutionalization more difficult (due to the counter-attack of conservatives), the CPC regime (Deng and his reform faction) continued to successfully institutionalize Chinese politics (Kou, 2005). Intra-party factions of this period could be considered one of the most important factors influencing Chinese politics.

Similar to the role of the Kuomintang regime of Taiwan, the main level II actors in China at this time were intra-party factions and individual politicians. Due to the political changes mentioned above, the author thus sets the conservative faction within the communist party of China as the main level II actor between 1989-1992.

In the post-Deng period, conservatives still played an important role within the CPC, the most notable example being the People's Liberation Army (PLA), which had a profound influence on China's leadership and their position regarding Taiwan. Deng Xiaoping was still alive until 1997 but no longer issued directives on foreign policy. Therefore, the highest decision-making unit became the Politburo Standing Committee,

²² There are other political parties within the people's Republic of China, primary among them the "United Front Democratic Parties." However, under the de facto one-party system the communist party of China still holds firm control of the politics of China, and the other eight parties follow the leading position of the CPC.

which again relied on collective decision-making²³. As Jiang Zemin and his successors were not political strongmen like Deng or Mao Zedong, the tendency toward collective leadership became more intense. The leaders had to seek support from the generals of the PLA, because the PLA was key to political stability during the beginning of the post-Deng era.²⁴ Since Jiang Zemin still did not consolidate his political power, especially in terms of military, Deng appointed widely respected military officers such as Admiral Liu Huaqing and General Zhang Zhen to support Jiang.²⁵ In this period it's clear that Jiang curried favor with the PLA when it came to the defense budget, senior officer appointments, and cultivating relationships to consolidate his power²⁶. Therefore the conservatives, especially the Chinese military, should be considered level II actors from 1992 to 1994, especially in terms of high-politics.

The level II actors in both the 1989-1992 and 1992-1994 periods were more ideologically conservative, especially those in power between 1989-1992.

In summary, the level II actors from 1989-1992 were more conservative in both political and economic arenas; from 1992-1994, the level II actors tended to be less conservative, especially toward economic issues. However, because Jiang Zemin needed the support of the PLA, the level I actor of this time period was more radical with regard to Taiwan Strait issues and security concerns in an attempt to fit the preferences of the level II actors.

(5) Cross-strait policy of the United States

Traditionally, the United States tried to maintain the status quo between the ROC and the PRC without direct intervention. In 1979, the United States established an official diplomatic relationship with China. Since that time, the US has maintained “strategic ambiguity” as dual deterrence in order to prevent conflict between Taiwan and China. As the name suggests, the United States will not explicitly state whether the US will

²³ 許志嘉 (Chih-Chia Hsu), “鄧小平時期中共的外交決策模式 (Patterns of Foreign Policy Decision-Making in Deng’s China),” *問題與研究 (Issues and Studies)*, Vol. 37, No. 8 (Aug. 1998), p. 71.

²⁴ 張執中 (Chih-Chung Chang), “兩岸對政治談判的評估及因應策略分析 Bilateral Evaluations of and Tactics in Cross-Strait Political Negotiations,” *問題與研究 (Issues and Studies)*, Vol. 41, No. 1 (Jan./Feb. 2002), p. 39.

²⁵ 寇健文 (Chien-wen Kou), *中共菁英政治的演變: 制度化與權力轉移, 1978-2004 (The evolution of the Chinese elite politics: the institutionalization and power transition, 1978-2004)* (Taipei: Wunan 2005), pp.154-155.

²⁶ Nan Li, “Top Leaders and the PLA: The Different Styles of Jiang, Hu, and Xi”, in Saunders and Scobell ed., *PLA Influence on China’s National Security Policymaking* (Redwood City: Stanford University Press 2015), p.123-125.

come to the defense of Taiwan if China attacks. However, each time the US makes policy regarding its national interests concerning Taiwan and China, that policy is either clarified or made more ambiguous. The US maintained an ambiguous position throughout the mid-90s, but tiptoeing along the ambiguity and clarity scale hasn't always produced the ideal effects.²⁷

Washington encouraged cross-strait development including indirect trade and human interchange in hopes that cross-strait exchanges and the growth of social and economic cooperation might promote political reconciliation²⁸. On the 17th of August, 1982, the Reagan administration signed a communiqué that could be considered unfavorable to Taiwan. They then made “six assurances” to Taiwan to clarify that the status quo would not be changed²⁹. The US consistently opposed change to the status quo whether that change was initiated by Taiwan or China. The US encouraged improvements in cross-strait relations through low-political exchange to reduce tension in the region (which has been present for almost four decades). The US has so far refused to become involved in cross-strait relations as a mediator.

Based on the five points above, the main game structure from 1988 to 1994 could be drawn as follows:

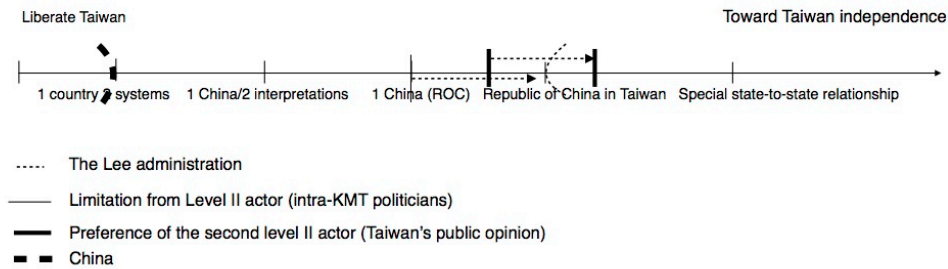
- A. The actors who are relevant to the main game structure discussed in this study are defined by their preferences regarding two issues: cross-strait political status, and views concerning Taiwan's identity. The governments of both Taiwan and China still consider themselves to be the true government of the only China, although President Lee personally leaned in the direction of pursuing independence for Taiwan. After President Lee Teng-hui encouraged localization in his presidency, the preference of Taiwanese level I actors slowly moved toward a vision of “The ROC in Taiwan.” The preferences of the Taiwanese public also slowly moved in the same direction.

²⁷ Richard Bush, “The US Policy of Dual Deterrence”, on Steve Tsang ed., *If China Attacks Taiwan: Military Strategy, Politics and Economics*, (London & New York: Routledge, 2006), p.39-40.

²⁸ *Ibid.*, p.33.

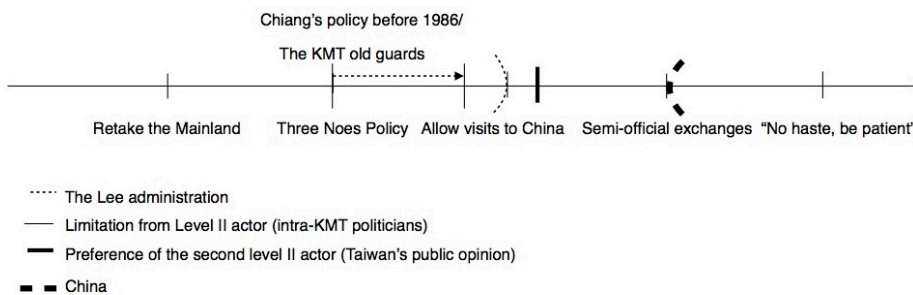
²⁹ The six guarantees formal content was adopted by the US House of Representatives in 2016 comprising the following: 1. We did not agree to set a date for an end to arms sales to Taiwan; 2. We see no mediation role for the United States between Taiwan and the PRC; 3. We will not attempt to exert pressure on Taiwan to enter into negotiations with the PRC; 4. There has been no change in our longstanding position on the issue of sovereignty over Taiwan; 5. We have no plans to seek revisions to the Taiwan Relations Act; and 6. the August 17 Communiqué should not be read to imply that we have agreed to engage in prior consultations with Beijing on arms sales to Taiwan. Source: *H.Con.Res.88- Reaffirm the Taiwan Relations Act and the Six Assurances as cornerstones of United States-Taiwan relations*. <https://www.congress.gov/bill/114th-congress/house-concurrent-resolution/88/text>

Fig. 1.



B. Most of the actors in this period promoted indirect economic and human cross-strait exchanges. Many of the KMT old guard that identified with the “non-mainstream” faction were against contact with the communists. Their preferences could be considered a more conservative approach, sticking close to the old “Three Noes Policy.”

Fig. 2.



2-1-2. Main game structure of the late period (1996-2000)

This time block began with a great deal of tension due to Lee Teng-hui’s visit to the United States. Cross-strait relations during the entire period continued to be quite unstable. Lee’s visit provoked a strong response from Beijing: this formed the 1995-96 Taiwan crisis. The crisis damaged cross-strait relations and strained US-China relations.

Both Taiwanese and Chinese national leaders consolidated their political power during this period. Though cross-strait relations were unstable, the international struc-

ture was steady. The US maintained its position as the world's only superpower, and the international structure of the post-cold-war era held the same pattern as the end of the former time block.

After the third Taiwan crisis, cross-strait relations continued to worsen despite increased economic exchanges, particularly Taiwanese investments (Table 3). The Lee administration proposed a new policy: “No haste, be patient”. This was intended to reduce economic dependence on China due to China's hostility. China halted official connections between the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Straits (ARATS) and began preparation of the second Koo-Wang Meeting. Transactional negotiations between SEF and ARATS began again in 1997,³⁰ and the second Koo-Wang Meeting was held in 1998. These repaired quasi-official channels were once again halted following President Lee's proposal for a “Special State-to-State Relationship” in 1999.

After the third Taiwan Crisis, the United States repaired its relationship with China, and took several measures to try to manage the conflict between Taiwan and China. When Lee proposed his conception of a special state-to-state relationship, pressure was applied not only by China but also by the United States. The instability of cross-strait triangle relations continued even after the first party alternation in 2000.

There was also a large scale worldwide financial crisis in this period: the 1997 Asian financial crisis. In Asia, the financial crisis caused severe damage to the economies of many countries, such as South Korea, Indonesia, Malaysia, Thailand and the Philippines. The financial crisis served to promote regionalism and economic integration in this area, inspiring the ASEAN plus three (China, Japan, and South Korea) and the proliferation of free trade agreements (FTAs) in East Asia. These developments led high-politics in this region to play a more important role because they required state-to-state agreements³¹.

(1) Political environment in Taiwan

In 1995, President Lee's visit to the US provoked a radical reaction from China, which triggered the third Taiwan Crisis. As the crisis reached its end phases, Taiwan

³⁰ 行政院大陸委員會 (Mainland Affairs Council of the Executive Yuan), 兩岸歷次會談總覽 (Overview of cross-strait meetings), <http://www.mac.gov.tw/ct.asp?xItem=60615&CtNode=6184&mp=102> (Sep. 09, 2016)

³¹ Christopher M. Dent, “Taiwan and the New Regional Political Economy of East Asia”, *The China Quarterly*, No. 182 (June 2005), pp. 385-406.

held its first direct presidential election, with President Lee winning the re-election and becoming the first directly elected president of the ROC.

This election was an important milestone in Taiwanese democratization. Lee's victory indicated his consolidation of political power. Two groups of independent candidates (including Lin Yang-kang/Hau Pei-tsun and Chen Li-an/Wang Ching-feng) broke away from the Kuomintang. Lin Yang-kang and Hau Pei-tsun were political rivals of Lee Teng-hui within the KMT. Lee gained 54% of the total votes, which showed that his political lines, especially democratization, were widely supported by Taiwanese voters. The 95-96 crisis is also believed to have been an important factor in Lee's victory. It is even believed to have benefited the DPP in the 1997 local elections³².

By his third term³³, Lee had further consolidated his political power within the KMT; the DPP and KMT's intra-party opposition³⁴ movements still weren't considered to be a threat in terms of major elections. Lee could therefore carry out his agenda without obstruction³⁵. The Lee administration was able to pursue cross-strait policies with more force during this late period. They did not promote further cross-strait exchanges; instead they restricted them, trying to prevent economic dependence on China. By proposing the "special state-to-state relationship" and other policies, the Lee administration emphasized the de facto relationship between the two sides and revealed the preferences of the Lee administration toward Taiwan nationalism.

The preferences of the Taiwanese level I actors could be summarized thus: the position of the Lee administration in the main game was set by its actions and policies in Lee's second presidential term.

(2) Level II actors in Taiwan

In 1994, the presidential elections of Taiwan were decided through direct election. The KMT, as the ruling party, also dominated the Legislative Yuan. The Taiwanese domestic game was thereafter focused on the major elections and public opinion.

³² Czeslaw Tubilewicz, "Cross-Strait Unification Strategies", in Czeslaw Tubilewicz ed., *Critical Issues in Contemporary China* (London & New York: Routledge, 2006), p.243.

³³ Lee's first term as successor of Chiang Ching-kuo was from 1988-1990, his second term was from 1990 to 1996 and the third term was from 1996 to 2000.

³⁴ In this period mainly Lee's former allied: James Soong,

³⁵ Su Chi, the former chairman of the Mainland Affairs Council mentioned that in his second term of presidency, Lee carried out his will without obstruction, and without even engaging in discussion with his cabinet, from the Interview with the Author (Mai 2, 2013).

In the later period of his presidency, Lee Teng-hui experienced continued political struggles within the KMT, this time against James Soong, the Governor of the Taiwan Province. Soong was one of the most important of Lee's allies during the intra-KMT political struggles with the "non-mainstreams." Soong and his team from Taiwan's provincial government became the new definition of "non-mainstreams" in the late 1990s. These later political struggles could not shake Lee's political power. Therefore, the author defines public opinion as the main level II actor for this time period. Similar to the earlier period of Lee's presidency, the opposition party was not a threat to the political power of the KMT in the Legislative Yuan and National Assembly, although the DPP won the 2000 presidential election.

There was a significant change in national identity during this time block. The proportion of people who identified as "Taiwanese" increased (see Table 1.). Attitudes toward the independence-unification issue did not change a lot; however, it is quite clear that the support for "unification" and "no comment" was reduced, while those selecting "independence" and "maintain status quo" increased (see Table 1). A high proportion of Taiwanese people also held the opinion that the Chinese government was unfriendly to Taiwan.

As can be seen in Table 2, the people of Taiwan placed importance on enlarging the international space³⁶ of Taiwan. This phenomenon also supports the idea that "Taiwan as a political entity" is supported by the Taiwanese public.

(3) Political environment in China and Chinese level II actors

As mentioned before, after Deng Xiaoping's retirement in the year 1992, Jiang Zemin became the supreme leader of the Communist Party of China. Due to the form of government, which had been institutionalized by Deng Xiaoping's political reform, the intra-CPC factions or politicians remained the only Chinese level II actor in this period.

Political giants were replaced by a collective leadership comprised of literati that did not have the military experience that the revolutionary leaders of Mao's generation had. Thus, those involved in security policy early in this period were likely to defer to decisions made by the uniformed military³⁷. As mentioned above, Deng placed high-

³⁶ Since the diplomatic defeats during the cold war, Taiwan tried several ways to enlarge its effects in international affairs. For example: more official relations with other countries; rejoin the United Nations; tries for more international participation including join international organization.

³⁷ Richard C. Bush, *The Perils of Proximity: China-Japan Security Relations*, (Washington DC: Brookings Institution Press, 2013), p. 93.

ranking military officers in a position to assist Jiang to control the military; this was his political legacy after his retirement. These officers were the main intra-party political power able to effect Jiang's policy-making toward sensitive high-politics, especially when they involved security and military issues.

The 15th CPC National Congress in the year 1997 indicated the consolidation of Jiang's political power. In the 15th CPC National Congress, the new generation of generals replaced the elder senior generals and Jiang called for reform of the PLA's structure. These actions indicated that Jiang had consolidated his position as the leader of military³⁸. After 1997, the PLA did not enjoy representation in the Politburo Standing Committee, which is the main organization that makes decisions regarding China's Taiwan policy. Despite this, the PLA still found several different channels through which it could stay involved in China's Taiwan policy³⁹. Jiang's theory of "The Three Represents," which was first proposed in the year 2000, was ratified in 2002 at the 16th CPC National Congress. This event also confirmed his authority within the CPC.

However, even though Jiang had consolidated his position as the leader of Chinese military, there were no more political strongmen in China after the death of Deng Xiaoping. This meant the collective leadership still played the highest guiding role in Chinese politics due to Jiang's lack of prestige. Accordingly, Jiang's consolidation of political power reduced the decision-making role and influence of the Chinese military in the Politburo. Jiang still more or less needed the support of the PLA. The main debate in cross-strait politics was a question of "political entities." China would not really make a concession in this area, although the consolidation of Jiang's power might have diminished China's reactions toward Taiwan's cross-strait policies.

By 1998 and 1999, a new round of power transitions had begun in the Chinese government. The 9th National People's Congress elected Hu Jintao, a technocrat hand-picked by Deng Xiaoping to be the successor of Jiang Zemin⁴⁰, to the office of vice

³⁸ David M. Finkelstein, "China's national military strategy", in James C. Mulvenon, Richard H. Yang ed., *The People's Liberation Army in the Information Age* (Santa Monica: Rand, 1999), p.141. http://www.rand.org/pubs/conf_proceedings/CF145.html

³⁹ Bonnie Glaser illuminated ten possible channels through which the PLA can influence China's Taiwan policy: institutional representation, intelligence and research, military procurement, military exercises, official statements, defense white papers and other official documents, media exposure, informal mechanisms, cultural and social exchanges, and military-to-military exchanges with third countries. Source: Bonnie Glaser, "The PLA Role in China's Taiwan Policymaking", op. cit., p.166-189.

⁴⁰ Willy Wo-Lap Lam, *Chinese Politics in the Hu Jintao Era: New Leaders, New Challenges*, (London & New York: Routledge 2006), pp.7-10.

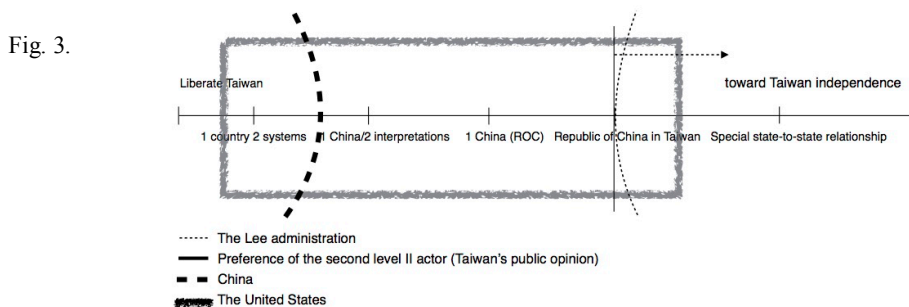
president in 1998 and he became vice chairman of the Central Military Commission in 1999. He later took over as general secretary of the Chinese Communist Party in 2002.

(4) Attitude of the United States toward cross-strait issues

William J. Clinton took office in January 1993 and remained until 2000; unlike his predecessor, the new president of the United States did not pay a great deal of attention to foreign policy. During the period of the Clinton administration, the US confronted China. China was not receptive to American policies. The Clinton administration did not back the legacy of the Bush administration, and it did not express firm ideas about US-China issues.⁴¹ However, the US-China relationship faced several difficulties in this period including human rights issues, most-favored nation treatment from the US to China, and perhaps more importantly the collapse of the Soviet Union. The latter led the US and China to be less important to each other when it came to issues of security⁴².

Clinton experienced a so-called divided government for most of his presidency, beginning with the 1994 mid-term elections. Congress urged the administration to take more pro-Taiwan policies. This had little effect on Taiwan policy. It did, however, encourage the Clinton administration to allow Lee's private visit⁴³.

In summary, the main game structure of the late Lee period could be drawn as follows:



When compared to the beginning of the Lee era, both Taiwanese level I and level II actors shifted toward independence; the position of China stayed relatively moderate.

⁴¹ Nancy Bernkopf Tucher, "The Clinton Years: the problem of Coherence," in Ramon H. Myers, Michael C. Oksenberg and David Shambaugh ed., *Making China Policy: Lessons from the Bush and Clinton Administrations* (Lanham: Rowman&Littlefield, 2001), p. 45-46.

⁴² Lowell Dittmer, "Triangular Diplomacy Amid Leadership Transition," in Peter C. Y. Chow ed., *The "One China" Dilemma*, (New York: Palgrave Macmillan 2008), p.181.

⁴³ Peter Nan-shong Lee, "Jiang Zemin versus Lee Teng-hui: Strained Mainland-Taiwan Relationship," in Maurice Brosseau, Kuan Hsin-chi and Y. Y. Kueh ed., *China Review 1997* (Hongkong: The Chinese University Press: 1997). p.116-117.

2-2. Hypothesis regarding cross-strait games in this era

According to the main game structure, the development of cross-strait relations during this time block shows patterns of the following, which would later be examined in case studies:

- (1) The preferences of the Lee administration's mainland policy are in line with its "main level II actor."

Political struggles within the KMT and democratization were important political issues in Lee's early presidency. As a minority in the KMT, Lee might have followed the preferences of the other mainland cooperators in terms of cross-strait issues; when the domestic game shifted toward major elections, Lee naturally followed the preferences of public opinion.

- (2) It is believed that when there were more political purposes involved in cross-strait issues, it became more difficult to reach cross-strait cooperation.

Due to the huge gaps in ideology across the Taiwan Strait and the zero-sum game involved in independence/unification issues, cross-strait issues with increased political relevance also faced increased chances of rejection from the Taiwanese level II actors to the policy of Taiwanese government.

- (3) Regarding the "double limitation" assumed by the author in the hypothesis of the theoretical framework, the level II actors often influenced the decision-making of the level I actors since the needs of domestic politics are urgently relevant to the level I actor, particularly when related to their political power or an impending power transition. The United States would only be active when a conflict was triggered or the situation seemed likely to escalate.
- (4) After democratization, Taiwanese level II actors might lead the changes in cross-strait relations, while the Chinese level II actor might influence the degree of radicalism in China's reaction.

2-3. Case studies of the Lee Teng-hui era

2-3-1. Early period (1988-1994)

In this section, the author will discuss the cross-strait two-level games during this time block through an analysis of selected cross-strait events.

The cases in this study can be defined as follows: The author focuses on significant issues such as the establishment of semi-official organizations which focused on cross-strait exchanges. This kind of case also includes many small events which normally did not occur at the same time. For example, the establishment of the semi-official organizations actually includes several different events, from the legislative process to the formal establishment of the organization. These events will be discussed as one case in this study.

The following are the cases which the author selected in order to analyze the influences of domestic politics:

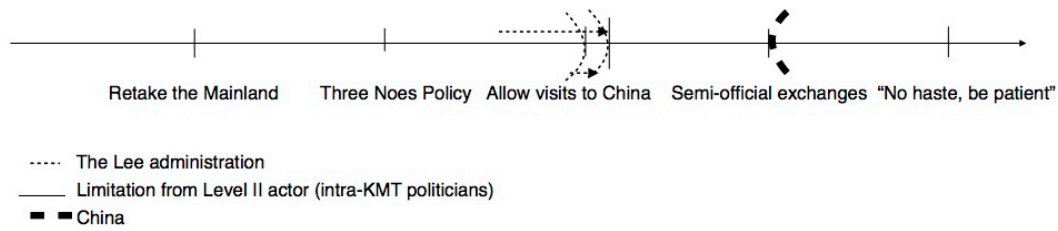
(1) Changes in the KMT/ROC's mainland policy (1988-1991)

After the hijacking incident in 1986, the Taiwanese policy toward the mainland gradually changed. The changes to mainland policy between 1988 and 1991 include the following:

- A. The KMT adopted "Current mainland policies" in its thirteenth national congress (July 1988): the mainland policies of the KMT became more flexible (in terms of political issues, the three noes only existed in governmental contacts⁴⁴). Economic, social and cultural approaches to reclaiming the mainland arose. These approaches also meant a relaxation in cross-strait non-governmental exchanges. As acting president, Lee Teng-hui won the chairman election for congress. During this time, the political struggles between Lee and other KMT politicians also began.

⁴⁴ Linjun Wu, "Limitations and Prospects of Taiwan's Informal Diplomacy," in Jean-Marie Henckaerts ed., *The International Status of Taiwan in the New World Order: Legal and Political Considerations* (London: Kluwer Law International, 1996), p.46.

Fig. 4.



B. The adoption of National Unification guidelines and the establishment of the National Unification Council (1990-1991): After the Wild Lily movement, President Lee assembled a national affair conference (國是會議). Changes to cross-strait relations were one of the main demands of the demonstrators although the conclusions of the conference were mainly related to constitutional reform. Lee hereafter established the national unification council (October 7, 1990) and started to draft national unification guidelines. These guidelines were adopted on March 14th, 1991. The young DPP also joined the development process. The contents of the guidelines were much more specific than the “Current mainland policies” of two years previously. In the National Unification guidelines, several significant principles were emphasized: the two sides across the strait were considered equal political entities; the final unification with China should respect the rights and interests of Taiwanese people, protecting their security and welfare, and ensuring human rights in keeping with democracy and nomocracy. The National Unification Council also set up a three-stage process as the premise of unification. When the three stages were completed, negotiation for unification would be possible. Due to the premise of unification being based on democracy and nomocracy, inclusion of this principle was tantamount to setting up obstacles to the final unification with the communist China.

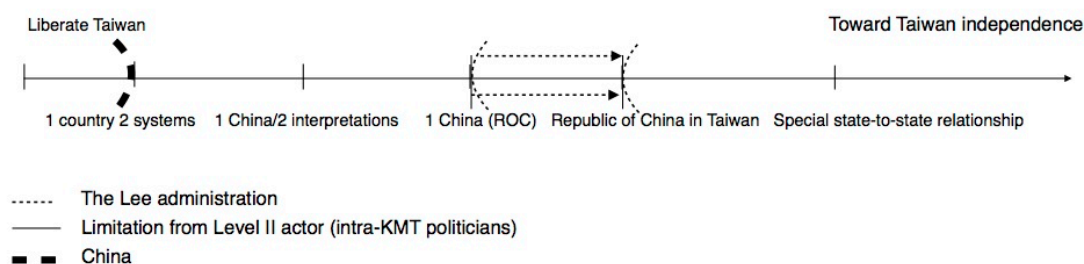
The National Unification guidelines could be seen as a compromise between the mainstream and non-mainstream groups⁴⁵. Although DPP politicians also joined the council, unification was the only end-result proffered by these guidelines. DPP politicians, such as the President Chen Shui-bian⁴⁶, critiqued this feature at a later date. Once

⁴⁵ John Q. Tian, *Government, Business, and the Politics of Interdependence and Conflicts Across the Taiwan Strait* (New York: Palgrave, 2006), p.23.

⁴⁶ Sheng Lijun, *China and Taiwan: Cross-Strait Relations Under Chen Shui-bian* (London: Zed Books Ltd., 2002), p.54.

again the domestic game within Taiwan still consisted of the political struggles between the pro-Lee mainstream and anti-Lee non-mainstream within the KMT party. The Taiwanese win-set took shape under the context of this compromised consensus within the ruling party as shown in Fig. 5.

Fig. 5.



The Fig. 4 which the author also indicated the change of Taiwan's win-set of cross-strait exchanges in this issues since the consensus within the KMT has been build, the KMT decided to allow non-official exchanges with China.

When additional articles were included in the constitution of the ROC in 1991, the ROC government no longer viewed the PRC as a rebel group. The debate regarding the one-China principle would also become the main disagreement between Taiwan and China due to Taiwan's emphasis that the two sides were two equal political entities. The change of win-set could also be described with Fig. 5.

(2) Establishment of authorities and semi-official organizations for cross-strait issues

As mentioned above, the mainland policies of the KMT maintained that the Three Noes policy would govern governmental relationships between Taiwan and China. Although secret chamber meetings and secret envoys were often used in cross-strait negotiations at that time⁴⁷, institutional channels were still needed. As non-political exchange-

⁴⁷ In 1988 and 1989, the Chinese government tried to establish non-official channels through third-party agents to connect with the Lee government. After Lee won the presidential election in 1990, he started to build an informal and personnel communication channel with his Chinese counterparts. These third parties included prominent foreign scholars, Taiwanese businessmen, Lee Teng-hui's trusted aides and even Lee Kuan Yew and Singapore. From Chung-Chian Teng, "Conflict Management in East Asia", in Jacob Bercovitch, Kwei-Bo Huang and Chung-Chian Teng ed., *Conflict Management, Security and Intervention in East Asia: Third-party mediation in regional conflict* (London & New York: Routledge, 2008) p.45-46.

es across the Taiwan Strait became more frequent, the need for dedicated organizations for cross-strait exchanges also emerged. The National Unification guidelines that applied to the first stage of cross-strait interactions included the establishment of these kinds of agencies.

In November 1987, the Executive Yuan established a task group called “the Inter-Agency Mainland Affairs Committee” to deal with related affairs. This served only as an informal organization. In 1990, the Organization Act was proposed and it was passed in the beginning of 1991. The Mainland Affairs Council was established on 28th January, and it was to become the main body of the Taiwanese government responsible for cross-strait affairs. Its Chinese counterpart, the Taiwan Affairs Office of the State Council, was formed early in 1988.

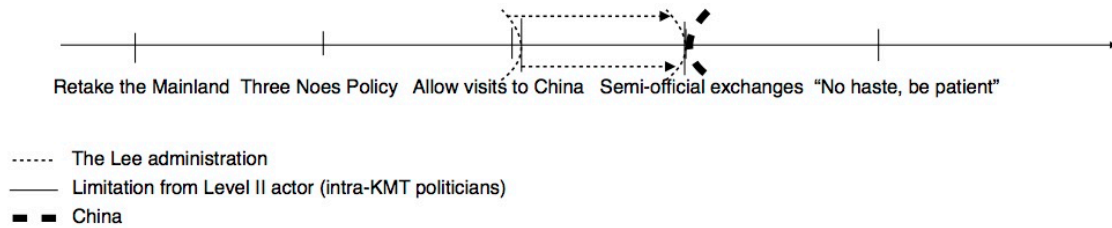
Semi-official organizations were also established during this time. In March 1991, the Strait-Exchange Foundation (SEF) was established and played a role as the only intermediary body functioning in cross-strait relations. The competent authority was the MAC of the Executive Yuan. In December of that year, the Association for Relations Across the Taiwan Strait (ARATS) was also established by China as a counterpart to interact with the SEF.⁴⁸ As was already mentioned above, Taiwan’s win-set involved the promotion of cross-strait non-political exchanges (in the field of low-politics). China’s attitude toward this issue is that it would also establish similar organizations in order to handle Taiwan affairs, although Chinese politics were still controlled by the conservatives who took power after the Tiananmen incident. Compared with the period before the incident, it seems that China did not make many policy changes toward cross-strait issues.

The win-sets of Taiwan and China obviously overlapped regarding this issue. Consensus could be reached in cross-strait relations at that time, namely toward practical issues.

In this case, the win-sets of the two sides toward political issues could be seen as follows:

⁴⁸ Strait Exchange Foundation, “History of the SEF.”
<http://www.sef.org.tw/ct.asp?xItem=48843&CtNode=3987&mp=300>

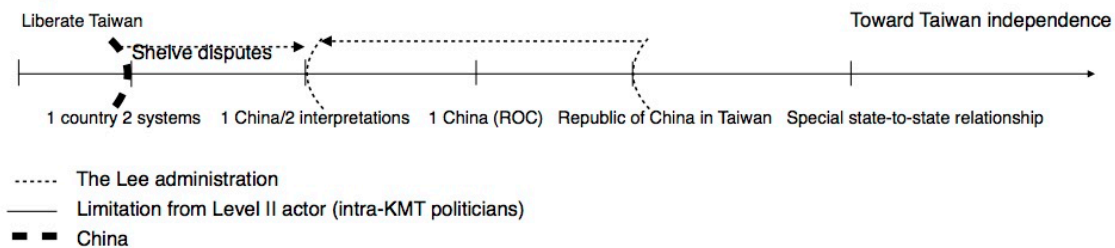
Fig. 6.



(3) The 1992 Hongkong Meeting, the Koo-Wang Meeting and the “Consensus” on one-China

Although Taiwan’s mainland policies attempted to restrict cross-strait interactions to non-political issues, politics are difficult to avoid. For this reason, the Koo-Wang Meeting⁴⁹ (and a series of pre-operations and pre-meetings) was one of the most important events influencing cross-strait issues during this time block. In this case, the win-sets of the two sides toward political issues could be seen as follows:

Fig. 7.



On 8th January 1992, ARATS invited the SEF to visit Beijing in an effort to enhance communication and exchange opinions with regard to cooperation between the two quasi-official organizations. In August of that year, Wang invited Koo to arrange a meeting between the two chairmen. The same year, from 26th to 29th October, SEF and ARATS held a pre-meeting in Hong Kong. According to a previous requirement from China, the one-China principle had to be on the agenda. However, because “One China” was interpreted quite differently by Taiwan and China, and because China demanded that its definition of “One China” should be written into the agreement, no conclusion could be reached in that meeting. After an exchange of several messages, ARATS decided to

⁴⁹ From April 27-29, 1993, a meeting between SEF chairman Koo Chen-fu and ARATS Chairman Wang Daohan took place in Singapore. This was the highest level cross-strait negotiation since 1949. Four agreements were signed in order to promote non-high-political exchanges and to handle maritime/fishing issues. From MAC <http://www.mac.gov.tw/public/Data/042314455371.pdf>

make a concession and agreed that the one-China principle could be agreed upon verbally, and that the details could be negotiated later, even if China's stance was consistently against the statement of "two entities" as was supported by Taiwan⁵⁰. Both sides did not dispute the one-China principle and the Koo-Wang Meeting was held in Singapore in 1993.

In this case, the win-sets of Taiwan and China did not overlap. Resolution of this conflict was put off through a dispute-shelving approach. This approach allowed the Koo-Wang Meeting to continue. Since then, the "92 consensus" has become a major debate in Taiwan: Was any consensus ever reached in 1992 after the Honking Meeting? At least in this case, the win-sets of both sides temporarily enlarged and thus conclusion was reached at the Koo-Wang Meeting.

It seems that the zero-sum nature of cross-strait relations didn't really influence the establishment of semi-official organizations and cross-strait meetings in this period. The win-sets between Taiwan and China even overlapped to some degree during the meetings in Hong Kong and Singapore. The pragmatic dispute-shelving approach was a crucial factor in completing the meetings, but the sub-game is still seen as zero-sum game. Both sides insisted on their own "one China policy."

(4) Policy of "pragmatic diplomacy"

Although shelving the dispute regarding the one-China principle allowed the Koo-Wang Meeting to proceed, the disagreement was not resolved. Another battlefield of the one-China principle was diplomacy. Taiwan longed for more international relationships, namely international spaces, and this became another source of cross-strait confrontation⁵¹. Lee's active promotion of pragmatic diplomacy also triggered the third Taiwan crisis in 1995/1996.

After the avalanche of diplomatic defeats starting in the 1970s, the foreign policy of the Chiang Ching-kuo administration turned defensive; it no longer held the rigid attitudes of the Chiang Kai-shek period. The new foreign policy was called "flexible diplomacy." In general, the Chiang administration paid more attention to domestic issues, while the international profile of Taiwan was maintained through trade and informal relations. Only 13 countries maintained official diplomatic relationships with Taiwan by

⁵⁰ Mainland Affairs Council, CHRONOLOGY (1992), <http://www.mac.gov.tw/ct.asp?xItem=67748&ctNode=6605&mp=3> (11.09.2009)

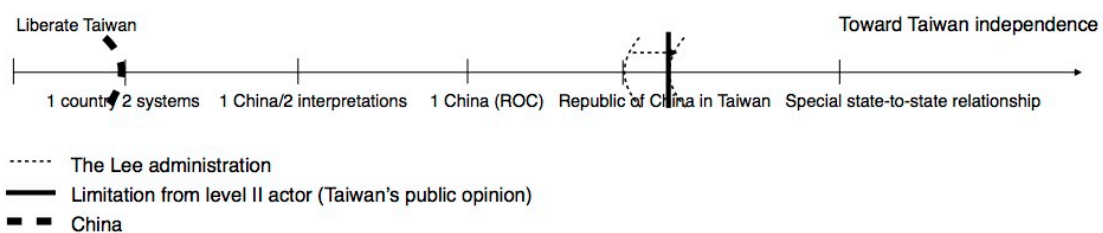
⁵¹ From 1988 when President Lee took office until the end of the Chen Shui-bian period, namely 2008.

the end of the Chiang era.⁵² Lee Teng-hui followed Chiang’s foreign policy but with more flexibility and more acknowledgement of the political reality. This pragmatic diplomacy was similar to his response to the Taiwanese public; Lee separated Taiwan and China into two political entities and focused on informal ways to participate in international affairs⁵³.

Cross-strait exchanges increased through the third Taiwan crisis, although several incidents held serious sway over Taiwanese public opinion, especially the Thousand Island Lake Incident⁵⁴. Taiwanese investment in China grew heavily in the early 1990s, growing to several times its size at the beginning of cross-strait exchange.⁵⁵ However, Taiwanese public opinion (Table 2) confirmed a desire to improve foreign policy and enlarge international space.

Lee’s foreign policy to promote his “pragmatic diplomacy” and also to emphasize that “Taiwan and China are two equal political entities” could be seen as a shift in the Lee administration’s win-set. They turned away from China’s expectations, especially when compared with Chiang Ching-Kuo’s era. The intensity of China’s reaction depended on diplomatic issues. The more diplomatic gains Taiwan made, the more radically China reacted. The diplomatic activities of Taiwan normally involved issues of Taiwan’s national status, which caused fierce reactions from China.

Fig. 8



⁵² Jie Chen, *Foreign Policy of the New Taiwan: Pragmatic Diplomacy in Southeast Asia*, (Cheltenham: Edward Elgar, 2002) p.6.

⁵³ Kwei-Bo Huang, “Taiwan’s foreign policy and international space,” in Gunter Schubert ed., *Routledge Handbook of Contemporary Taiwan* (London & New York: Routledge, 2016), p.465.

⁵⁴ The Thousand Island Lake incident occurred on March 31, 1994. Twenty-four Taiwanese tourists, 2 tour guides and 6 Chinese ferry crewmen were killed in a robbery in Qiandao (or “Chientao,” Thousand Island) Lake; the incident was believed to be due to hostility between Taiwan and China associated with the Tiananmen incident. From: Shelley Rigger, “Trends in Taiwan: A Political Perspective,” in Bih-jaw Lin and James T. Myers ed., *Contemporary China in the Post-Cold War Era* (Columbia: University of South California Press, 1996), p.157.

⁵⁵ In 1988, Taiwanese investments in China were approximately US \$420 m capital, 335 cases; in 1994, that number rose to US \$5520 m capital and 5602 cases. By mid-1994, approximately 15000 Taiwan-invested factories and establishments were in China, with US \$4 billion in new investment under contract from the first five months in 1994. Source: Xiangming Chen, “Taiwan Investments in China and South-east Asia: “Go West, but Also Go South”,” *Asian Survey*, Vol.36, No. 5 (May 1996), pp. 449-451.

2-3-2. Late Period (1995-2000)

(1) Lee's visit to the US, and the 1995-96 Taiwan Crisis

The 95-96 crisis shows that the zero-sum feature of cross-strait political issues and possible escalation continued to develop under Lee's pragmatic diplomacy. In 1995, President Lee traveled to the United States and delivered his famous speech at Cornell University, his alma mater. The visit was a part of Lee's pragmatic diplomacy, which continued the diplomatic policy of the Chiang Ching-Kuo era. This trip infuriated China and triggered the third Taiwan Crisis. This action seriously damaged cross-strait relations which had been positively building somewhat steadily since the end of the 1980s (despite the frustrations of 1994).

Before Lee's US Visit, Jiang Zemin delivered his "Eight-Point Proposal" on 30th January 1995. In this speech, Jiang again announced that China firmly adhered to the one-China principle and opposed Taiwan's attempts to expand its international space⁵⁶. A few months later, Lee Teng-hui answered Jiang with his statement of "Lee's Six Points" on 8th April 1995, which emphasized the peaceful exchange and the de facto separation across the Taiwan Strait.⁵⁷ When President Bill Clinton took office in 1993, the US took a relatively moderate stance on Taiwan policy. As a result of pressure from the US Congress and Taiwan's lobbying efforts, the Clinton administration allowed Lee Teng-hui's visit to the US.

The speech that Lee made at Cornell University during his visit aroused serious objection in China. In addition to strong protests and warnings to the US, China also issued a series of rhetoric and military threats against Taiwan. In late 1994, China had already performed several military exercises in the Taiwan Strait; this time, China re-deployed their missile forces so that their range encompassed all of Taiwan. China adopted this two-pronged strategy in response to Taiwan's pragmatic diplomacy. After Lee's visit to Cornell, China announced an intent to begin missile tests in regions near Taiwan in July 1995.

China's military exercises during this crisis can be divided into two stages. The first stage spans from July 1995 to the end of that year, and the second includes the large-scale maneuvers beginning in March 1996. After the first missile tests and exercises, China announced that they would be performing a second exercise in August. In the second half of 1995, China held large-scale exercises and military demonstrations in the

⁵⁶ Taiwan Affairs Office of the State Council PRC, Jiang Zemin's Eight-Point Proposal, http://www.gwytb.gov.cn/en/Special/Jiang/201103/t20110316_1789198.htm

⁵⁷ Sheng Lijun, *China's Dilemma: The Taiwan Issue*, (London: I.B. Tauris 2001), p.105.

Yellow Sea, which coincided with Taiwan's legislative election on 2nd December. Thus, these exercises had a dual purpose: to demonstrate China's military power and to use the official Chinese media to warn separatists and protest Lee's invitation to the US and the US violation of the Three Communiques. The other purpose was to disrupt Taiwan's legislative election.

A missile test and two other large-scale military exercises in March 1996 presented another attempt to interfere with Taiwan's elections, this time a presidential election (23rd March).

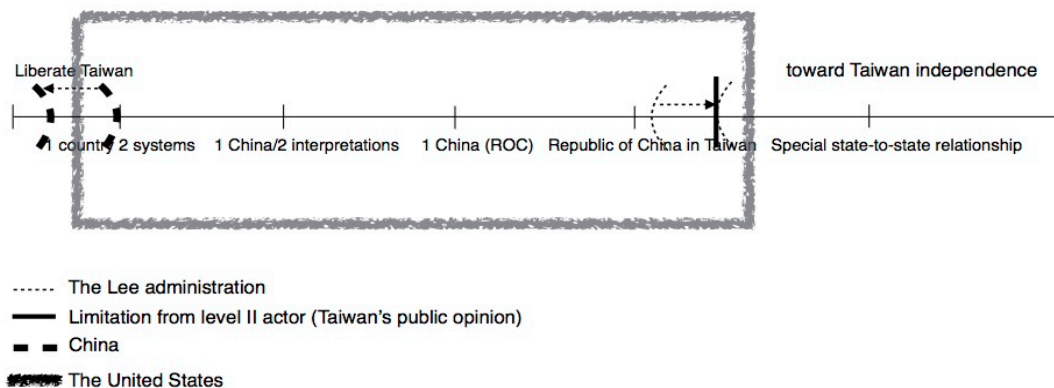
Early in the crisis, the US made only mild responses to China's aggressive actions. However, as the scope of China's military exercises grew, the US response was increasingly firm in order to prevent escalation of the conflict. Finally, in March 1996, when China conducted more missile tests in an attempt to disrupt Taiwan's presidential election, the US dispatched two aircraft carrier battle groups to the Taiwan Strait for direct intervention. During the second stage, the US responded more intensely. In addition to taking a firm stance towards Chinese officials, they also deployed carrier battle groups into the Taiwan Strait to monitor China's military exercises and control the situation. After the two battle groups entered the strait, the US did not intensify their response, and China's military exercises began to taper off⁵⁸. By the end of March, China's various military maneuvers had ended, and Taiwan's presidential election was successfully completed.

The interactions among China, Taiwan, and the US during the third Taiwan Crisis show that each country had their own set of domestic political situations to consider. Taiwan's pragmatic diplomacy and efforts to rejoin the international community had provoked strong discontent in China since Lee took office, whereas the US Congress pressured the administration to support Taiwan, despite the fact that a non-binding resolution couldn't actually offer substantial support to Taiwan.

The win-sets in this case could be drawn as follows:

⁵⁸ 徐子軒 (Lucian T. H. Hsu), “不理性的平衡？－重新審視美國在 1995-96 年間台海危機的軍事干預行為 (Irrational Balancing? – The Review of the US Military Intervention during the 1995-96 Taiwan Strait Crisis),” *東吳政治學報 (Soochow Journal of Political Science)*, Vol. 27, No. 1 (2009), pp. 155-198.

Fig. 9.



The importance of international space could be found in Table 2. Most Taiwanese people felt that developing foreign relationships and international participation was more important than cross-strait relations. Although Lee’s pragmatic diplomacy became one of the causes of the cross-strait military conflict, in 1998 over 60% of the Taiwanese public still supported pragmatic diplomacy, while less than 20% opposed it. Around 60% of Taiwanese people preferred to develop foreign relationships even if it would cause tension across the Taiwan Strait. In other aggressive diplomatic goals, over 80% of the Taiwanese public wanted Taiwan to become a member state of the United Nations again.

Not long after the US announced their consent to Lee’s visit, China’s Ministry of Foreign Affairs proclaimed that cross-strait relations and the second Wang-Koo summit would not be affected. Yet twenty days later, they canceled the second Wang-Koo summit and began implementing rhetoric and military threats. It has therefore been speculated that in addition to waiting for reactions from Taiwan and the US, the leaders in Beijing were also pursuing internal consensus during this twenty-day period⁵⁹.

Both level II actors played significant roles in this event. The US limited both China and Taiwan; however, China’s aggressive action moved across the red line, which resulted in China being pulled back by the United States. Lee’s pragmatic diplomacy gained wide support from the Taiwanese people even after the conflict. Therefore, this line of Taiwanese foreign policy continued developing in Lee’s presidency.

(2) Lee’s policy of “No Haste, Be Patient”

⁵⁹ Chen-Yuan Tung, Beijing Still Awaiting Response from Taipei, *Lianhe Zaobao* (August 6, 1999). <http://www3.nccu.edu.tw/~ctung/Documents/a69.doc>

The economic relationship across the Taiwan Strait grew progressively from the 1980s onward. Taiwan's economic dependence on China increased rapidly, as Taiwanese investments in China grew to several times their original size within a few years⁶⁰ (Table 3). Yet hostility from China continued, so the Lee administration also began to promote its "southern" policy⁶¹, which encouraged investment in Southeast Asia.

After the 95-96 crisis, Lee proposed his new direction in cross-strait policy which he called "No Haste, Be Patient" on 14th September 1996. This was an attempt to reduce the movement of Taiwan's capital to China. Similar conceptions could be tracked back to late 1994, when the Lee administration tried to encourage Taiwanese investments in Southeast Asia in order to prevent increased political pressure from the Chinese government, made possible through Taiwanese investment. The Thousand Island Lake incident may have boosted the KMT government's campaign⁶².

Lee's policy of "No Haste, Be Patient" mainly restricted the investments of high-tech firms, which represented capital of more than 50 million US-dollars and infrastructure projects. This policy was not only based on concerns of economic dependence and security but also because of public opinion. A survey in September 1996 revealed that around 50% of respondents believed that the economic exchanges and Taiwanese businessmen were used by the Chinese government to pressure the Taiwanese government into making concessions that would hurt the Taiwanese economy⁶³. Lee's policy faced opposition not only from business leaders but also from the public.

The opinion poll indicated that, for the most part, the Taiwanese public supported Lee's policy to slow down economic exchanges with China in 1996; however, from 1997 many Taiwanese people began to believe that the policy of "No Haste, Be Patient" should be more revised (see Table 5). Table 5 also shows that the Taiwanese public opinion kept its concerns of the possible negative effects from the economical exchange-

⁶⁰ The proportion of Taiwan's investments in China was 9.51% of all investments in 1991; in 1992, the proportion grew to 21.78%. From 1993 to 2001 almost every year saw investments of more than 30%, and in 2001 the proportion went over 50%, in 2010 it grew to 81.24%. Source: 中華經濟研究院 (Chung-Hua Institution for Economic Research), "投資趨勢分析與研究: 臺商對外投資趨勢變化及影響研究——以大陸投資為例" (Investment Trend Analysis and research: research on changes in Taiwanese businessmen's foreign investment trends and the effects of these changes - the case of investments in China), 經濟部投審會 (Investment Commission of the MOEA) (2013).

⁶¹ In 1993, ROC government began promoting investment in Southeast Asia in order to reduce the risk of investments in China and to extend the political influence of Taiwan.

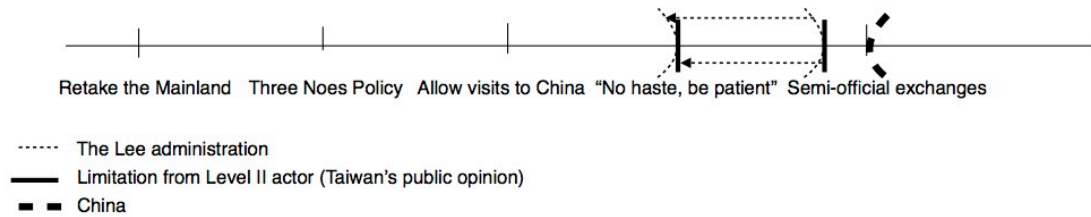
⁶² Shelley Rigger, loc. cit.

⁶³ Mainland Affairs Council, Public opinion toward the issues related on cross-strait economic exchanges, <http://www.mac.gov.tw/public/mmo/mac/tab6.htm>

es with China. Taiwan people’s attitude of economical exchanges became gradually diverge.

Changes to Taiwan’s win-sets in terms of economic exchange are illustrated in the following figure:

Fig. 10.



(3) Proposal of “Special State-to-State Relationship”

In 1998, tensions in the cross-strait triangle relationship were gradually reduced. Both the Taiwan-China and US-China bilateral relationships were improved through the second Koo-Wang Meeting and Clinton’s visit to China. Yet cross-strait relations faced another crisis the following year. On 9th July 1999, in an interview with Deutsche Welle, President Lee defined cross-strait relations as “a state-to-state relationship, or at least a special state-to-state relationship” (also called “the two-state theory”). This provoked a great uproar in all three main actors: China began vehemently criticizing Lee within two days, Wang Daohan⁶⁴ was planning to visit Taiwan, but Jiang canceled the visit two weeks after Lee’s comment. Moreover, all semi-official exchanges and visits by China’s Taiwan affairs officials were suspended until Taiwan’s presidential election in March 2000. Cross-strait relations were again strained, along with military tension.

China did not engage in large-scale exercises near Taiwan as they had during the third Taiwan crisis. This time, the primary approach was written attacks and psychological warfare which were published by China through Hong Kong media⁶⁵. China’s written attacks subsided a little after the 921-earthquake hit Taiwan, but in October, news regarding the Chinese military was frequently disseminated in Hong Kong media. These articles introduced China’s military power, analyzed tactics for invading Taiwan, and publicized the PLA’s resolute opposition of the two-state theory. Although China also

⁶⁴ Wang was still the chairman of ARATS at that time.

⁶⁵ 童振源 (Chen-Yuan Tung), *台灣的中國戰略: 從扞從到平衡* (Taipei: Showwe, 2011), p.26.

conducted several military exercises before Taiwan's presidential election, the scope of the threat to Taiwan was not as serious as it was during the missile crisis⁶⁶.

As Sino-US relations eased after the 95-96 crisis, the US began engaging in preventive diplomacy. The US restated to Taiwan that they would hold firm to the Three Noes policy announced during Clinton's visit in Shanghai⁶⁷ and asked Taiwan to clarify Taipei's intentions. The US swiftly conveyed to Beijing that they did not support Taipei's position. They not only sent officials to Beijing to explain the US position several times but Clinton also contacted Jiang via the hotline. The US even held back on sending air defense military experts to Taiwan so as not to complicate the situation. Congress expressed views contradicting those of the administration, while the media reported both support and opposition for Taiwan's two-state theory⁶⁸.

In 1998, US congress passed a series of resolutions demanding that the US President urge China to abandon the use of force even in the form of threat of force⁶⁹. After Lee's proposal, Congress passed a resolution which not only urged China to abandon the use of force but also to stipulate that when Taiwan's presidential election was to be held in March 2000, the US administration should assist Taiwan in defense against Chinese threats or attacks⁷⁰. Despite these resolutions, the US administration maintained the three pillars of their policy (one China, peaceful resolution, and cross-strait dialogue) and put pressure on Taipei to comply. Recalling the 1995-96 crisis, the decision of armed intervention was made before Congress passed the resolution. These facts indicate that the US's cross-strait policies were still shaped by the White House and the State Council instead of Congress⁷¹.

Lee Teng-hui could no longer continue in office through the next presidential election⁷². As highlighted in the literature review, the timing of the power transition played

⁶⁶ The missile tests in 95-96 crisis were conducted extremely close to Taiwan and amphibious landing maneuvers were performed near Taiwan's outlying islands.

⁶⁷ U.S. President Bill Clinton reiterated in Beijing on 30th June that the U.S. did not support independence for Taiwan, or "one China, one Taiwan", or "two Chinas", or its membership in any international bodies whose members are sovereign states. <http://www.china-embassy.org/eng/zmgx/zysj/kldfh/t36241.htm>

⁶⁸ Cheng-Yi Lin, "「特殊的國與國關係」之後美國對台海兩岸的政策 The US's Cross-Strait Policies Following the Proposal of Special State-to-State Relationship," 「展望跨世紀兩岸關係」學術研討會論文集 *Proceedings of Cross-Strait Relation Prospects in the New Century Academic Seminar* (1999), pp. 108-111. http://politics.ntu.edu.tw/psr/?post_type=Chinese&p=2545

⁶⁹ These resolutions are: 1. S. Con. Res. 107 (July 10, 1998); 2. H. Con. Res. 301 (July 20, 1998); 3. H. Con. Res. 56 (March 23, 1999) and 4. S. Con. Res. 17 (April 12, 1999). Source: Ibid, p.121.

⁷⁰ H. R. 2415 (July 21, 1999), Source: Ibid, p.121.

⁷¹ Ibid, p. 121.

⁷² The President of the Republic of China could only be re-elected for one time. Lee Teng-hui had three terms of presidency because of the first term (1988-1990) was only as successor of Chiang Ching-Kuo.

a crucial role in the cross-strait two-level games, and Lee's statement of a "state-to-state relationship" was widely believed to be a major step to consolidate his legacy in terms of China Policy. The Democratic Progressive Party gained significant benefits from this incident in the 2000 presidential election⁷³. President Lee had absolute power within this time block, with no rivals either in his party or anywhere else in Taiwan. Thus, Taiwan's internal games at this time were focused on the next power transition (the presidential election) and public opinion, although political struggles still existed within the KMT. The "two-state theory" was originally developed by an ad-hoc team which also participated by Tsai Ing-wen in 1998. Lee commissioned the group to examine the question of Taiwan's sovereignty and cross-strait relations⁷⁴. The discussion and decision-making did not originate within his cabinet, but only from Tsai's group⁷⁵. This event indicates that the win-set of Taiwan's level I actor may not have been in agreement with the preferences of the KMT. In terms of level II actors, surveys of Taiwanese public opinion indicated that the majority of the public supported Lee's statement even after Lee's retirement (see Table 4).

1997 was a significant year for China's internal relations. After the death of Deng Xiaoping, Jiang Zemin consolidated his own political power at the 15th CPC National Congress. These events may have influenced the decision-making of the Jiang administration, making it less aggressive.

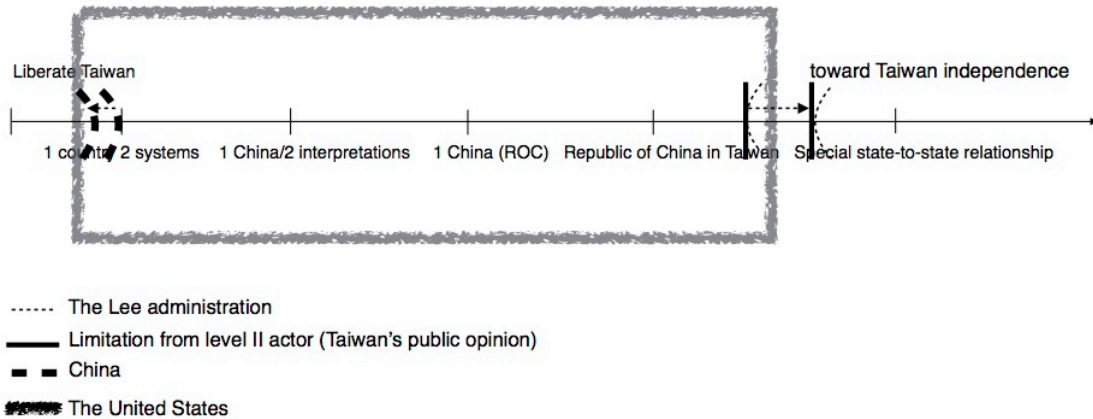
This case again demonstrates the role that the United States plays as a limiter in the cross-strait two-level triangle game structure. Lee's statement was accepted in Taiwanese public opinion, and public opinion was the only level II actor within Taiwan in this period. Therefore this move, made within the win-set of the Lee administration, was not restricted by Taiwanese level II actors. With the exception of preventive diplomacy, the US administration also took a moderate stance in foreign policy toward China. Though Taiwan actively attempted to change the status quo, the US restricted the action of Taiwan and prevented China from moving across the red line. China responded with a lesser military threat but this may have been because the military had less influence with the Politburo of China than it did in the former time block.

⁷³ Jih-Wen Lin, op. cit., p.21.

⁷⁴ Nancy Bernkopf Tucker, *Strait Talk: United States-Taiwan Relationship and the Crisis with China*, Cambridge: Harvard University Press (2009), p.240.

⁷⁵ From the same interview with Su Chi as Footnote 45. (Mai. 2, 2013)

Fig. 11.



2-4. Lee Teng-hui era: A cross-strait relationship led by the needs of Taiwan's domestic politics?

“Whatever the people desire is always in my heart” (民之所欲常在我心) was the most famous line from President Lee Teng-hui’s speech at Cornell University on 9th June 1995. Re-examination of the political events in the Lee era confirms Lee’s words, at least from the time he began the democratization process and the struggle against the non-mainstreams. The influence of the needs of domestic politics on his cross-strait policies seems obvious. From his securement of political power in the KMT, Lee’s policies represented his personal stance as well as the preferences of most people in Taiwan. This is evident in polls regarding Taiwanese identity. It’s also evident when examining the tables presented in this chapter; there are clear preference changes. After adopting the “Resolution on Taiwan’s future” on 7th-8th May 1999, the DPP also gained more votes in the presidential election. Dittmer (2008) believed that both sides across the Taiwan Strait preferred to engage in cross-strait conflicts for the benefit of domestic constituencies rather than serious negotiations. The developments do demonstrate that conflicts across the Strait indeed benefited the Lee administration in major elections. It’s worth noticing that even though Taiwanese identity and preferences toward Taiwanese independence increased in this period, the majority of the Taiwanese people still preferred maintaining the status quo. In other words, the KMT and DPP both moved to a moderate stance in order to maximize votes. This phenomenon is evident when examining in the developments of this period.

As the author assumed in the theoretical framework, the other level II actors in the cross-strait triangle relationship did not play as important a role as the Taiwanese level

II actor when it came to decision-making. It is, however, difficult to measure the influence of the Chinese level II actor, namely the intra-party faction, especially the military. China's reaction toward Taiwan's actions tended to be less aggressive when Jiang Zemin consolidated his political power and position as leader of military. However, after Lee Teng-hui's 1999 statement regarding the special state-to-state relationship, China still held several military exercises, even though their main approach was media attacks. The preventive diplomacy of the United States also reduced the extent of China's reaction. In short, while China's less aggressive reaction may have been related to Jiang's consolidation of political power, it is difficult to verify the cause of China's less aggressive reaction to the second incident. As Glaser (2015) claimed, there is no evidence that the PLA has ever acted in contradiction to orders from the Chinese Communist Party.

These cases indicate that the US Congress did not exert heavy influence on US cross-strait policies made between 1988 and 2000, even if the US Congress played a significant role in allowing Lee's visit. However, after Lee's visit, the US congress did pass several pro-Taiwan resolutions, though the US administration did not change its cross-strait policies. The cross-strait policies of the US administration were fine-tuned to manage the possible conflict, but their stance was consistent. The US offered a strong reaction to the 95/96 crisis. This might be based on the Clinton administration's lack of familiarity with cross-strait relations.

In 1999 the US mainly restricted the actions of Taiwan; however its preventive diplomacy also reduced the chance of conflict escalation, thus also limiting China's responses. While the Chinese military might have reacted radically during the 95-96 crisis, the Chinese level II actor limited the actions of the Jiang administration. In Taiwan, Lee's policies were accepted by the Taiwanese public; therefore the limitations were mainly external. The disagreement between Taiwan and China regarding the one-China principle had never been resolved. Shelving the debate proved a useful approach to promote negotiations, but only on low-political issues.

In conclusion, the changes in cross-strait relations in this era could be said to have been mainly led by the needs of the Taiwanese level II actors. Radical attempts or actions were restricted by an external limiter - the United States - and the whole political relationship was therefore kept stagnant. The most important Taiwanese level II actor soon shifted from the intra-KMT politicians to the Taiwanese public due to democratization. Lee's proposal for a "special state-to-state relationship" revealed how domestic politics might effect cross-strait relations because President Lee became focused on the 2000 presidential election. An examination of Taiwan's public opinion on low-political

issues with China indicate the paradoxical attitudes of the Taiwanese people after the “honeymoon period.” The Taiwanese public harbored concerns about the negative effects of cross-strait exchanges on national security and the economy but they also sought the economic benefits that came from a closer relationship with China. Regionalism and economic integration might also have enhanced both the expectations and concerns of the Taiwanese people because of Taiwan’s tenuous position in the international arena.

Table 1: Changes of Taiwanese national identity/Trend of Unification/Independence issue⁷⁶

(1) Taiwanese National Identity (1992-2000)

Unit: %

Year	Taiwanese	Chinese	Both Taiwanese and Chinese	Non Response
1992	17.6	25.5	46.4	10.5
1994	20.2	26.2	44.6	8.9
1995	25.0	20.7	47.0	7.3
1996	24.1	17.6	49.3	9.0
1997	34.0	19.2	41.4	5.3
1998	36.2	16.3	39.6	7.8
1999	39.6	12.1	42.5	5.8
2000	36.9	12.5	44.1	6.5

(2) Unification/Independence issue (1994-2000)

Unit: %

Year	Unification as soon as possible	Maintain status quo, move toward unification	Maintain status quo, decide at later date	Maintain status quo indefinitely	Maintain status quo, move toward independence	Independence as soon as possible
1994	4.4	15.6	38.5	9.8	8.0	3.1
1995	2.3	19.4	26.3	15.6	8.1	3.5
1996	2.5	19.5	30.5	15.3	9.5	4.1

⁷⁶ Source: 臺灣民眾臺灣人/中國人認同趨勢分佈 (Trend Distribution of the identity of Taiwan People toward Taiwanese/Chinese) (since 1992/6), 國立政治大學選舉研究中心 (Election Study Center of the National Chengchi University), <http://esc.nccu.edu.tw/course/news.php?Sn=166#>

1997	3.2	17.3	30.5	16.3	11.5	5.7
1998	2.1	15.9	30.3	15.9	1.5	5.7
1999	2.2	15.2	30.9	18.8	13.6	4.7
2000	2.0	17.4	29.5	19.2	11.6	3.1

Table 2: Cross-strait relations and foreign relations as prioritized by public opinion⁷⁷

*= when the two are in conflict with each other

Survey Date	1994/2	1994/4	1994/7	1994/10	1995/6*	1995/6	1995/7*	1995/7*
Priority to develop cross-strait relations	19.1	13.8	20.7	13.7	18.0	7.5	54.4	32
Priority to develop foreign relations	30.2	44.2	40.0	31.6	45.0	35.2	24.6	39
Equal priority to both	26.1	26.9	13.3	36.6	15.0	43.8	-	10
No comment	24.7	15.1	25.7	17.9	22.0	13.5	21.0	19
Survey Subjects	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public

⁷⁷ Data source: Mainland Affairs Council, Executive Yuan, Republic of China, Comprehensive Analysis of the public opinion toward mainland policy and cross-strait relations, <http://www.mac.gov.tw/public/Attachment/97711164340.htm>

Survey Date	1995/7	1995/7	1995/11	1996/2	1996/3	1996/8	1997/2	1997/2
Priority to develop cross-strait relations	37.7	14.6	18.8	14.1	17.9	23	17.9	20.4
Priority to develop foreign relations	56.2	42.7	28.2	29.3	29.5	35.3	38.6	39
Equal priority to both	-	20.8	16.2	43.7	41.2	38.3	37.3	22.3
No comment	6.1	21.9	37	12.8	11.2	3.4	6.2	18.3
Survey Subjects	Taiwanese businessmen in China	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public

Survey Date	1997/8	1998/3	1998/4	1998/5	1998/7	1998/9	1998/10	1999/3
Priority to develop cross-strait relations	22.5	30.2	15.3	25.8	25.6	19.7	20.4	25.2
Priority to develop foreign relations	30.8	46.1	26.4	28.9	29	38.9	37.8	29.3
Equal priority to both	43.8	-	49.1	28.8	23.6	20	23.3	19.8
No comment	2.9	23.8	9.2	16.5	21.8	21.4	18.5	25.7
Survey Subjects	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public	Taiwanese public

Table 3: Taiwanese investments in China (until 2000)⁷⁸:

Unit: US\$ million, %

year	Data approved by Ministry of Economic Affairs, Republic of China	Official Data from People's Republic of China.
1991	237/ 147.16	3446/ 2783/ 844/ 30.33 (including data before 1991)
1992	264/ 246.99	6430/ 5543/ 1050/ 18.94
1993	1262(8067)/	10948/ 9965/ 3139/ 31.50
*	1140.37 (2028.05)	
1994	934/ 962.21	6247/ 5395/ 3391/ 62.85
1995	490/ 1092.71	4778/ 5777/ 3162/ 54.73
1996	383/ 1229.24	3184/ 5141/ 3475/ 67.59
1997	728(7997)/ 1614.54(2719.77)	3014/ 2814/ 3289/ 116.88
*		
1998	641(643)/ 1519.21(515.41)	2970/ 2982/ 2915/ 97.75
*		
1999	488/ 1252.78	2499/ 3374/ 2599/ 77.01
2000	840/ 2607.14	3108/ 4042/ 2296/ 56.81

* Figures in () are lagged reports.

⁷⁸ Source: 兩岸經濟統計月報 (Cross Strait Economic Statistics Monthly) 1991-2000, Mainland Affairs Council, <http://www.mac.gov.tw/lp.asp?CtNode=5720&CtUnit=3996&BaseDSD=7&mp=1>

Table 4: Taiwanese public opinion toward Lee’s statement of the “special state-to-state relationship”⁷⁹

Date	Survey Result	Survey Unit	Object/ Number of Samples
7.10.1999- 7.11.1999	Agree: 48.9% Disagree: 29.6% No opinion: 21.6%	United Daily News	Taiwanese Public/ 1012
7.12.1999	Agree: 56.1% Disagree: 22% Don’t know: 21.9%	TVBS Center of opinion survey	Taiwanese Public/ 814
7.13.1999- 7.14.1999	Agree: 60.9% Disagree: 26.6%	Sun Yat-Sen Institute of Policy Research and Development	Taiwanese Public/ 800
7.14.1999- 7.15.1999	Agree: 43% Disagree: 18% Don’t know: 20%	Focus Survey Research	Taiwanese Public/ 1029
7.14.1999- 7.15.1999	Agree: 73.3% Disagree: 17.3% Don’t know: 9.4%	Survey Center of Trendgo consultant Co.,Ltd.	Taiwanese Public/ 1103
7.15.1999	Agree: 45.9% Disagree: 26.5% No opinion: 27.6%	United Daily News	Taiwanese Public/ 843
7.16.1999- 7.17.1999	Agree: 55.2% Disagree: 23.4%	Opinion Survey Foundation	Taiwanese Public/ 1009
7.17.1999- 7.18.1999	Agree: 57.3% Disagree: 27.5%	Central Policy Committee of Kuomintang	Taiwanese Public/ 1376
7.19.1999- 7.20.1999	Agree: 78.4% Disagree: 15.3	Business Weekly	Taiwanese Business Managers/ 587

⁷⁹ Source: 八十八年民眾對兩岸是「特殊的國與國關係」的看法 (Public opinion regarding the “special state-to-state relationship” in 1999), Mainland Affairs Council, <http://www.mac.gov.tw/public/Attachment/9771117977.htm>

	No opinion: 6.3%		
7.23.1999- 7.24.1999	Agree: 55.8% Disagree: 24.1% No opinion: 20.1%	United Daily News	Taiwanese Public/ 995
8.5.1999	Agree: 81.8% Disagree: 13.6% No opinion: 4.6%	Far Eastern Economic Review, ABC Asia (US broadcaster)	Taiwanese business elites
8.5.1999- 8.6.1999	Agree: 54.7% Disagree: 24.5%	Focus Survey Research	Taiwanese Public/ 1130
8.27.1999- 8.31.1999	Agree: 65.5% Disagree: 24.8% No opinion: 9.7%	Mainland Affairs Council of the Executive Yuan, ROC	Taiwanese Public/ 1067
9.14.1999- 9.15.1999	Agree: 54% Disagree: 23.6% No opinion: 22.5%	United Daily News	Taiwanese Public/ 1065

*A opinion survey from 8.24.2000 to 8.25.2000 by Democratic Progressive Party Taipei Chapter (Survey Center of Trendgo consultant Co.,Ltd.) indicated that 50.7% respondents agree that the cross-strait relationship is “special state-to-state relationship”, 27.7% “Normal state-to-state relationship”.⁸⁰

⁸⁰ 八十九年民眾對兩岸關係定位的看法 (Public opinion on the definition of the cross-strait relations in 2000), Mainland Affairs Council, <http://www.mac.gov.tw/public/Attachment/97710224480.htm>

Table 5. Summary of Taiwan’s public opinion toward Lee’s policy of “no haste, be patient”⁸¹

Year	Summary of the Public opinion
1996	<ol style="list-style-type: none"> 1. China might influence Taiwanese politics through the economic issues. 2. Taiwan’s investment in China might damage the development of the Taiwanese economy. 3. Supported Taiwan government to slow down the investment of large companies in China.
1997	<ol style="list-style-type: none"> 1. Taiwanese government should restrict the investment of large companies in China more tighter. 2. Still concerned about the investment in China would damage Taiwan’s economical development. 3. The investment in China increased too fast and too concentrated, but agreed the economical exchanges will help economic development of Taiwan. 4. The policy of “no haste, be patient” should be revised, but approbated when the policy limited mainly on infrastructure and hi-tech industry.
1998	<ol style="list-style-type: none"> 1. Concerned that the Taiwanese economy might controlled by China though the cross-strait exchanges. 2. The policy of “no haste, be patient” should be revised, relaxed or even be cancelled. 3. Still approbated to limit the investment in China on hi-tech industry, and limit the investment amount.
1999	<ol style="list-style-type: none"> 1. The opinion surveys indicated the opinion toward the policy “no haste, be patient” became more diverge. 2. Still approbated the details of restrictions such as limit of investment amount, to ban the investments on hi-tech industry and infrastructure.

⁸¹ Compiled by the author. Source: Annual comprehensive analysis report, Mainland Affairs Council, <http://www.mac.gov.tw/lp.asp?CtNode=6333&CtUnit=3934&BaseDSD=7&mp=1>

Year	Summary of the Public opinion
2000	<ol style="list-style-type: none"> 1. Opinion surveys before the Chen Shui-bian take office (May 20, 2000) still tend to restrict the investment more tighter, but approbate to sign investment protection agreement with China. 2. After Chen took office, public opinion changed attitude: more respondents approbated to allow the Chinese investment in Taiwan; Surveys from the Kuomintang indicated that the respondents tended to relax the policy of “no haste, be patient.” 3. Economic development of China might overtake Taiwan.

Chapter 3: Cross-strait two-level triangle game in the Chen Shui-bian period (2000-2008)

“Where are the landmines in terms of China's rise and the United States?

“I would say Taiwan. Taiwan is one. It's probably the biggest.¹”

On December 10, 2004, Richard L. Armitage, the Deputy Secretary of State of the United States suggested that Taiwan was the biggest “landmine” in terms of China’s rise and relations with the US. These words are perhaps the most representative commentary on the US stance during the Chen Shui-bian period.

On March 20, 2000, Chen Shui-bian won the second direct Presidential Election and became the tenth President of the Republic of China. This was the first change in ruling party that Taiwan experienced since 1949, when the Kuomintang regime retreated from China to Taiwan.

The DPP was established in 1986, and this young opposition party soon became the biggest challenger to the dominant Kuomintang. Leadership in the KMT was split in 2000, a rift that allowed Chen Shui-bian to defeat both the KMT and ex-KMT candidates. Chen Shui-bian soon faced a grim political situation, with both external and internal threats: hostility from China and the DPP’s minority in the Congress. This minority existed throughout the presidency of Chen Shui-bian, causing serious confrontations between the ruling party and the pan-blue opposition. Cross-strait relations fell to freezing point during this era.

Chen’s 2000 campaign might have benefited from several factors. These include not only the factors described in Chapter 2, such as Lee’s policy and the DPP’s change of cross-strait policy, but also the separation of the Kuomintang² and China’s threats shortly before the election³. Compared with the late Lee Teng-hui period, the beginning of Chen’s term demonstrated a more moderate attitude toward cross-strait relations. The political relationship across the Taiwan strait was less tense between 2000 and 2002.

¹ “Interview with Charlie Rose on PBS,” Richard L. Armitage, Deputy Secretary of State, Washington, DC, December 10, 2004 <https://2001-2009.state.gov/s/d/former/armitage/remarks/39973.htm> (December 20, 2004)

² As one of the most powerful KMT politician, after the political struggles against Lee Teng-hui James Soong left the Kuomintang to run the 2000 presidential election independently.

³ Shortly before the 2000 presidential election, there were several warnings from Chinese senior officials, including President Jiang Zemin and Prime Minister Zhu Rongji, that Taiwan should not seek independence, or if Taiwanese voters choose wrong candidate they would regret it.

However, this tranquil state of affairs did not last long. President Chen proposed the conception of “one country on each side” in 2002, a move that inspired strong protests from China. The cross-strait relationship once again hit freezing point. The political situation between Taiwan and China continued to worsen until 2008, though China did not react as radically to Chen’s actions as in the Lee Teng-hui period. The United States played a more active role to prevent a change in status quo.

Despite cross-strait political struggles during the Chen Shui-bian period, Taiwan’s economic dependence on China increased to new heights. The Taiwanese public pushed for more relaxed economic policies to improve trade with China. Taiwan’s continued attempts to enhance its political autonomy did not dampen efforts to enjoy the economic benefits that came with a close relationship with China. China, Taiwanese opposition parties, and Taiwanese level II actors thus committed to strengthen the economic ties between the two states.

Taiwanese level II actors were an important factor in cross-strait interactions in the Chen Shui-bian era. Both Taiwanese and Chinese level I actors also focused on the political benefits gained through the Taiwanese domestic games. Because the policies of the Chen Shui-bian administration influenced the stability of cross-strait relations, the United States often exerted pressure on the Chen administration. It could even be said that the United States exerted more pressure on the Chen administration than China.

3-1. Main game structure of the cross-strait triangle in the Chen Shui-bian era

Cross-strait relations between 2000 to 2008 were marked by a series of confrontations. In addition to Taiwan’s presidential elections in 2000, 2004 and 2008, China also experienced a power-transition between 2002 and 2005, when Hu Jintao gradually ascended party ranks, eventually taking Jiang Zemin’s position. China’s economic growth increased during this time block, its national power growing with its rising economy.

In terms of the overall international environment, the terrorist attacks on September 11, 2001 changed the global strategy of the United States. The US launched its Global War on Terror, expending massive resources. With long wars in Afghanistan and Iraq, the US needed support from its traditional allies, but also sought support from China. Asia Pacific regionalism was also a significant phenomenon during this period: as men-

tioned in Chapter 2, the 1997 Asian financial crisis led to regionalism and economic integration in the Asian Pacific. This new cooperation took the shape of the “ASEAN plus three” (APT), and Free Trade Agreements (FTAs, mostly bilateral)⁴. The world-wide FTA trend could be tracked back to the early 1990s; however FTAs came to East Asia in the late-1990s⁵.

(1) Chen administration as Taiwan’s level I actor

Unlike the former Lee administration, the new DPP government faced a major disadvantage in the Legislative Yuan. The Taiwanese government was divided throughout the Chen Shui-bian period⁶.

As mentioned in the previous chapter, the DPP adopted a moderate mainland policy with its “Resolution on Taiwan’s future.” In the beginning the Chen administration also took a moderate attitude toward its relationship with the opposition party due to its lack of power in the legislature. In order to pacify the Kuomintang, the former minister of defense, Tang Fei⁷ was chosen by Chen Shui-bian as his first premier. Many appointees in the cabinet were also from the KMT, other parties or even independents⁸. Despite these concessions, political struggles with opposition parties were still fierce, with the KMT opposing the Chen administration at every opportunity⁹. The confrontations between the ruling DPP and the KMT continued escalating, with Tang Fei resigning on October 6, 2001. The cabinet was also reshuffled to become a minority cabinet. This political phenomenon continued throughout the Chen administration.

In the beginning of the Chen Shui-bian era, the preferences of the Chen administration toward foreign affairs were similar to those of the Lee Teng-hui era, because Chen Shui-bian had appointed several politicians who had also participated in the foreign affairs of the Lee Teng-hui era. These included Tien Hung-mao and Tsai Ying-wen¹⁰.

⁴ Christopher M. Dent, *op. cit.*, pp. 385-386.

⁵ Christopher M. Dent, *East Asian Regionalism: second edition* (London & New York: Routledge, 2016), p. 175.

⁶ In a divided government the administration and the majority of the legislative belong to different political parties.

⁷ Tang Fei (1933-) was a retired air force general before he became the minister of defense. He is also a member of the Kuomintang.

⁸ Shelly Rigger, *From the opposition to power: Taiwan’s Democratic Progressive Party*, (Boulder: Lynne Rienner Publishers, 2001), p. 208.

⁹ *loc. cit.*

¹⁰ Tien Hung-mao was a member of the National Unification Council and National Policy Advisor in the Lee era. In the Chen Shui-bian era Tien became Chen’s first Minister of Foreign Affairs (May 20, 2000-February 1, 2002); Tsai Ying-wen was one of Lee Teng-hui’s policy advisors and became Chairman of

However, as mentioned in the previous chapter, it is widely believed that Lee Teng-hui's statement of the "special state-to-state relationship" was an attempt to strengthen the affection of his political legacy after retiring. Moreover, the DPP's cross-strait policy was relatively moderate; according to Chen Shui-bian's "Four Noes and One Without"¹¹ policy in his inauguration speech, the Chen administration only demonstrated a very limited preference toward independence. Even Lee's 1999 statements were more strongly in favor of independence.

Prior to the year 1999, the DPP took the position as "radical independents" in Taiwan's political spectrum, allowing Lee Teng-hui to capture the median voters. This was also a factor that helped Lee to victory in the 1996 presidential election. When the DPP adjusted to a more moderate stance after 1999, the Taiwan Solidarity Union (TSU) was established in 2001 to represent more stringent pro-independence views¹². However, the calm existed only until the year 2002 when Chen stated his conception of "two countries on each side." Since then, the Chen administration once again veered toward promoting Taiwan consciousness, seeking for more international participation and thus causing severe diplomatic confrontations with China¹³.

Developments in cross-strait relations during this period suggest that the Chen administration had turned back to the DPP's old pro-independence identity. Chen's proposals regarding cross-strait political issues grew more and more radical throughout this period.

Thus, we can describe the position of the Chen administration in the main game structure of this time block as follows:

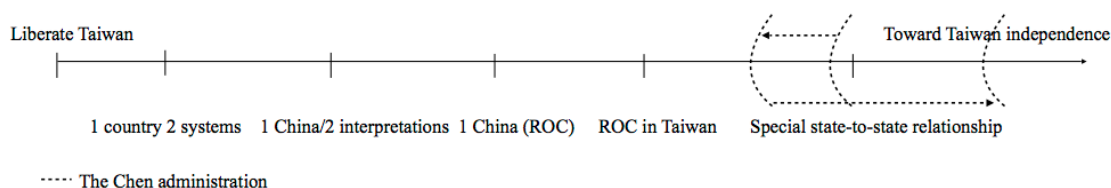
the Mainland Affairs Council in Chen Shui-bian's first term of presidency (May 20, 2000- May 20, 2004). Tsai won the presidential election in January 2016, becoming the 14th President of the Republic of China.

¹¹ In his inauguration speech Chen stated that in his presidency he: 1. would not claim Taiwan independence; 2. would not change the name of the state; 3. would not push to put the special state-to-state relationship into constitutional amendments; 4. would not push the referendum of independence/unification issues to change the status quo and 5. without the abolishment of the National Unification Guideline and National Unification Council.

¹² The Taiwan Solitary Union was founded on April 12, 2001. This party holds Lee Teng-hui as its spiritual leader. Politically the TSU focused on establishing de jure independent Taiwan. There was also a radical pro-independence party founded before the establishment of the TSU: the Taiwan Independence Party (TAIP). Most of the main members had broken away from the DPP. However, due to internal disagreements and a lack of large-scale support from the Taiwanese public, the TAIP was soon **marginalized**.

¹³ Since 2002, the Chen administration pursued the so-called "confrontation diplomacy" or "scorched-earth diplomacy" (烽火外交, Fenghuo Waijiao), perhaps because of the frustration of cross-strait communication, miscallation or naive understanding of international responses and/or the garnering supports from the pan-green camp for 2004 presidential election. Source: Kwei-Bo Huang, "Taiwan's foreign policy and international space," on Gunter Schubert ed., *Routledge Handbook of Contemporary Taiwan*, London and New York: Reouledge (2016), p.466.

Fig.1



Taiwanese level I actors moved gradually toward their “old” position. As Chen’s retirement drew nearer, his administration took a more radical position on cross-strait issues.

(2) Taiwanese level II actors: pan-blue oppositions, public opinion/elections

In the Chen Shui-bian era from 2000 to 2008, opposition parties and public opinion could be considered the major domestic actors. Due to the fierce political struggles between the Chen administration/DPP and the opposition parties, the opposition parties had unprecedented importance in the Taiwanese domestic games.

The DPP is known for its intra-party factions; however, after developments in the 1980s and 1990s these were integrated into just three factions. During Chen Shui-bian’s presidency, the struggles between the factions were temporarily reduced thus the intra-party reform of the DPP¹⁴. Therefore, the Taiwanese level II actors in the Chen period were focused on the struggles between the administration/legislature and the development of Taiwanese public opinion.

A. Dominant oppositions in Legislature: pan-blue coalition

Due to several internal struggles in the Kuomintang from the end of the 1980s until the retirement of Lee Teng-hui, the political power of the Kuomintang decreased in the

¹⁴ After Chen Shui-bian took office in 2000, the DPP legislators formed a meta-faction in order to support president Chen, including the biggest two factions at the time: Chen Shui-bian’s “Justice Alliance” and Frank Hsieh’s “Welfare State Alliance” although the administration and the DPP party could still not synchronize. In 2002, the DPP launched an internalization effort (including Chen Shui-bian serves as party chair) to solve the problem. Source: Shelly Rigger, *op. cit.*, p.73. and Shelly Rigger, “The Democratic Progressive Party: From Opposition to Power, and Back Again, in Wei-Chin Lee ed., *Taiwan’s Politics in the 21st Century: Changes and Challenges*, (Singapore: World Scientific, 2010), pp.55-56.

Chen Shui-bian era, especially when James Soong and his followers broke away from the KMT before the presidential election of 2000. However, the election was not really a DPP victory in the true sense. Due to Chen's victory was based on the separation of the KMT¹⁵ and thus had not really shaken the political power of the pan-blue coalition.

The Kuomintang, the New Party and James Soong's People First Party (PFP) was described as the unofficial pan-blue coalition. Although the DPP became the dominant party in the Legislative Yuan after the 2002 election, the pan-blue coalition still dominated parliament throughout Chen's presidency and thus caused great conflicts between the administration and legislature. As a result of this disadvantage to the ruling party, the non-ruling parties became important opposition forces in the Chen period.

The political struggles between the Kuomintang and the Democratic Progressive Party were fierce since the democratization that marked the end of the 1980s. These political struggles became more serious when the DPP took power after the year 2000. Every issue in the Legislative Yuan could become a battlefield for the crucial struggles between the pan-blue coalition and pan-green coalition¹⁶. The most significant confrontations between the two camps could be said to be arms sales from the US and the dispute regarding a fourth nuclear power plant on the island¹⁷. Although the Taiwan Solidarity Union replaced the New Party (NP) as the 4th biggest political party in Taiwan and the most important ally of the DPP, the pan-blue coalition still held tight control of the legislature.

The preferences and ideologies of the pan-blue parties also shifted. After Lee Teng-hui left the Kuomintang, Lien Chan no longer emphasized Lee's conception of a special state-to-state relationship¹⁸; furthermore, the KMT began to repair its relationship with China, advocating cross-strait exchanges (especially the Three Links) and again moving toward the ultimate goal of reunification. As mentioned in Introduction, shortly after the

¹⁵ Although Chen gained 39.3% votes in the 2000 presidential election, the pan-blue candidates gained in total 59.9% votes (James Soong: 36.8%, Lien Chan: 23.1%). The percentage of votes indicated that the pan-blue parties still gained the supports of majority in the year 2000.

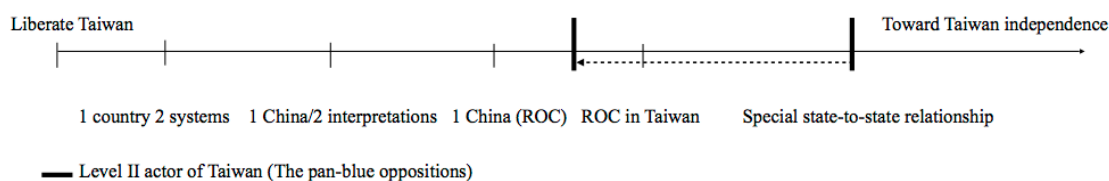
¹⁶ This phrase was used to describe the political parties in Taiwan which shared a similar identity and demands with the DPP after the 2000 presidential election. These parties were the Taiwan Solidarity Union (TSU) and other much smaller pro-independence parties.

¹⁷ The details of the arms sale are given later in the paper. The arms sale package caused fierce confrontations in the Legislative Yuan from 2004 (when it was budgeted) to 2007 and little of the package was accepted by the Legislative Yuan. The debates regarding a fourth nuclear power plant continue to the present day.

¹⁸ The Kuomintang's defeat in the 2000 presidential election marked the first time the party lost its ruling power in Taiwan. Many KMT supporters blamed this on the chairman of the KMT at that time: Lee Teng-hui. Lee's leaving caused not only the establishment of the TSU (the party was formed by Lee's supporters from both the KMT and DPP) but also the negation of Lee's line.

2000 presidential election, the controversial “1992 (or just 92) consensus” was reawakened by Su Chi, the former chairman of MAC. Originally, the term referred to the unwritten understanding made between Taiwan and China during the 1992 Hong Kong meeting. Su imbued the term with the feel of “one-China with respective interpretations”, making it a more relaxed version of the “one-China policy.” The “1992 Consensus” soon became a core tenet of the KMT’s new China policy. The transformation of the KMT’s policy route wasn’t smooth sailing. China wouldn’t accept Lien’s proposal for a Chinese confederation, because a confederation would give Taiwan more political status than China’s “one-country, two-system” policy, Thus strictly speaking the KMT’s mainland policy under Lien wasn’t much different than that of his predecessor. The PFP (the other pan-blue party) espoused a similar mainland policy as the KMT, while the NP took a much more radical route toward reunification with China (e.g. the idea that China’s “one-country, two-system” policy could be negotiated)¹⁹. The following figure illustrates the preferences of the pan-blue opposition, mainly the policies of the KMT and PFP:

Fig. 2



B. Elections and Public opinion: a divided people

During the Lee Teng-hui era, with the development of democratization, the identity of the Taiwan people also changed rapidly. Through the opinion poll we could find that when Chen Shui-bian took office in 2000, the political attitude of Taiwan people toward two most indicative issues changed great: About the issue of Unification - Independence, the support rates of both pro-independence options and maintain the status quo growth significantly. On the other hand, the Pro-Unification options became obviously more and more unpopular, especially after Chen Shui-bian took power. The identity issues of Taiwanese-Chinese also indicated similar tendency but the consciousness of self-identification as “Taiwanese” and “both Taiwanese and Chinese” increased even earlier. (see figure 3 and 4 below)

¹⁹ Gunter Schubert, “Taiwan’s political parties and national identity: the Rise of an Overarching Consensus,” *Asian Survey*, Vol.44, No.4 (Aug. 2004), p. 540

Fig.3²⁰

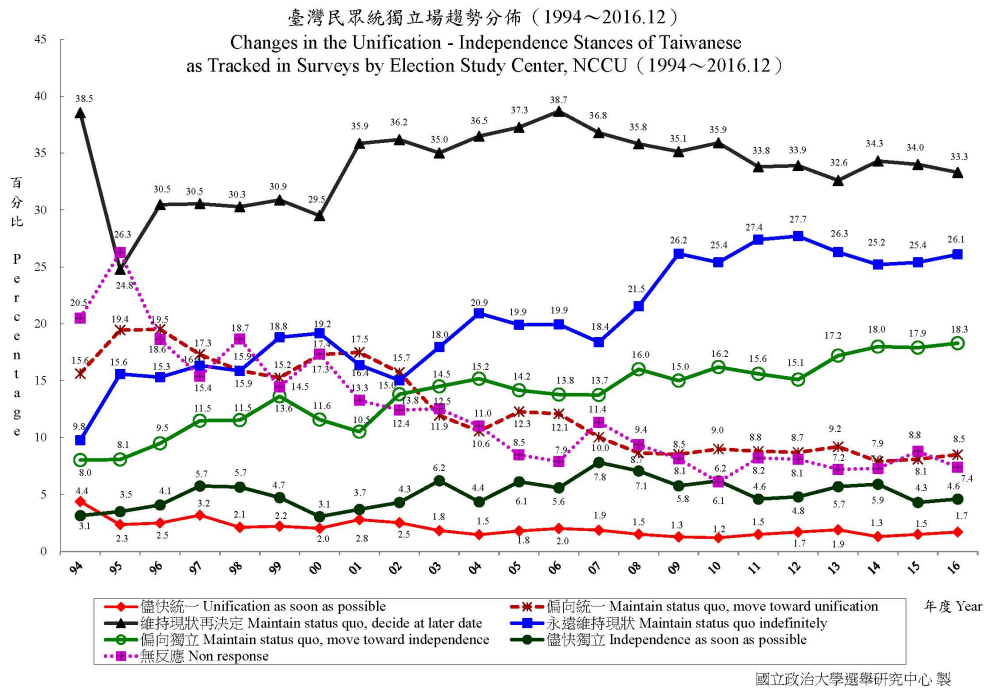
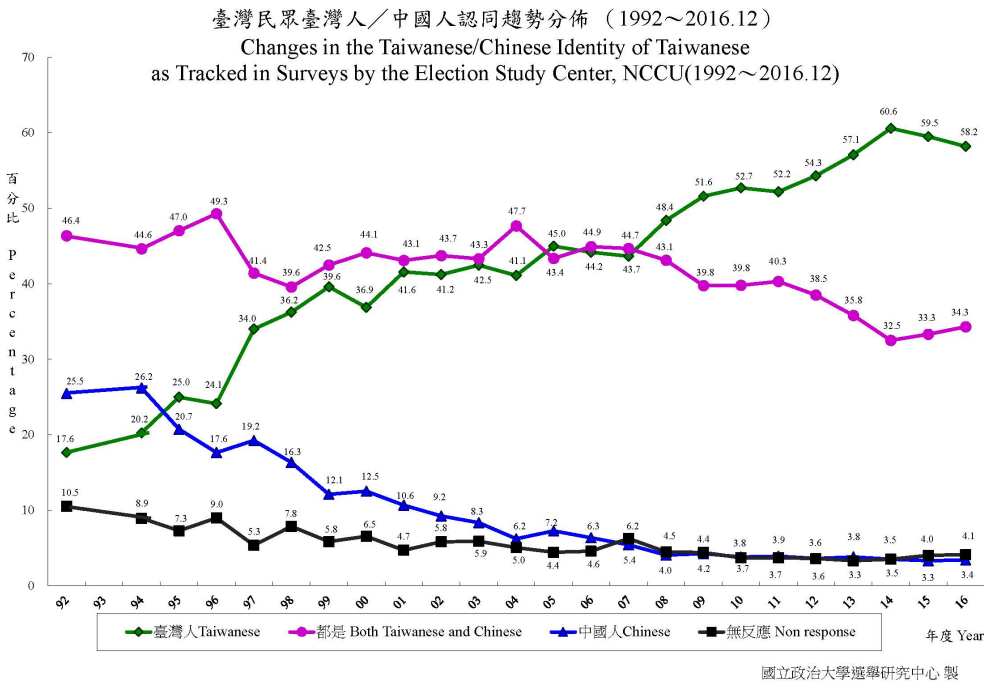


Fig.4²¹



²⁰ Source: Election Study Center of National Chengchi University, "Trends in Core Political Attitude among Taiwanese," <http://esc.nccu.edu.tw/course/news.php?class=203>

²¹ Ibid.

As we mentioned in the previous chapter, Taiwan longed for increased international recognition for decades, both in government and society. China did not support the development of a Taiwanese identity. Moreover, the Taiwanese people have long considered China as a threat. Opinion polls indicate that many Taiwanese people feel that hostility from China is not only directed at Taiwan's government but also at the Taiwanese people. The percentage of Taiwanese people who think that China is hostile remains high (see Table 1). In sum, a considerable percentage of Taiwan's population is ideologically opposed to China's stance.

Despite these opinions, Taiwan's people desire the economic benefits that can be gained from cross-strait exchanges. Opinion polls from the end of the 1990s show that many Taiwanese people agreed to relax limitations on Taiwan's investments in China, although Taiwanese people also expressed concern about the possible threats brought by economic exchanges and Taiwanese enterprises in China. In addition, the struggles between Taiwan's two political camps also led the public to become more divided. In the late Lee period, social class was found to be a factor influencing political identity and preferences. The opinion polls summarized by the MAC in the late 1990s indicated that Taiwanese businessmen tended to support relaxing limitations on investments in China more than the average Taiwanese. This is not a surprise when we review the development and growth of Taiwanese investments in China since the late 1980s to the end of the 1990s.

In short, as a key level II actor in this period from 2000 to 2008, the Taiwanese public was divided along the lines of their preferred political camp. They were also plagued by a paradox: they were seeking economic benefits while still longing for more international participation and political advancement. Although many Taiwanese people agreed that the government should relax Lee's "No haste, be patient" (NHBP) policy, Taiwanese businessmen were more active supporters of cross-strait exchanges than the general public.

(3) China: Hu-Wen administration - harmonious society and peaceful rise

In the beginning of this period, China was also in a phase of power-transition. As we described in Chapter 2, Hu Jintao was elected as the successor of Jiang Zemin at the end of the 1990s. In this chapter, we discuss the power-transition in China that took place throughout the 2000 to 2008 period.

Jiang Zemin and his Shanghaibang²² (Shanghai faction) dominated political power in the People's Republic of China until November 15, 2002, when Hu Jintao became the new General Secretary of the Central Committee of the Communist Party of China at the 16th National Congress of the CPC. The succession of Hu in 2002/2003 could be seen as the formal power-transition of the CPC. Hu and his premier Wen Jiabao, who took office on March 16, 2003, lead the Hu-Wen administration from 2003 to 2013, and represented the fourth generation of Chinese leadership.

In the first two years of the Hu-Wen administration, Jiang Zemin still had significant influence in Chinese politics, as Jiang was still the head of the military until 2004/2005²³. The power transition was truly completed in 2005. Before the Hu-Wen administration consolidated their political power, Jiang and his Shanghai faction still held strong influence in Chinese politics, especially within the military. Jiang Zemin transferred his political position gradually to Hu Jintao, causing the leadership of China to go from a unipolar configuration (Jiang Zemin) to duo-polar (Jiang and Hu) then once again to unipolar (Hu Jintao)²⁴. The political power of the post-revolution leaders was institutional, namely derived from their duties. The nature of the factional politics of China therefore changed, and the struggles for power became “peaceful” non-zero-sum competitions. This institutionally powered leadership could not make large-scale reform. In this sense, Hu's reforms could be considered cautious and conservative, and the progress that took place during his administration was not rapid, but gradual (Kou, 2006).

The selection of political cadres in the CPC was established by Deng Xiaoping's political reform at the end of 1970s²⁵. Hu Jintao was a technocrat directly appointed by Deng Xiaoping due to his career in Tibet in 1989, the Hu Yaobang factor²⁶, and also

²² An informal faction of politicians of the PRC who were promoted from Shanghai and led by Jiang Zemin. The Shanghaibang hold several positions in the Politburo and the central leadership.

²³ In China, there are two military high commands: The Central Military Commission of the CPC and Central Military Commission of the PRC. “The party commands the gun (military)” is the basic principle behind China's military system. Therefore, the Central Military Commission must be considered to be the highest military command de facto. Hu became the chairman of the former on September 19, 2004; on March 1, 2005 Hu also took power as the chairman of the latter and the power transition from Jiang to Hu thus came to an end.

²⁴ 寇健文 (Chien-wen Kou), 中共與蘇共高層的演變：軌跡、動力與影響 (The Evolution of the Communist leadership in China and the Former Soviet Union: Trajectory, Dynamics and Impact), 問題與研究 (Issues and Studies), Vol.45, No.3 (May/June 2006), p.66.

²⁵ The “four modernizations of cadres” (干部四化) became the basic principle of the CPC to promote technocrats for further development. The modernizations include becoming more revolutionized, better educated, more professional and younger.

²⁶ Lam (2006) mentioned that one of the reason that Deng pick Hu as potential successor was “the Hu Yaobang complex.” Dang felt guilty for Hu's lost of power in 1987, and also hoped that the appointment

with Hu's liberal and pro-market inclinations (Lam, 2006). Similar to his predecessor Jiang Zemin, as a post-revolutionary politician Hu Jintao was not a political strongman. Jiang Zemin still had influence among Chinese leadership through the politicians who were part of Jiang's "Shanghai Faction." For example, before the 16th Congress at the end of 2001, many Chinese bureaucrats were reshuffled at both the central and regional level, including party secretaries and 31 provincial governors. The PLA was no exception, with 200 mid- and senior officers changing position. All of these changes benefited Jiang and the Shanghaibang²⁷.

There were no more political strongmen in China like Mao or Deng, although Jiang tried to continue holding power. The Chinese leadership under the Hu-Wen administration was still collective leadership. The collective leadership of the 4th generation political leaders was more "consciously" on the collective leadership, due to these politicians were not promoted by political strongmen²⁸. After the Tiananmen incident in 1989 the senior statesmen of the CPC, headed by Deng Xiaoping, arranged the third-generation leadership, guided by the idea that the third-generation politicians would not have the personal charisma and prestige of their predecessors. The third-generation politicians thus needed support from their seniors, and no one politician could become the sole statesman of the generation. Thus the fourth-generation politicians did not need to contend with powerful predecessors. Therefore the influence of Jiang Zemin was limited after Hu took the position of president (Yang, 2008).

The Hu-Wen administration not only focused on economic growth but also proposed the slogans of "harmonious society" and "peaceful rise." Under the Hu-Wen administration, the development of the Chinese economy reached new heights²⁹. "Harmonious society" was proposed in 2004, at the same time that the economic development in China arrived at a new level: the growth rate of the GDP was more than 10%. In other words, the Hu-Wen administration proposed the concept of harmony in order to maintain the stability of the society, since rapid growth also brought abundant problems. Similar conceptions have also been used in Chinese foreign policy.

of Hu Jintao - a man associated with the liberal tradition of Hu Yaobang - could make the fourth generation leadership more reform-oriented than Jiang.

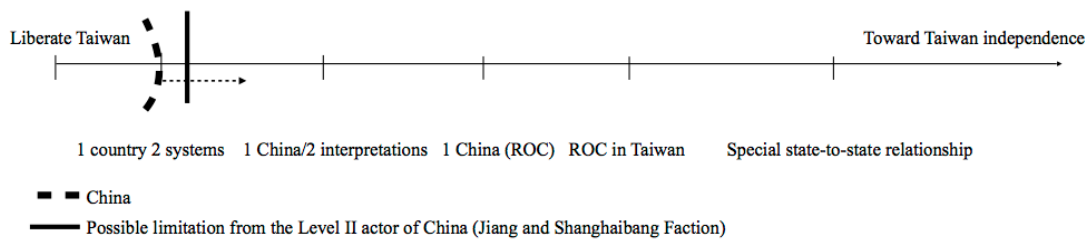
²⁷ Ibid, p.17.

²⁸ 楊開煌 (Kai-Huang Yang), "中共四代領導集體決策運作之分析 (Analysis of the Group Decision-Making Process of the CPC Fourth Generation Leaders)," in Szu-Chien Hsu, Yu-shan Wu ed., *黨國蛻變 - 中共政權的菁英與政策 (The Transformation of the Party-State: Elites and Policies of the CPC Regime)* (Taipei: Wunan, 2008), p.56.

²⁹ GDP growth in China soared in the Hu-Wen period, especially before 2008. GDP growth in China between 2002 and 2008 was as follows: 2002: 9.1%; 2003: 10%; 2004: 10.1%; 2005: 11.3%; 2006: 12.7%; 2007: 14.2%; 2008: 9.6%. Source: "World Economic Outlook," International Monetary Fund. <http://www.imf.org/external/datamapper/index.php>

China's strategy under the Hu-Wen administration concentrated on development and a low profile in international politics. China's attitude toward cross-strait relations was also relatively relaxed, although its guiding principles had not changed. Considering that the influences of Jiang Zemin and his Shanghaibang were still in effect, China's preferences might be construed as follows:

Fig.5



The Hu-Wen administration took power in 2002. Jiang and his faction thus became level II actors in China. The influence of the Shanghaibang declined again when Hu became the leader of the military in 2004. All in all, Jiang retained a certain degree of influence after Hu took power as the new president, but compared with Deng Xiaoping's influence on his succeeding administration, Jiang's influences were no doubt smaller. Moreover, China's focus on harmony proved that it is possible to serve the domestic needs outside of the CPC, even though China's political system is a one-party dictatorship.

(4) The United States

The beginning of the Chen Shui-bian period was also the last year of Bill Clinton's second term. Since the Clinton administration was still in office, preferences during that time period continued to follow a similar tone as described in the previous chapter.

On January 20, 2001, George W. Bush became the 43rd President of the United States. The Bush administration demonstrated considerable differences in terms of the cross-strait issues when compared to the Clinton administration. Bush Jr. viewed China as a strategic competitor and saw Chinese military modernization as a threat to Taiwan; Sino-US relations were seriously damaged in April 2001 when a Chinese J-8 II fighter

and a US EP-3 reconnaissance plane collided over the south China sea³⁰. A few weeks later, on April 24, 2001, the Bush administration authorized a major arms sale to Taiwan including several sensitive weapons systems. This included eight diesel-powered submarines.³¹ If implemented, it would become the biggest arms sale since George H. W. Bush sold Taiwan 150 F-16 A/B block 20 fighters in 1992. The arms sale project became a major dispute in the Legislative Yuan during the Chen Shui-bian period. President Bush even stated in an interview³² on April 25, 2001 that the United States would do “whatever it takes” to help Taiwan defend itself. That statement, however, was made under the context of an attack on Taiwan by China. With this statement, the Bush administration had announced a change in attitude toward cross-strait issues. President Bush offered further details in another interview, explaining that although the administration was willing to help Taiwan defend itself, the cross-strait policy of the US had not changed; the United States still upheld both the “Taiwan Relations Act” and “one China Policy,” which did not include a declaration of Taiwan independence. Bush also emphasized that the cross-strait dispute should be resolved peacefully³³. However, when the United States launched its War on Terror and military interventions in Afghanistan and Iraq, it requested support from Beijing. The US also sought China’s cooperation on North Korean issues, although there were many disagreements regarding how these issues should be handled.

With time, both cooperation and conflict (both economic and political) increased between the US and China. Sino-US relations were therefore less stable in the late stages of the Bush Jr. administration³⁴. These developments influenced the attitude of the US toward cross-strait issues.

The preferences of the Bush administration could be seen as relatively pro-Taiwan when compared to the late stages of the Clinton administration, but no substantial changes were made to the fundamental political stance in the beginning. The one-China policy and the TRA were the basic principles behind US cross-strait policies. Therefore,

³⁰ Jean-Marc F. Blanchard, “A Primer on China-US relations 1949-2008,” in Jean-Marc F. Blanchard and Simon Shen ed., *Conflict and Cooperation in Sino-US relations: Change and continuity, causes and cure* (London & New York: Routledge, 2015), p.32.

³¹ The arms sale included several important weapon systems such as 4 Kidd-class destroyers, 8 diesel-power submarines, and 12 P-3C anti-submarine/maritime patrol aircrafts. It should be noted that the Aegis combat system was not included in this package and the submarines deal was also quite uncertain because the United States had not developed diesel-powered submarines since the 1950s.

³² Kelly Wallace, “Bush pledges whatever it takes to defend Taiwan,” CNN (April 25, 2001), <http://edition.cnn.com/2001/ALLPOLITICS/04/24/bush.taiwan.abc/>

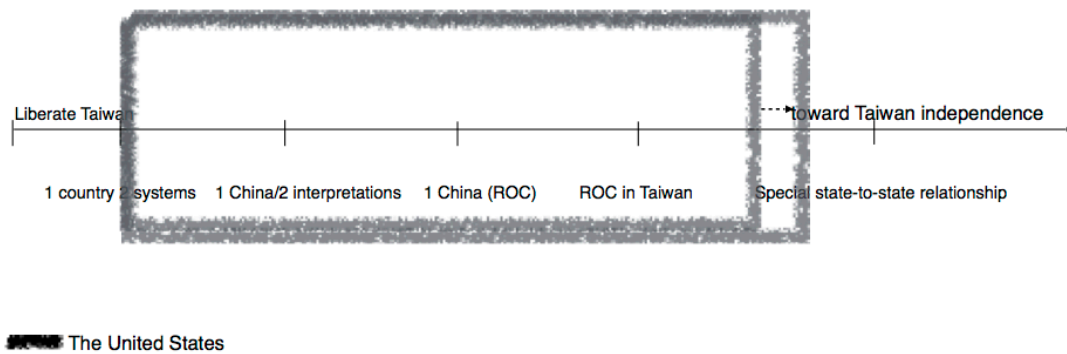
³³ Shirley A. Kan, China/Taiwan: Evolution of the “One China” Policy- Key Statements from Washington, Beijing, and Taipei, *CRS Report for Congress* (Congressional Research Service: 2014) p.66. <https://www.fas.org/sgp/crs/row/RL30341.pdf>

³⁴ Jean-Marc F. Blanchard, op. cit., p.32-35.

the US opposed actions which might change the status quo, but continued arms sales and enhanced military ties with Taiwan due to pressure from Congress in the Bush Jr. period. The deterioration of cross-strait relations in the Chen period began in 2002, when there was a drastic change in Chen Shui-bian's attitude toward cross-strait issues. Although the Bush administration took a relatively friendly position to Taiwan, the US still pressured Taipei by sternly criticizing the actions of the Chen administration. During the Chen Shui-bian/Bush Jr. period, at least until 2008, external pressure on Taiwan came mostly from Washington rather than from Beijing.

In short, the US applied pressure to Taiwan when the United States was not satisfied with the actions of the Chen administration. Preferences of the period from Clinton to Bush can be visualized as follows:

Fig. 6



3-2. Arguments and hypothesis

According to the game structure, we can assume several phenomena were at play in cross-strait interactions between 2000 to 2008:

- (1) Compared with his predecessor, Chen's administration's domestic politics were a more significant influence on cross-strait relations, due to the DPP's disadvantage in the Legislative Yuan.
- (2) Considering the developments in cross-strait relations during the Lee Teng-hui period, it seems that when Taiwanese level I actors demonstrated more radical attitudes toward independence, China took a more moderate attitude, allowing the United States to limit any further attempts toward Taiwan independence.

3-3. Case Studies from the Chen Shui-bian era

In this section we use case studies to discuss the cross-strait triangle interactions that took place between 2000 and 2008. Since numerous cross-strait issues were proposed in this period, we categorize cross-strait issues into three dimensions: (1) Taiwan's national status and international participation, (2) changes in cross-strait policies, and (3) economic issues. As previously mentioned, every issue contains political meaning, and every cross-strait issue contains features of other dimensions.

The following is discussed:

(1) Taiwan's national status:

- A. Taiwan's accession to the WTO (2002) and the WHA/WHO (2003);
- B. "One Country on Each Side" (2002) and "Four Wants and One Without";
- C. Chen's attempts at referendums.

At the heart of Taiwan's international participation is the issue of Taiwan's national status, and its attempts at participation in the WTO and WHA/WHO.

(2) Changes in cross-strait policies:

- A. China's Anti-Secession Laws and communication channels with Taiwanese opposition parties (2005);
- B. Ceasing the function of National Unification Guidelines and the National Unification Council.

(3) Economic issues:

- A. The "Three Links"
- B. Changes in Chen's cross-strait economic policy: from "Proactive Liberalization with Effective Management" to "Proactive Management with Effective Liberalization."

3-3-1. Taiwan's national status

(1) Taiwan's accession to the WTO and WHA/WHO

Strictly speaking, this case is not a direct interaction between Taiwan and China. It is, however, a representative case that indicates the attitudes of Taiwan toward several important issues in the early phases of Chen's presidency. These issues include enlarging Taiwan's international space and identity issues. These sensitive political issues were integral to cross-strait relations, and they also influenced low-political issues. The export-oriented economies of East Asian countries make them highly dependent on

global market³⁵. Taiwan is not an exception. In fact, since Autumn 2000, a serious recession hit Taiwanese economy in autumn 2000, and it has not yet abated³⁶; economic integrations that might enhance Taiwan's exports thus became important issues for the Taiwan government. On January 1, 2002, Taiwan joined the World Trade Organization as its 144th member under the name "The Separate Customs Territory of Taiwan, Peng-hu, Kinmen and Matsu" (臺澎金馬個別關稅領域). This name is based on the main ruling Territories of the Republic of China since defeat in the Chinese civil war in 1949.

Between 2000 and 2002, tensions across the Taiwan strait were slightly reduced because of the Chen administration's relatively moderate cross-strait policies. As mentioned before, the DPP took a moderate position to Taiwan independence in order to gain votes from moderate voters. The Chen administration also demonstrated a moderate attitude toward cross-strait relations through Chen's statement of "Four Noes and One Without." However, China remained the main obstacle to enlarging Taiwan's international participation because of Taiwan's uncertain national status: If Taiwan participated in international organizations under "Republic of China" or "Taiwan," it would face strong opposition from China, making participation extremely difficult.

Starting in the Lee Teng-hui era, the definition of the status of Taiwan and the Republic of China shifted gradually away from the traditional KMT perspective. In the Lee period until the year 2000, the identity of the Taiwanese and how the country defined itself changed drastically. Under the Lee administration, the ruling KMT gave up its vision of the People's Republic of China and its CPC regime as a rebel group. The KMT regime began to accept the status quo, yielding to the view that Taiwan and China were ruled by different regimes; they then started to use the term "Republic of China, Taiwan" to accentuate a political status that had already existed for several decades (since 1949). This could be seen as Taiwan gradually retreating from its old ideology, which concentrated on retaking mainland China, whether by Chiang Kai-shek's counterattack approach or Chiang Ching-kuo's peaceful unification approach.

After withdrawal from the United Nations in 1971, international participation became more and more difficult for Taiwan. Membership in the WTO is not limited to

³⁵ Christopher M. Dent, op. cit., p.2.

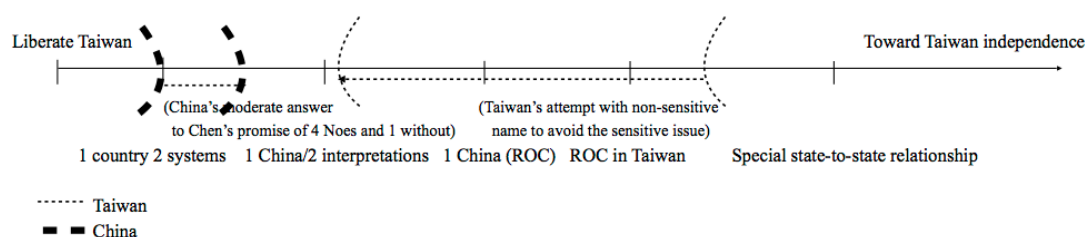
³⁶ Taiwan's great recession began in the fourth quarter of 2000. Economic growth decreased from 6.73% (third-quarter, 2000) to 0.91 (first-quarter, 2001). Since the second quarter 2001, the Taiwanese economy has experienced negative growth. Source: 洪慧燕 and 利秀蘭, 我國此波景氣衰退之探討(The Discussion on recent recession of our country), *經濟研究年刊 (Economic Research Yearly)*, Vol. 2 (March 2002), pp.13-32.

http://www.ndc.gov.tw/News_Content.aspx?n=8F2E9BE3EB8A131F&sms=CB3E9047A7C84DD1&s=C3C9C76D39D7B806

sovereign states, so Taiwan could participate in the WTO as a separate customs territory and still enjoy full membership³⁷. The WTO was established as the successor of the GATT.³⁸ Taiwan's attempts to participate in the GATT/WTO date back to 1990, during the Lee Teng-hui period³⁹; at that time, the Lee administration already used the name "The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu" to apply to GATT. Lee Teng-hui's pragmatic diplomacy also indicated a more flexible attitude toward the issues of Taiwan's national status in order to reach a breakthrough in diplomatic issues. After protracted attempts and negotiations, Taiwan became a member of the WTO on November 11, 2001.

In addition, China (the PRC) also attempted to resume its position in the GATT, although the GATT handled China's application as a new Contracting Party. Taiwan and China joined the WTO almost at the same time. Although the name that Taiwan used to apply to the WTO caused wide debates within Taiwan, the position of the Taiwanese level I actors on this issue undoubtedly overlapped with China's position and thus did not initiate obstructions from China's side. Chen did not agree with China's view of cross-strait political issues, but since Chen proposed a moderate attitude in his inauguration speech, the preferences of the two level I actors are symbolized with dotted lines in order to represent the situation at the time. Although no overlaps here in the figure, China's attitude becoming moderate because of Chen's promises of his inauguration speech and thus made Taiwan's participation less obstacles.

Fig. 7



³⁷ Chien-Huei Wu, *WTO and the Greater China: Economic Integration and Dispute Resolution*, (Leiden: Nijhoff, 2012), p.1.

³⁸ The General Agreement on Tariffs and Trade (GATT) is a multilateral agreement which was the only multilateral mechanism used to manage international trade since 1948 after difficulties in establishing the International Trade Organization (ITO). The Uruguay Round created the WTO; the GATT was replaced by the WTO but the General Agreement still existed. Source: Understanding The World Trade Organization. WTO Official Website: https://www.wto.org/english/thewto_e/whatis_e/tif_e/tif_e.htm

³⁹ The Republic of China was one of the initial Contracting Parties of the GATT. Due to its defeat in the Chinese Civil War, the ROC left GATT in 1949; however, in 1965, the ROC was allowed to participate as an observer. Since 1990, Taiwan began to apply as a GATT Contracting Party (Since GATT is not an international organization, membership to the GATT is called "Contracting Party"). Source: 入會歷史, WTO 入口網 <http://www.trade.gov.tw/cwto/Pages/List.aspx?nodeID=354>

Taiwan successfully joined the WTO, but further international participation, a long-time goal of both Taiwanese level I and level II actors, soon faced various obstructions from China. In 2003, Taiwan attempted to become the observer of the World Health Assembly (WHA). The World Health Organization (WHO) is an agency of the United Nations, and because the Republic of China's seat was taken by the PRC in 1971, Taiwan also had to leave the WHO. In 1997, the Lee administration began a campaign to join the WHO/WHA under different names, including the official "Republic of China" or "Chinese Taipei" (the Olympics model⁴⁰). These attempts were rejected by the WHO.

Taiwan suffered losses with the outbreak of SARS⁴¹ at the end of 2002 because Taiwan was not a member state of the WHO. In the year 2003, the ROC applied to be an observer of the WHO/WHA with a new name that can be roughly translated as "Taiwan health entity" (臺灣衛生實體). This title is a similar term as that used to apply for the WTO, and was an important element in Taiwan's WHO/WHA campaigns between 2002 and 2006⁴². However, all of these attempts were rejected.

In May 2007, the Chen administration applied for full membership to the WHO for the first time under the name "Taiwan." President Chen suggested that applying to the WHO under the name of Taiwan was not contrary to his "four noes" policy. This move was supported by the majority of Taiwan's public⁴³. Opinion polls also indicated that most of the Taiwan public supported participation in other international organizations under the name of Taiwan⁴⁴. However, not only were applications rejected⁴⁵, but these attempts also received criticism from both China and the US. The United States restated

⁴⁰ In 1981, Taiwan used the name "Chinese Taipei" to participate the activities of the international Olympic committee, in order to avoid the disputes regarding Taiwan's national status and sovereignty. Since then, Taiwan has participated in several international sports activities and organizations under the name of Chinese Taipei; this approach is therefore called the "Olympic model" (奧會模式).

⁴¹ Severe Acute Respiratory Syndrome (SARS) broke out in southern China in 2002; by July 2003, there were 8096 cases, resulting in 774 deaths in 25 countries. Source: WHO http://www.who.int/csr/resources/publications/WHO_CDS_CSR_ARO_2004_1.pdf?ua=1

⁴² Björn Alexander Lindemann, *Cross-Strait Relations and International Organizations: Taiwan's Participation in IGOs in the Context of Its Relationship with China*, (Wiesbaden: Springer, 2014): p.195.

⁴³ Chronicle of cross-strait events 2007, Mainland Affairs Council, <http://www.mac.gov.tw/ct.asp?xItem=64818&ctNode=6503&mp=1>

⁴⁴ According to an opinion poll from April 2007, 77.3% of respondents agreed to apply for membership to international organizations such as the UN or WHO; after the WHO decided not to accept Taiwan's application, an opinion poll showed that 87.7% of respondents agreed to join the WHO under the name "Taiwan." Source: Mainland Affairs Council.

<http://www.mac.gov.tw/ct.asp?xItem=56143&ctNode=6333&mp=1>

⁴⁵ Taiwan's bid for WHA participation was rejected in May by a vote of 17-148 (including U.S. opposition). Source: Shirley A. Kan, op. cit., p.15.

that the US does not support Taiwan joining international organizations whose members are required to be sovereign states because of the one-China policy⁴⁶. Further attempts seemed futile. Chen's WHO campaign in 2007 coincided with a dispute over the Olympic torch⁴⁷ and the DPP's plan to push a referendum applying for membership to the United Nations under the name "Taiwan"; the referendums were seen as a means to mobilize supporters for the coming major elections⁴⁸, and the attempt to participate in the WHO/WHA under the name of Taiwan represented a similar strategy.

Dent (2005) pointed to Taiwan's "contested state-hood" predicament as the biggest obstacle to Taiwan's participation in the regional economic integration that became trend after the 1997 Asian financial crisis. China's opposition would make it difficult for Taiwan to engage in the emerging trend of regionalism in the Asia Pacific. International economic agreements between the regional nation-states were key to managing regional economic interdependence. It soon became clear, however, that China's opposition wouldn't only interfere with Taiwan's regional economic agreements; China would also interfere with Taiwan's international affairs.

(2) Chen's "One Country on Each Side" and "Four Wants and One Without"

(2-1) "One Country on Each Side" (2002)

On August 3, 2002, president Chen Shui-bian proposed "one country on each side" in a video speech aired at the annual conference for the World Federation of Taiwanese Associations. Chen claimed that Taiwan and China are "one country on each side." In Chen's speech, he further stated that "Taiwan is a country which has independent sovereignty, neither provincial or local government of the other country. The one-China principle or one-country two-system concept proposed by China proposed would change the status quo and could not be accept by Taiwan." Chen also called for "serious consideration of the importance and urgency of enacting the referendum."⁴⁹

⁴⁶ Chen Wen-Hsien, „'One China' policy does not derail the UN bid," Taipei Times (June 23, 2007). <http://www.taipetimes.com/News/editorials/archives/2007/06/23/2003366512>

⁴⁷ The original route for the 2008 Olympic torch included a stop in Taipei. However, Taipei opposed the idea that the Taiwan stop was considered part of China's domestic route; in addition, the flag, anthem and emblem of the Republic of China also became points of debates across the Strait. In the end, the Taiwan stop was cancelled.

⁴⁸ Robert Shutter, "The United States' response to the China challenge," in Quansheng Zhao and Guoli Liu ed., *Managing the China Challenge: Global perspective*, (London & New York: Routledge, 2009), p.92.

⁴⁹ 中華民國總統府 (Office of the President, Republic of China (Taiwan)), "總統以視訊直播方式於世界台灣同鄉聯合會第二十九屆年會中致詞" (Mr. President gave a video speech at the 29th annual con-

Previous to Chen's argument, the relationship between Taiwan and China had not improved, fitting the description of "relatively stable" only when compared with the previous Lee Teng-hui era. In the beginning of the Chen Shui-bian era, China still considered the DPP administration's moderate attitude toward cross-strait issues as a step toward "gradual independence." No contact had occurred at the semi-official level; China preferred to interact with Taiwan through private associations, although both sides wanted to improve economic exchange. Beijing established diplomatic relations with Nauru before Chen's statement, and continued to be strict regarding the issue of Taiwan's international space. However, it is worth noting that Beijing also began to reassess the role of the DPP⁵⁰ and sought to create a "united front" with DPP members in an attempt to isolate the "die-hard separatists" (Brown, 2002). Although the DPP gained more votes from moderate voters in Taiwan due to its moderate mainland policy, the response from China was cold. In his speech on July 21, 2002, Chen Shui-bian reaffirmed current cross-strait policy, and took a harder line, saying that if Taiwan's goodwill could not gain a positive response from China, Taiwan would seriously consider "going its own way." In fact, before the episode of Nauru, Chen "reopened" Lee Teng-hui's "go south" policy in order to respond to the concern of many in the DPP⁵¹.

Chen's statement elicited concern from both internal and external sources. The US and China were critical, and even Taiwanese government officials were concerned because Chen's argument had not been cleared within the government⁵². After the speech was widely reported in the media, the opposition parties and the United States requested that the Chen administration clarify the statement. Chen explained that the statement was mainly meant to explain the "present status" and also the "declaration of sovereign equivalence."

While Taiwanese businessmen and opposition parties such as the Kuomintang criticized Chen's statement, opinion polls showed a different situation (see Table 2), but citizens were still concerned about the further development of cross-strait relations. The

ference for the World Federation of Taiwanese Associations), (Aug. 3, 2002).

<http://www.president.gov.tw/Default.aspx?tabid=131&itemid=1311>

⁵⁰ After the election of the Legislative Yuan on December 1, 2001, the pan-blue coalition still dominated parliament, and the DPP became the biggest political power in the Legislative Yuan (DPP: 87 seats; KMT: 68 seats; PFP: 46 seats. The DPP held 38.6% seats of the Legislative Yuan, KMT + PFP held 50.6% seats).

⁵¹ David G. Brown, "China-Taiwan Relations: Chen Muddies Cross-Strait Waters," Comparative Connections, CSIS, Vol.4, No.3 (Oct. 2002). <https://www.csis.org/programs/pacific-forum-csis/publications/comparative-connections/volume-4-2002/vol-4-no-3-oct-2002>

⁵² Ibid.

Bush Jr. administration did not answer Chen's statement, but rather emphasized the consistent position of the United States, which consisted of the one-China policy and non-support for Taiwan independence. The wording of the message from the Bush administration was stern, but the US asked both sides to avoid damaging peace and stability⁵³.

Most of the actors in the cross-strait triangle game did not support Chen's actions, but Chen still gained support from some Taiwanese level II actors. Chen's statement satisfied the core supporters of the DPP, especially those who previously felt betrayed by the DPP and the Chen administration's new moderate view of cross-strait policies⁵⁴.

The reaction from Beijing was cold but subdued. Domestic issues were much more urgent to the Chinese leadership (Brown 2002). The highest priority for Chinese leaders at the time was the coming power-transition at the annual Beidaihe Meeting and the 16th Party Congress. China then changed its tactics regarding Taiwan with the following decisions: 1. to put pressure on Washington instead of on Taiwan; 2. to promote closer economic ties to bind Taiwan to the PRC and 3. to continue the modernization of the People's Liberation Army. The Chinese leaders paid scant attention to Taiwan when they were convinced that there were no immediate threats.

Unlike Lee Teng-hui's statement in 1999, Chen's argument in 2002 was much more specific about Taiwan's independence. Lee's statement also pointed out that Taiwan and China are not the same political entity, but Chen's statement emphasized more clearly that Taiwan and China are two countries; in other words, he suggested that Taiwan and China no longer had the "special relationship" that Lee Teng-hui proposed in 1999. Though Lee's statement suggested a more ambiguous relationship between the two political entities, he supported Chen Shui-bian's speech and suggested that Chen's speech was in line with his statement in 1999⁵⁵. Compared with Lee's statement in 1999, Chen's one country on each side concept could be seen as evidence that the preferences of the Taiwanese level I actors had moved toward Taiwan independence.

⁵³ Owen Bedford and Kwang-Kuo Hwang, *Taiwanese Identity and Democracy: The Social Psychology of Taiwan's 2004 Elections*, (London: Palgrave Macmillan, 2006), p.22.

⁵⁴ loc. cit.

⁵⁵ David G. Brown, *op. cit.*

Fig. 8

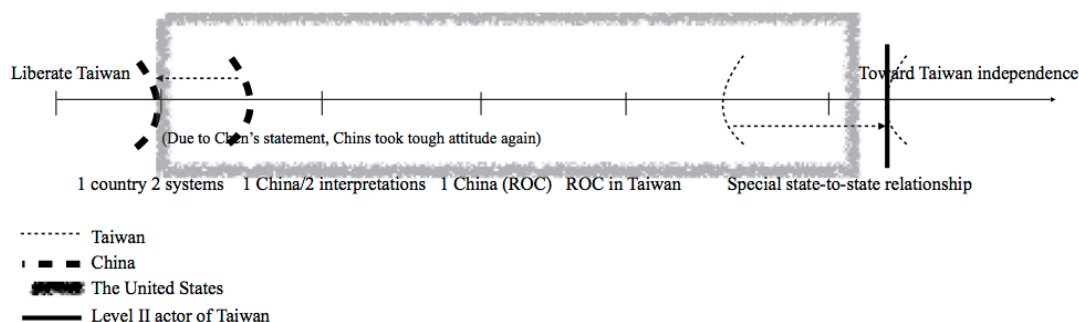


Figure 8. suggests that the preferences of Taiwanese level I actors moved from the original position between the “Republic of China (ROC) in Taiwan” and “Special State-to-State Relationship” to a relatively pro-Taiwan independence position. The United States did not change its attitude; however, China pressed the US to pressure Taiwan to curb its actions. Taiwanese level II actors showed different preferences – the Taiwanese public seemed to accept Chen’s remark. Since Lee Teng-hui left the Kuomintang, pan-blue parties preferences appeared to move back to a position between “ROC in Taiwan” and “Special State-to-State Relationship.”

Looking back at the development of cross-strait relations in the Chen Shui-bian era, it is not difficult to see the basic features of cross-strait interactions between 2002 and 2008: 1. Taiwan’s action drew cold treatment from China; 2. China pressed the US to pressure Taiwan; 3. The economic ties across the Taiwan Strait continued to grow and 4. China gradually pressed forward with enhanced military capacity and diplomatic competition designed to block Taiwan’s access to international spaces.

(2-2) The “Four Wants and One Without” (2007)

March 4, 2007 marked the end phase of Chen’s presidency. This was five years after his “one country on each side” proposal. At the 25th Anniversary Meeting of FAPA⁵⁶ Chen Shui-bian made a speech claiming the following with regard to Taiwan: 1. It wants independence; 2. It wants the rectification of its name; 3. It wants a new constitution; 4. It wants development; and 5. The political problems in Taiwan are not struggles of left and right, but stem from desires for independence or unification.

⁵⁶ The Formosan Association for Public Affairs (FAPA), a pro-Taiwan independence organization, was established in 1982 in Los Angeles. It later became a world-wide non-profit organization mainly focused on promoting international support for the Taiwan independence movement and Taiwan’s international participation. See: <http://fapa.org/wp/>

This time, Chen's statement indicated that Taiwanese level I actors had moved further toward de jure Taiwan independence. Chen's argument crossed red lines for the US and China, especially in reference to the rectification of the name Taiwan, the new constitution, and independence.

The timing of Chen's statement was also near the time when the DPP was nominating presidential and legislative candidates for the following year. Chen's statement therefore was criticized as election campaigning, for which he was inciting radical reactions from China and the United States⁵⁷.

Looking back to the year 2004, Chen's inauguration speech did not mention his "four noes and one without" directly. He only stated that his principles and promises would not change in the future. In this speech, Chen mentioned threats from China and emphasized that if China could not understand Taiwan's firm beliefs regarding democracy, peace, survival and development, and that if China kept threatening and isolating Taiwan, the Taiwanese people would lean further away from China. Moreover, although Chen emphasized his support for cross-strait exchanges including the "three links"⁵⁸, the changes in his attitude toward cross-strait issues between 2000 and 2008 are obvious.

Compared with his statement of "one country on each side" in 2002, Chen's position moved steadily in the direction of Taiwan independence. The reactions of the other actors in the cross-strait triangle game were similar to those in the past: the United States, China and the pan-blue opposition criticized Chen's statements. This time, however, the debate did not escalate into a crisis. Furthermore, the Chen administration did not take further action to implement the ideas expressed in Chen's speech. Results from opinion polls also suggest that Chen's arguments were not in alignment with public opinion in Taiwan⁵⁹.

⁵⁷ 陳一新 (Chen, I-hsin), "How the United States and China regard Chen Shui-bian's 'four wants and one without (美中如何看待陳水扁的'四要一沒有')," 中國評論 (China Review). (Mar. 29, 2007) <http://hk.crntt.com/doc/1003/4/7/1/100347187.html?coluid=63&kindid=0&docid=100347187>

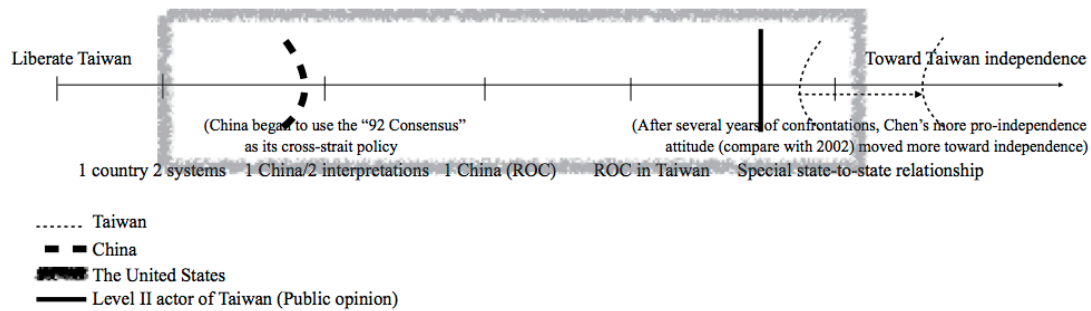
⁵⁸ The "Three Links" refers to establishment of direct postal, transportation and trade links between Taiwan and China. This is explained in more detail later in this chapter.

⁵⁹ In 2007, opinion polls summarized by the MAC indicated that when there were six options, only about 20% to 32% of Taiwan's population supported Taiwan independence (the following two options were considered support: "Independence as soon as possible" and "Maintain the status quo, independence in the future"); when only three options were given, namely independence, maintain the status quo, and unification, the support rate for independence was only slightly higher: 15% to 45% but still lower than the option for "Maintain the status quo." Source:

<http://www.mac.gov.tw/ct.asp?xItem=56143&ctNode=6333&mp=1>

Therefore, Chen’s statements were not calls to practical action toward Taiwan independence. In the figure we illustrate Chen’s actions with a dotted line because he did not actually push his statements forward with action.

Fig. 9



(3) Attempted Referendums

The attempted referendums could be considered a representative case for the Chen period. They caused wide debates not only within Taiwan but also in international society. On March 20, 2004, alongside the presidential election, Taiwanese people experienced their first national referendum. The “defensive referendum⁶⁰” was proposed by President Chen Shui-bian on January 16, 2004. The two proposals were as follows: 1. Taiwanese People demand that cross-strait problems be resolved peacefully. Do you agree that the Taiwanese government should purchase anti-missile systems to enhance Taiwan’s self-defense capabilities if China does not withdraw the missiles targeting Taiwan? 2. Do you agree that the Taiwanese Government should negotiate with China to establish a peaceful and stable framework for cross-strait interactions, in order to seek consensus across the Taiwan-strait and the wellbeing of the people?

The referendum is, at heart, simply a mechanism of direct democracy. However, when referendums involve cross-strait issues or the national status of Taiwan, holding referendums creates a very sensitive situation. The DPP claimed the right to referendum because a foundational feature of the party had been self-determination since 1991: namely that the future of Taiwan should be decided by Taiwanese people themselves.

⁶⁰ According to 17th article of Taiwan’s Referendum Act:” When the country is under the threat of foreign force and national sovereignty is likely to be changed, the President may, with the resolution of the meeting of the Executive Yuan, apply the matters regarding the national security to referendum.” Referendum Act <http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=D0020050>

Thus, one concern about the Referendum Act was whether the DPP regime would change the status quo through a national referendum. Chen Shui-bian had stated in his “four noes and one without” statement that he did not propose that independence/unification issues would be changed through referendum. By making this statement, Chen had avoided doubts and concerns. In 2003, several months before the presidential election, the issue of national referendum once again became a part of the 2004 presidential election campaign.

On November 27, 2003, the Referendum Act was adopted in the Legislative Yuan. Three days later, Chen stated the necessity to hold a defensive referendum due to China’s deployment of 500 surface-to-surface ballistic missiles aimed at Taiwan. Several months before adoption of the Referendum Act, in 2003, during to the ongoing debates regarding a fourth nuclear power plant, the pan-blue opposition parties changed their position and suddenly supported the Referendum Act. The KMT and PFP proposed their own version of the Referendum Act. In the end, the Referendum Act mixed contents from both the DPP and the KMT/PFP proposal⁶¹.

The adoption of the Referendum Act was not only criticized by China, but also became a point of concern to international society. Several countries expressed their concerns about possible changes to the status quo, especially the United States. In November of 2003, shortly before the adoption of the Referendum Act, Chen Shui-bian even proposed that in 2006, the country might adopt a new constitution through referendum. Although Chen said that he would not attempt to hold an independence-unification referendum (meaning that he would not go against US interests), the United States was still concerned about possible changes to the status quo. Article 17 of Taiwan’s Referendum Act was the main point of debate because it contains a controversial “defensive clause” that gives the president power to launch a referendum when the nation's sovereignty is being threatened. The ultimate ability of the Referendum to change the status quo is limited because the mixed-version Referendum Act is very restrictive. It requires a fifty-percent turnout rate and supervision of the Review Commission. The clash of political interests between the Chen administration and pan-blue coalition caused the Referendum Act to be restrictive and also inspired Chen Shui-bian to hasten activation of the defensive referendum⁶².

⁶¹ As a firm supporter of Referendum, the late-former Legislator from the DPP, Chai Trong-rong also proposed his own version of Referendum Act, but no any conception of his proposal was adopted in the Referendum Act of Taiwan.

⁶² Jih-wen Lin, “Taiwan’s Referendum Act and the Stability of the Status quo,” *Issues and Studies*, Vol.40, No.2 (June 2004), p.119-153.

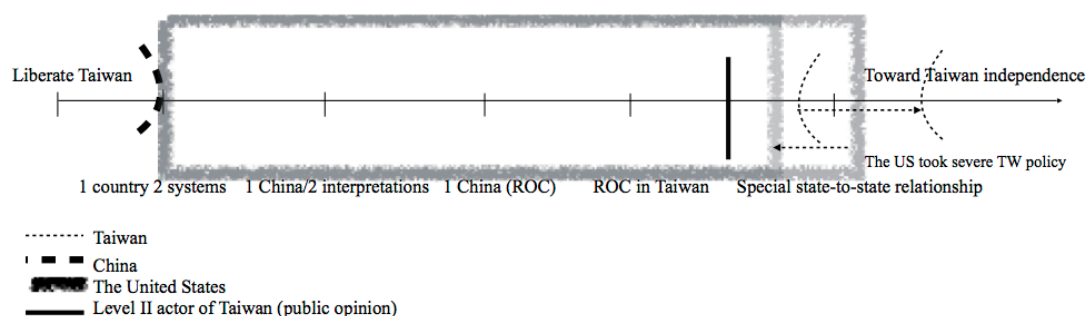
The US criticized Taipei and reiterated its firm position that the US opposed any unilateral change of the status quo. The US believed that when Chen Shui-bian expressed his intention to promote the defensive Referendum, he was already trying to change the status quo unilaterally. However, when Chen Shui-bian announced the two questions that were contained in the referendum on January 16, 2004, the US was not as strongly opposed to the referendum, expressing doubts as to whether the two questions were even necessary (see Table 3).

Short before the legislative election in December 2004, on November 27, 2004, President Chen stated in a conference again that Taiwan's new constitution would be enacted by referendum at the end of 2006, and the new constitution would be implemented in 2008. Again, Chen's statement caused concern in Washington. The US reiterated its cross-strait policy and reminded Chen of his promises when he spoke of the "four noes and one without." Chen maintained that the status quo would not be changed and the referendum of for the new constitution conformed to Taiwan's constitutional system.

A few days later, President Chen suggested renaming Taiwan's state-owned enterprises and Taiwanese embassies. This attempt also brought opposition from the United States, inspiring the United States Deputy Secretary of State Richard Lee Armitage to call Taiwan the biggest landmine threatening US-Sino relations (see quote at the beginning of this chapter). In this interview, Armitage re-affirmed that the US agreed with the one-China policy, thus insinuating that Taiwan is part of China. Even though the US clarified that they only "recognized" China's territorial claim on Taiwan, and did not "agree" with the claim, Armitage's statement could still be seen as evidence that the United States was angered by the continuous referendums proposed by Taiwan. Shortly before Chen's attempt at renaming state-owned enterprises and embassies, the US Secretary of State Colin Powell stated in an interview that there would be "a peaceful unification. "Powell even said "Taiwan is not independent and does not enjoy sovereignty as a nation," solidifying the policy of the US. Powell stated several times on different occasions that both sides would see a "reunification." Again, although the US clarified later, it seems that the attitude of the United States had become more severe during this time.

The following figure illustrates the cross-strait triangle relationship during that time:

Fig. 10



The development of these referendums in Taiwan suggest that the Chen administration wanted to move in the direction of Taiwan independence. It is also obvious that the double limitations which we defined previously were in full force: (1) continuous political struggles between the blues and greens inspired the pan-blue coalition to create their own version of the Referendum Act. The mixed-version Referendum Act that was finally adopted largely restricted the possibility of changes to the status quo. (2) As an external limiter, the United States expressed its concerns and critiqued the Chen administration several times. Critiques from the US grew even more stern when Chen stated his intention to engage in actions that would accentuate Taiwan’s independence. In the end, both limitations successfully prevented a change in the status quo. Taiwanese public opinion toward the referendum was divided, but poll results from the end of 2003 also showed that the Taiwanese people had begun to care more about the security of Taiwan⁶³. Therefore, the stern attitude of the United States likely influenced the Taiwanese public because the US was one of the biggest security assurances available to Taiwan.

At the time of this writing (2016/17), six national referendums were proposed in total. All of these were in the Chen period: the 2004 presidential election, the 2008 legislative election and the 2008 presidential election. The pan-blue coalition critiqued Chen for pushing national referendums to coincide with major elections and for trying to influence the results of the election through referendum. The Kuomintang thus also proposed topics of referendum when the Chen administration proposed a referendum in an attempt to counter the DPP camp. This coincided with the upcoming elections.

⁶³ Only two topics emerged in the referendums: the “three links” (49% said it was not necessary to hold this referendum, 37% considered it necessary) and “opposing the one-country-two-system” (50% said it was not necessary to hold this referendum, 28% considered it necessary) clearly indicated the attitude of the Taiwanese. Although some surveys between July 2003 and October 2003 showed that many Taiwanese people supported a referendum to decide the future of Taiwan and amend the constitution, opinion surveys from December 2003 indicated that the Taiwanese tended not to want to hold the referendum if it would cause damage to the US-Taiwan relationship and threaten the security of Taiwan. Source: Mainland affairs council: <http://www.mac.gov.tw/public/Attachment/9779531597.htm>

As mentioned previously, the other two national referendums in the year 2008 were proposed by both the green and blue camps. The proposals are presented in the following:

Date	Proposal 1 (summary)	Proposal 2 (summary)
Jan.12. 2008 (2008 Legislative election)	Legislating the return of properties inappropriately acquired by the Kuomintang	Legislating the investigation of the responsibilities of national leaders and subordinates when their failures cause serious damage to the nation
Mar.22. 2008 (2008 Presidential election)	Joining the United Nations under the name of “Taiwan”	Returning to the United Nations and joining other organizations with pragmatic strategies regarding Taiwan’s title/name

The last four proposals listed in the table above were also unable to change the status quo. These proposals could be seen as having extended from the domestic political struggles between the pan-blue and pan-green camps: the referendums that were paired with the 2008 legislative election were actually attempts by both camps to legislate laws or regulations that confronted the opponent on sensitive issues: The properties seized by the Kuomintang⁶⁴ and the possible corruption and political failures of Chen Shui-bian and his subordinates. The two proposals that were paired with the 2008 presidential election focused on an old topic that still plagues Taiwanese citizens: diplomatic issues. In these two proposals, the main focus was whether Taiwan should rejoin the United Nations, from which Taiwan withdrew in 1971. Since the early phases of Lee Teng-hui’s presidency⁶⁵, attempting to rejoin the United Nations formed an important part of pragmatic diplomacy in almost every year that followed.

Proposals from both the blue and green camps supported these attempts. These proposals could obviously be construed as tit-for-tat blue-green confrontations: The proposal of the ruling DPP would use the name “Taiwan” to apply the membership of the UN; the pan-blue coalition claimed that the strategy should be more pragmatic, thus Proposal 2 (see table above) used the vocabulary “rejoin” because the Republic of China was once a member nation of the UN, and a permanent member of the United Nations Security Council.

⁶⁴ The disputes regarding Kuomintang properties are mainly focused on the assets that the KMT accumulated in Taiwan and overseas after 1945. Many are considered to be occupied by the Kuomintang illegally as they are actually national properties of the ROC, Taiwanese civilians and former properties of the Japanese colonial government, etc.

⁶⁵ Since 1993, the Lee administration has been requesting the right to participate in the United Nations through the countries that have official diplomatic relationships with Taiwan.

These proposals were made in 2007 after Chen's "four wants and one without" statement was disputed. Compared with the first national referendum in 2004, Chen's following actions, such as suggesting a new constitution and the Name-Change-Campaigns⁶⁶ made the cross-strait triangle relations even more tense. On June 18, 2007, President Chen announced that a referendum would be held at the same time as the presidential election in 2008, and the objective would be to join the UN with the name "Taiwan." Again, Chen faced criticism from the United States and China. The US stated on different occasions that neither Taiwan nor the ROC were considered states in international society and emphasized that it did not support Taiwan's action. The US also stated that these actions of the Chen administration were a provocation that would damage the stability of the region.

The last two proposals did not offer substantial benefits to Taiwan. Since most Taiwanese citizens support participation in the UN, these questions and the national referendum seemed unnecessary. Even if all Taiwanese citizens supported Taiwan's participation in the UN, this opinion would not automatically ensure Taiwan's membership of the UN. China was still the biggest obstruction to Taiwan's international participation. In other words, the last national referendum did not have any substantive significance.

Taiwan's referendums were also the epitome of the triangle relationship in the Chen Shui-bian era: Taiwanese level I actors proposed one issue after another, China kept calm and avoided direct confrontation, while the United States played a more active role, maintaining that its purpose was to keep the status quo and pulling Taiwan back to an acceptable area.

3-3-2. Changes to cross-strait policies

(1) China's adoption of the Anti-secession Law and communication channels with Taiwanese opposition parties

(1-1) Adoption of the Anti-secession Law

China's "Anti-secession Law"⁶⁷, adopted on March 14, 2005, is one of the few cross-strait proposals initiated by China after 1988. Although the contents were mostly

⁶⁶ These campaigns could be seen as part of Taiwanization movement, the name "ROC" would further add "Taiwan" or even replaced by Taiwan including government units and Taiwan's embassies in foreign country.

⁶⁷ The full text of the Law: <http://www.china-embassy.org/eng/zt/999999999/t187406.htm>

aimed at defining the status of cross-strait relations and promoting exchanges across the Taiwan Strait, they also clearly defined three situations that would cause China to take a military approach to “protect national sovereignty and territorial integrity” (Article 8). This law was considered a means of legalizing the use of arms against Taiwan (Shaw, 2006). It is also considered to be a deterrent against de jure Taiwan independence and a way to isolate Taiwan from international society (Cho, 2009). Hu’s first policy regarding Taiwan issues showed China’s tolerance of a de facto independent Taiwan under the condition of the latter’s willingness to maintain the status quo (Wei, 2010).

This law was obviously aimed at Chen Shui-bian’s attempts to formulate a new constitution and the referendums that might have led to Taiwan independence⁶⁸. China’s Anti-secession Law is therefore still a reaction to the actions of Taiwan, and a deterrent to support for Taiwan independence from the international community.

Several years before China’s Anti-secession Law, several scholars had already suggested that China should formulate a “Unification-Law” to suppress Taiwan independence⁶⁹. The period from 2002 to 2005 marked a major power-transition in China, where-in Hu Jintao gradually took over the highest posts in both the party and the military. Hu still needed to consolidate his political power, and suggestions for a unification law soon gained support from society and hardliners in the Chinese military and government. The Anti-secession Law turned out to be the answer. The 8th article in particular demonstrated the Hu-Wen administration’s tough attitude toward Taiwan independence; this satisfied the hardliners, while the vague contents of the 8th article⁷⁰ also gave moderate Chinese leaders flexibility⁷¹.

Before the adoption of the Anti-secession Law, the pan-blue coalition won Taiwan’s December 2004 legislative election, meaning that those who did not support Taiwan independence would continue controlling the Taiwanese parliament. China had a positive response⁷² to this development, but they still adopted the Anti-secession Law at the

⁶⁸ Cho Hui-wan, “Analysis of China’s Anti-Secession Law and Its Implications,” *Review of Global Politics*, No.25 (2009), p.61-62.

⁶⁹ The first draft of the “National Unification Law” was proposed by a professor on November 1, 2002. Source: *ibid.*, p.63.

⁷⁰ The 8th article of the Anti-secession Law describes three possible situations in which the Chinese government would be allowed to use military approaches to protect national sovereignty and territorial integrity. These are: 1. Taiwan's secession from China; 2. if major incidents entailing Taiwan's secession from China should occur and; 3. if possibilities for a peaceful reunification should be completely exhausted. These three situations have not been further defined.

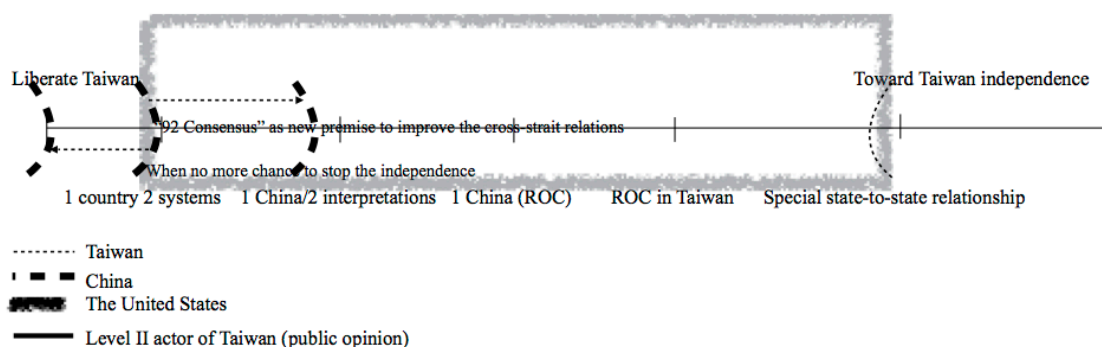
⁷¹ Cho, *op. cit.*, p65.

⁷² In a meeting on February 24, 2005 with James Soong, President Chen Shui-bian not only reaffirmed his “four noes and one without” but also stated that he would not pursue the de jure independence of Taiwan

National People’s Congress. The final version of this law was relatively passive and moderate compared to the “National Unification Law”⁷³ proposed by scholars. This change indicated that Beijing was now focused on preventing Taiwan independence rather than pushing for the unification of China. When China adopted the relatively moderate law, some scholars considered Hu’s Taiwan policy to be more relaxed than that of his predecessor, and more in alignment with Chen’s promises of four noes and one without⁷⁴. Taiwan’s reaction at this time was controlled – there was some criticism and one large-scale demonstration, but no further actions that would escalate conflict with China.

The following figure illustrates the cross-strait two-level triangle game during this period:

Fig. 11



(1-2) Establishment of communication channels between China and Taiwan’s opposition parties

On April 26, 2005, Lien Chan, the chairman of the Kuomintang and the former vice-president of the ROC visited China. Lien became the first KMT leader to visit China

through constitutional reform. The Chinese government responded that they hoped Chen would indeed fulfill his promises.

⁷³ Chunjuan Nancy Wei, “China’s Anti-Secession Law and Hu Jintao’s Taiwan Policy,” *Yale Journal of International Affairs*, Vol. 5, Issue 1 (2010), p.119

⁷⁴ When Shaw (2006) summarized Hu’s “four points” regarding Taiwan policy from March 4, 2005 and the Anti-secession Law, it appeared that the contents of the Anti-secession Law were modified to be more moderate. Chen Shui-bian’s promise of “four noes and one without” had become a new redline which the Chinese government could accept; the definition of the one-China policy also shifted from “Taiwan is a part of the PRC” (from the constitution of the PRC) to “both Taiwan and the Mainland belong to one China” (Anti-secession Law). Based on similar perspectives, Wei (2010) suggested that the content of the Anti-secession Law gives the term “China” new meaning: ROC + PRC. What the Chinese government was really against was the de jure independence of Taiwan; in other words, the Hu-Wen administration’s China began to accept maintaining the status quo and thus cooperation with the United States became possible (although the law has also been criticized by the U.S.).

since 1949. Several days later, on May 5, 2005, the chairman of the People First Party James Soong also visited China. During Lien's visit, the KMT and CPC reached five consensuses which included reopening cross-strait negotiations on the basis of recognizing the 1992 consensus⁷⁵, promoting cross-strait exchanges, and the establishment of a communication platform between the two parties⁷⁶.

After the leaders of the pan-blue coalition visited China and established these communication channels with the Chinese leadership, within several weeks China not only defined its principles regarding cross-strait relations more clearly but also established communication channels with the pan-blue opposition parties which dominated the Taiwanese legislature. Although these visits from the pan-blue party leaders were not arranged by the Chinese leadership, the developments in cross-strait relations during this time could still be seen as a huge step forward from China. Unlike the Jiang Zemin era, the Hu-wen administration announced its willingness to open negotiations with the DPP if the DPP abandoned its Taiwan independence platform and recognized the 92 consensus⁷⁷, which was already an important part of the KMT's cross-strait policy.

Despite what appeared to be expressions of goodwill from Chinese leaders, semi-official exchanges between Taipei and Beijing were set back⁷⁸ by Chen Shui-bian's de-tour from the "four noes and one without" policy, back to the more pro-independence route that the DPP had taken before. The following figure illustrates the channel of connection during this time period:

⁷⁵ As described in Chapter 2, no substantial consensus was reached during the meeting in 1992, but both Taiwan and China later avoided sensitive issues in order to promote cross-strait exchanges. However, after the term "92 consensus" had been used, it was clear there was a difference of definition between Taiwan and China: in Taiwan both "one China" and "respective interpretation" have been emphasized due to the disagreement at that time of the meeting, but China focuses mainly on the idea that both sides agreed to the one China principle.

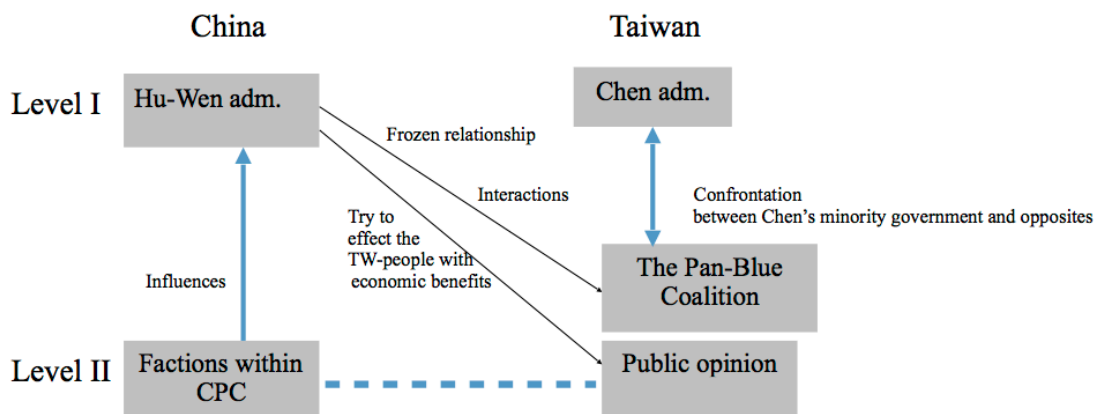
⁷⁶ A KMT-CPC communication platform, the "Cross-Strait Economic, Trade and Culture Forum" (a.k.a. KMT-CPC Forum, 國共論壇) was established in 2006 because of Lien Chan's visit to China.

⁷⁷ Wei, *op. cit.*, p. 124.

⁷⁸ The interactions between the SEF and ARATS were stopped between June 29, 2002 and June 11, 2008. Source: Overview of all previous talks across the Strait (兩岸歷次會談總覽)

<http://www.mac.gov.tw/ct.asp?xItem=56819&CtNode=5703&mp=101>

Fig. 12



As previously mentioned, Beijing offered the possibility of communication channels with Chen and the DPP. However, when its conditions were not met, China bypassed the DPP and the Chen administration and focused on the pan-blue coalition and the Taiwanese public. After the adoption of the Anti-secession Law, not only did Beijing connect with the pan-blue coalition but China also offered several incentives to Taiwanese society⁷⁹. These could be seen as a “carrot-and-stick” approach to the DPP administration, and the connection channels with the pan-blue parties indicated that cross-strait exchanges did not cease after adoption of the Anti-secession Law⁸⁰.

(2) Disbanding the National Unification Guidelines and the National Unification Council

President Chen Shui-bian decided to “cease the function” of the National Unification Council (NUC) and void application of the National Unification Guidelines (NUG) after a high-level conference on February 27, 2006. As we mentioned in Chapter 2, the NUG not only arranged a three-stage principle for the final unification of China, but the preconditions within the NUG also prevented hasty unification. Although Chen guaranteed that he would not abolish the NUG and NUC in “four noes and one without,” the idea of abolishing the NUG and NUC was still proposed by President Chen in his 2006 Chinese New Year speech on January 29, 2006. The suspension of NUG and NUC vio-

⁷⁹ China’s offers included the following: (1) duty-free exchanges of 15 kinds of fruits; (2) two giant pandas sent to Taiwan; (3) financing for Taiwanese businessmen; (4) tuition fees for Taiwanese students that would be equal to those of Chinese students at schools in China, and (5) allowing Chinese civilians to visit Taiwan.

⁸⁰ Cho, op. cit., p.69.

lated Chen's promises, which also seemed to be a new redline for China under the Hu-Wen administration.

In press releases, Chen stated that the adoption of National Unification Guidelines was not based on any law, and could only be seen as a political decision of the KMT Central Standing Committee. In addition, NUG put unification as its ultimate goal, a stance which followed the traditional Chinese-centered identity⁸¹. These were the main reasons that the DPP did not join the council⁸². The reason could actually be seen as a response to the KMT's proactive mainland policies⁸³.

Domestically, Chen's actions were again strongly criticized by the opposition parties and were not widely supported by the public (see Table 4). Opinion polls showed that Taiwanese citizens did not support Chen's abolishment of the NUG and NUC, but also did not support unification with Mainland China as the ultimate goal for Taiwan's future.

As with most of the other issues in this period, Taiwan received strong pressure from China and the United States. Although the NUG and NUC were considered redlines by China, Taipei still received pressure from the United States rather than China. Beijing offered criticism, but no further action regarding this issue.

The US's understanding was that President Chen did not abolish the NUG and NUC, but merely froze them: in other words, Chen still was not altering the status quo. However, on March 2, 2006, the U.S. Department of State demanded that Taiwan explain its intentions, and to confirm that the NUC had not been abolished. A Taiwanese official pointed out that there was no difference between abolishment and Chen's "ceasing of function." The United States demanded that the Chen administration maintain the "four noes and one without," so Chen changed "abolishment" to "ceasing of function"⁸⁴.

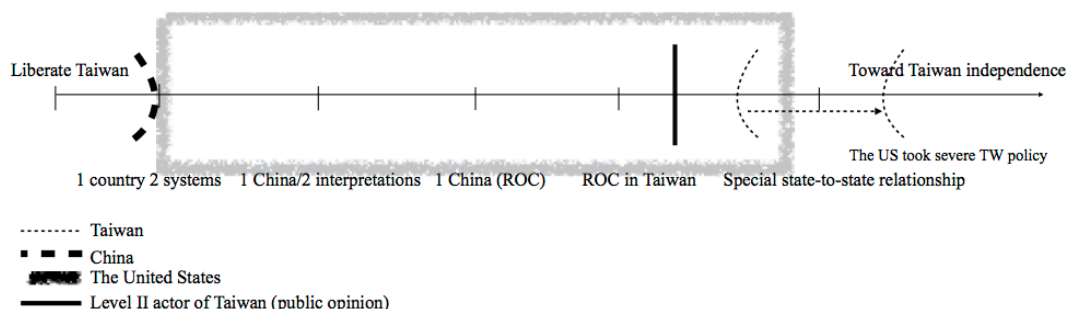
⁸¹ Wu, Yu-Shan, "The evolution of the KMT's stance on the one-china principle: national identity in flux," in Gunter Schubert and Jens Damm ed., *Taiwanese Identity in the 21st Century: Domestic, Regional and Global perspectives* (London & New York: Routledge, 2012), p.59.

⁸² 中華民國總統府 (Office of the President, Republic of China (Taiwan)), "President takes the chair of meeting(總統主持會議)" (February 27, 2006), <http://www.president.gov.tw/Default.aspx?tabid=131&itemid=11391>

⁸³ Gunter Schubert and Stefan Braig, "How to face an embracing China? The DPP's identity politics and cross-strait relations during and after the Chen Shui-bian era," in Gunter Schubert and Jens Damm ed., op. cit., p.76.

⁸⁴ Cho, op. cit., p.72-73.

Fig.13



From the figure above, we see again that China did not react radically to Taiwan’s actions but Chen was still limited by pressure from the United States.

3-3-3. Cross-Strait economic issues

(1) Call for “Three Links”

The three links were an important part of cross-strait relations at the end of the 1980s. Direct exchanges could not be established until the Chen Shui-bian period due to the special status of the cross-strait relations. All direct exchanges between Taiwan and China were suspended when the KMT regime retreated to Taiwan in 1949. In 1979, the Deng Xiaoping administration announced their “Message to the Compatriots in Taiwan.” This message included policies regarding the three links. The three noes policy of the Chiang Ching-kuo administration removed any channel for these direct exchanges⁸⁵.

Cross-strait exchanges grew rapidly from the end of the 1980s and early 1990s when Lee Teng-hui took office. The idea of indirect transshipment had already been proposed in the 1990s⁸⁶. The three links had not progressed in the Lee Teng-hui era. In the Chen Shui-bian era, the “Small three links”(小三通) was established on January 1, 2001.

The Chen administration began planning the small three links after Chen Shui-bian’s inauguration. The regulation for the construction of offshore islands (離島建設條例) passed on March 21, 2000. The 18th article of this regulation became the princi-

⁸⁵ The indirect postage exchange was established on April 18, 1988.

⁸⁶ In March 1992, the Fujian Province of the PRC made two proposals for the small three links. In January 1994, China unilaterally passed a regulation on small scale trade with Taiwan. In June 1994, Taiwan’s “Kinmen-Matsu Local Alliance” also made a proposal for the small three links. On April 19, 1997, transshipment between Taiwan’s Kaohsiung and China’s Fuzhou and Xiamen was implemented, but only indirectly as goods were not allowed to pass through customs into Taiwan. Source: Sheng Lijun, *China Responds, China and Taiwan: Cross-Strait Relations Under Chen Shui-bian*, London & New York: Zed books (2002), p.80-81.

ple for planning the small three links⁸⁷. Chen's inauguration speech in 2000 was relatively moderate, which allowed progress on this issue.

The three small links stipulated that commercial, transport and postal services would be established between Kinmen, Matsu and the southeast coast of China on a trial basis. Kinmen island is just 2310 meters away from Fujian and remained an outpost of Taiwan. After its total defeat on the continent in the Chinese civil war (which followed World War II, the KMT finally won the battle of Gunningtou in 1949, thus the ROC kept control of the island. In the cold-war period, the island was fortified and became the main stage of the Taiwan crises in 1954 and 1958. Although the Kuomintang regime banned interactions with China, there was a good deal of smuggling between Kinmen and Fujian⁸⁸. Therefore, the small three links were established not only because of geographical conditions but also in an attempt to decriminalize the underground exchanges between the offshore islands of Taiwan and China.

However, with the decline of the cross-strait relations, little progress was made on the three links between 2000 and 2008, despite strong public support of not only the small three links but also a "real" version of the three links between Taiwan and China. National security was still a concern when it came to the three links, however (see Table 5). Few cross-strait charter flights were organized between the years of 2003 and 2005. Only Taiwanese businesspeople were allowed to be passengers on the charter flights for Chinese Lunar New Year⁸⁹. In 2003, the charter flights were unidirectional and only Taiwanese Airlines were allowed to participate; but in 2005, the charter flights were extended to both Taiwanese and Chinese Airlines. In 2006, all Taiwanese residents were allowed as passengers on charter flights for Chinese New Year. In 2007, "emergency medical charter flights" and "freight charter flights" were sanctioned.

There were no charter flights during 2004. Taiwan refused to recognize the one-China principle and the 92 consensus, so China did not accept direct negotiations between officials across the strait. This meant a breakdown in negotiations for the 2004

⁸⁷ According to the 18th article of the regulation, before comprehensive transportation between Taiwan and China was established, the Taiwan government was allowed to hold a trial operation for transportation between Kinmen, Matsu, Penghu and China.

⁸⁸ Mark Landler, "Kinmen Journal; Smugglers on Taiwan Isle Are Glum," *New York Times* (Jan. 12, 2001). <http://www.nytimes.com/2001/01/12/world/kinmen-journal-smugglers-on-taiwan-isle-are-glum.html>

⁸⁹ The special charter flights in 2003 and 2005 were intended for Taiwanese businesspeople; however, in 2005 some passengers were found to be neither Taiwanese businesspeople nor their dependents. Source: 王平宇 (Ping-yu Wang), "台商利益不等於台灣利益 (The interest of Taiwanese businessmen is not equal to the interest of Taiwan)," *自由電子報 (Liberty Times Web)* (Jan. 30, 2005) <http://old.ltn.com.tw/2005/new/jan/30/today-fo4.htm>

Chinese New Year charter flights. After this failure, a new pattern of cross-strait negotiations between non-governmental organizations was established. For the 2005 Chinese New Year charter flights, the negotiation was conducted between Taiwan's Civil Aeronautics Administration and China's Civil Aviation Administration of China in Macau. This pattern was also called the "Macau Model"⁹⁰. The three links were only developed in the true sense when Ma Ying-jeou took office.

(2) From "Proactive Liberalization with Effective Management" to "Proactive Management with Effective Liberalization"

In the Chen Shui-bian era the Taiwanese public also called for relaxing policies toward cross-strait economic exchanges (see Table 5). As mentioned in Chapter 2, since cross-strait economic interactions became closer, many Taiwanese people agreed that the Taiwanese investments in China should be more relaxed but also need appropriately limited and verified. Regardless, many Taiwanese people began demanding a relaxation of Lee Teng-hui's policy of NHBP toward the end of the 1990s.

Taiwan faced a difficult economic situation when Chen Shui-bian took office in 2000: the country was sliding into a rigorous economic recession. A global recession was also occurring, and this included the United States; meanwhile, developing China still exhibited strong economic growth⁹¹. The Taiwanese economy is export-oriented and depends on world trade. Moreover, the Taiwanese economy's dependence on China had increased since the beginning of the 1990s, particularly with increasing Taiwanese investments in China. The development of cross-strait economic relations led to a great deal of capital outflow. Therefore, improving economic conditions became one of the most important missions of the new Chen administration.

The Chen administration gained recommendations from Taiwanese business circles at the Economic Development Advisory Conference (EDAC), which was held in May 2001. In August 2001, the EDCA reached a final decision on the main points of the new cross-strait economic policy. Lee Teng-hui's policy of NHBP was thus replaced by Chen's new "Proactive liberalization with effective management." Given the changes in

⁹⁰ 童振源 (Chen-yuan Tung), "以貨客包機與觀光協商開創兩岸關係正常化的新契機 (Creating new opportunities for the normalization of cross-strait relations through passenger and freight charter flights)," *交流 (Exchange)*, vol. 83, Taipei: Strait Exchange Foundation (June 2006), p. 42-45.

⁹¹ The global recession began in 2001, and according to data from the IMF, most of the major economies suffered recession during this time. Changes in the economic growth of major economies from 2000 to 2001 were as follows: (1) The United States: 4.1% → 1.2%; (2) Japan: 2.2% → -0.4%; (3) Eurozone: 3.5 → 1.6; (4) China: 8.0 → 7.3; (5) World output: 4.7 → 2.5. The economic growth of Taiwan also declined from 5.9% (2000) to -1.9% (2001). Source: IMF, *World Economy Outlook*, April 2002.

the economic environment⁹², the Chen administration decided to change the cross-strait economic policy from “No haste, be patient” to “proactive liberalization with effective management” (PLEM). This move was also made in a bid to improve cross-strait relations.

The new policy relaxed limitations on Taiwan’s investment in China to a great degree. This also led to rapid growth in trade across the Taiwan Strait: by August 2005, Taiwanese investments in China had reached 44.8 billion US dollars. The trade across the Taiwan Strait might even have been higher than official records state⁹³. This substantial increase in investment in China not only raised concerns of national security, but also initiated crises in the Taiwanese manufacturing industry⁹⁴. Meanwhile, Taiwan’s economic dependence also contributed to China’s united front. Not only did economic benefits help gain the support of Taiwan’s nonpartisan voters (Lin, 2016), but also led to support from many Taiwanese firms. The most significant example might be Wen-long Shi, one of the biggest pro-DPP businessmen, who announced recognition of the one-China principle and abandoned the idea of Taiwan-independence in his retirement speech.

In the 2006 New Year’s speech, the Chen administration changed its cross-strait economic policy once again. The new policy was called “proactive management with effective liberalization” (PMEL). As the name suggests, this new policy tended more toward “management” instead of “liberalization.” The PMEL focused on regulating mechanisms such as examination, management, and control in several fields including finance, agriculture, human capital, and economy. This was done to enhance the economic security of Taiwan, and reduce the risks inherent in economic exchanges with

⁹² Global economic development in the beginning of the 21st century still followed a trend of neoliberal globalization, which began in the last decades of the 20th century. However, current dynamics and trends are different: new trade geography, weaker hegemony, and more multipolarity. In addition, both Taiwan and China have been members of the WTO in 2001; both regimes across the strait are more integrated in global trends.

⁹³ According to data from Taiwan’s Ministry of Economic Affairs, by August 2005, Taiwan’s China investments reached 34008 cases, totaling 44.84 Billion USD (including investments made in the 90s); cross-strait trade increased from 299.6 million USD (2001) to 456.1 million USD (Jan. to Aug. 2005). Data from the Ministry of Commerce of the PRC indicated more cases and more capital from Taiwan; in addition, the chairman of the MAC at that time, Dr. Joseph Jaushieh Wu, stated that the amount of Taiwanese investment in China totalled 100 to 150 billion US dollars, about 60% of Taiwan’s foreign investment. Some of these investments may not have been permitted by the Taiwanese government. Source: 夏樂生 (Hsia, Lo-Sheng), “論大陸經貿政策演變及影響-從「戒急用忍」、「積極開放、有效管理」到「積極管理、有效開放」 (Development and Impact of Economic and Trade Policy Toward Mainland China- From “No Hast, Be Patient,” “Proactive Liberalization with Effective Management” to “Proactive Management with Effective Liberalization”),” *展望與探索 (Prospect and Exploration)*, Vol. 4, No.3 (March 2006), p.93-94.

⁹⁴ *Ibid.*, p.95.

China. The change of policy may also have been in response to China's adoption of the Anti-secession Law (Hsia, 2006), or not only the law but also in response to the pan-blue coalition's interactions with China (Shen, 2006) and Hu Jintao's call for three direct links (Lim, 2009). In any case, the economic policy of the Chen administration tightened once again. Through regulation, management and examination, the ruling DPP tried to strengthen its dominance in cross-strait economic policy (Hsia, 2006); the Chen administration emphasized the importance of other markets around the world instead of concentrating on China⁹⁵. Public opinion indicates that the Taiwanese people maintained a similar attitude as before, supporting the opening of economic exchanges with China, but also preferring stricter management in order to avoid risks and possible negative impacts (see Table 5).

3-4. Comparison and Analysis

From the cases above, we can divide cross-strait issues between 2000 and 2008 into the following phases:

- (1) 2000-2002: mitigation period,
- (2) 2002-2004: renewed confrontations that gradually intensified, and
- (3) 2004-2008: white-hot cross-strait confrontations.

These cases suggest that Taiwanese level II actors played a significant role in the cross-strait triangle relationship, especially when the Chen administration changed its cross-strait policies. The first attempt at national referendum in 2004 is a good example. As previously described, it was the United States and the domestic actors of Taiwan that became the main means of restricting the attempts of the Chen administration, not China. These phenomena conform to the hypothesis described in Chapter 1. Taiwan's domestic games were important motivators that drove the Chen administration to propose changes to cross-strait relations. When the cross-strait confrontations turned white-hot, the Chen administration could be seen as "surrounded by rivals," including the Taiwanese pan-blue opposition parties, China and the United States, although the US was only supposed to have played a passive role.

(1) The relatively active role of the United States

As mentioned above, the United States became the most important state-level actor in this period, restricting the actions of Taipei and preventing possible changes to the

⁹⁵ Hsia, *ibid.*, p.95-96.

status quo. Although the Bush administration was basically more pro-Taiwan than the Clinton administration in the late 1990s, the US observed that Taipei's actions were pushing toward Taiwan independence after 2002. Washington therefore restricted the Chen administration with intense criticism. For the United States, China was a rapidly growing national power and a new potential challenger⁹⁶. The US saw China as a possible partner in several different fields, not only the quagmire-like global war on terror, but also the emerging North Korean Nuclear Problem and six-party talks⁹⁷.

China's "Anti-secession Law" was considered aggressive, and Cho (2009) suggests that it was also a deterrence to international society. The choice to label the law "Anti-secession" instead of "Promotion of unification" suggests that China intended to try to maintain the cross-strait status quo until such time as it is not able to prevent the independence of Taiwan. The US therefore found Taiwan's actions to be provocative. Compared with the relatively self-controlled China, there is no doubt that the US considered Taiwan to be a landmine with the potential to damage regional stability. China kept a low profile, asking the United States to pressure Taiwan. This became a pattern of conflict resolution across the Taiwan Strait until Ma Ying-jeou took power in 2008. Every time the Chen administration proposed an idea, the United States reacted swiftly in an attempt to prevent escalation.

This explains the moderate attitude displayed by China – the United States acted as the limiter to maintain the status quo. In other words, the unilateral attempts toward Taiwan independence were suppressed by the United States. China's adoption of the Anti-secession Law also showed that China would not focus on short-term progress in cross-strait relations. This fit the cross-strait policy of the US.

(2) "Constrained by three sides": should the isolated DPP administration have paid more attention to domestic issues?

A re-examination of cross-strait issues from 2000 to 2008 reveals that the biggest difference between the late Lee period and the Chen Shui-bian period is that although

⁹⁶ Because China held to Deng Xiaoping's principle of "Hide our capabilities and bide our time" (韬光養晦) and remained loyal to the development principle of peaceful rising, China and the United States did not confront each other in East Asia as they did in later periods. China was only considered a potential challenger during this time.

⁹⁷ North Korea's nuclear programs constituted an important unstable factor in East Asian regional security. In 2003 North Korea admitted the existence of its nuclear weapon development program in the three-party talks between China, North Korea and the United States. Following this, the "six-party talks" between China, Japan, Russian, North Korea, South Korea and the United States were held. China played an important and active role in these talks.

the election and domestic politics still played a crucial role in cross-strait issues and largely affected the decision-making of Taiwanese level I actors, Chen Shui-bian and the DPP did not enjoy the high support rates that Lee Teng-hui inspired. Chen Shui-bian and the DPP administration's proposals damaged cross-strait relations, causing Taiwan to receive pressure from the United States on several occasions. In this period Chen and his administration were mainly focused on the steady DPP supporters or even the pan-green old guards. Chen's moderate attitude in the beginning of his presidency benefited neither cross-strait relations nor domestic politics. However, after 2002 his new strategy enhanced the loyalty of the deep-green supporters who were disappointed after Chen took office in 2000. Because of this, even though the national referendums in 2008 might not have been necessary, the issues mobilized the hardline supporters, thereby influencing the major elections.

Therefore the Taiwanese level II actors played a more important role during the Chen period than they did in the Lee Teng-hui period. Developments in cross-strait relations during this period suggest that more political confrontation between the two level I actors resulted in more attempts from the Chinese government to influence the Taiwanese level II actors. China did not respond to Chen's actions as radically as it did in the Jiang period. Beijing's strategy in this period suggest that their main objects were the "floating voters" who could be influenced through Taiwan's economic dependence on China (Lin, 2016) and the pan-blue coalition since the Kuomintang changed their route under Lien Chan. Both level I actors committed to compete for the Taiwanese level II actors in order to benefit before Taiwan's next major election, particularly the presidential election. This put pressure on Chen and the ruling DPP through China's united front with the pan-blue opposition parties. These efforts resulted in further division in Taiwanese society, which persists to this day. This split is apparent in opinion polls.

It appears that the Chen administration made proposals regarding cross-strait issues in order to gain political benefits. Precisely speaking, the administration sought these advantages because of the DPP's disadvantage in the legislature and because they were "surrounded on three sides" by detractors. When the situation became more harsh, the Chen administration made more radical proposals.

Examining these events also reveals that the key actors in cross-strait relations are the Taiwanese level II actors. Taiwanese public opinion thus became a "target" pursued by level I actors in both Taiwan and China. But the preference of the Taiwanese public was divided in this period. We can divide Taiwanese citizens into three categories: deep-blue, deep-green and moderate voters. Opinion polls (see Table 6) clearly showed

that the Taiwanese public sought economic benefits from cross-strait exchanges, especially when Taiwan experienced recession in the Chen Shui-bian era; but at the same time, the Taiwan's public was focused on the issues that could provoke China such as more international participation and Taiwanization/desinolization (renaming) on the government level, and held strong concerns regarding threats emerging from the People's Republic of China. This is a paradox: Taiwan tried to enhance its autonomy but also wanted to gain economic benefits from China - benefits that depend on China's goodwill. The situation also led confrontations over cross-strait relations to intensify, with the Chen administration proposing additional cross-strait issues in order to support ongoing confrontations with China⁹⁸.

(3) Increasing risks to Taiwan from cross-strait economic exchange

These concerns are not new. In the last chapter a similar question emerged in surveys of Taiwanese public opinion. Rapid increases in cross-strait economic exchange in turn increases Taiwan's economic dependence on growth in China, regardless of whether Taiwan's cross-strait economic policy tends toward openness or restriction. This phenomenon is apparent in the data marking the economic dependence across the strait since the beginning of 1990s (see Table 7). When cross-strait economic policy was more restricted, economic exchanges slowed, or Taiwanese businesspeople invested in China through alternative channels. This is perhaps why Taiwan's data on cross-strait economic exchanges differs from China's data.

Cross-strait economic dependence might be irreversible. China became a magnet for not only investment and capital from Taiwan, but also for talent resources worldwide. As previously mentioned, the Taiwanese manufacturing industry and Taiwanese capital have been drawn to rising China. Since the trend of economic integration with China may be irreversible, the problem will persist and continue to be a key issue in Taiwan's cross-strait policy. These concerns continue to be critical for Taiwan. As Asian Pacific countries began to sign FTAs and to form multilateral mechanisms to increase economic integration, Taiwan is marginalized from the regional and international market. This phenomenon might increase the relocation of Taiwanese firm from Taiwan to China.

(4) Trends in Taiwanese identity

⁹⁸ From an interview with Prof. Mingtong Chen, the former chairman of the Mainland Affairs Council in the Chen Shui-bian from April 2007 to May 2008.

Based on data from opinion polls, the identity of Taiwanese citizens has moved steadily toward “Taiwan consciousness.” Few Taiwanese define themselves as Chinese rather than Taiwanese, and only 2% (or less) of respondents desire unification as soon as possible. Most Taiwanese citizens tend to want to maintain the status quo, and “pro-independence” support rates have grown while “pro-unification” support has declined⁹⁹.

This phenomenon suggests that the Taiwanese were dissatisfied with the cross-strait political relationship. Despite unprecedented economic exchange across the strait, Taiwanese citizens seem less supportive of reunification and more committed to their “Taiwan identity” than ever before. This may be because of intense confrontations with China, or the gap in economic and military power.

3-5. The Chen Shui-bian era: a dead lock confrontation

In the Chen Shui-bian period from 2000 to 2008, the cross-strait triangle stayed more or less stagnant. The tension between Taiwan and China eased slightly only in the first two years.

The first change in ruling party-alternation was, however, a major milestone in Taiwan’s process of democratization. Taiwan became more democratic and China also took a relatively moderate stance on cross-strait issues. As for the Taiwanese people, they had become more dismayed with what they viewed as aggressive action from the Chinese government. In Chapter 1 we introduced Lin’s (2016) conception of China’s role in Taiwanese domestic games, which suggests that China was attempting to gain support from moderate Taiwanese nonpartisan voters who were focused on economic benefits from China. However, this strategy appeared not to influence the Taiwanese toward a pro-China stance, although the Kuomintang successfully retook power in the 2008 presidential election. In this sense, it is hard to say if the strategy was successful or not, even if Taiwan’s economy did indeed gradually integrate with China. From another perspective, the gradually shifting identity of the Taiwanese people and the KMT victory in the 2008 presidential election could be seen as the final word in public opinion regarding Kuomintang proposals for cross-strait economic integration. Even green supporters condemned Chen’s scandals and the DPP administration’s economic policies.

Chen Shui-bian cross-strait proposals over this 8-year period were mostly motivated by the needs of domestic politics and further actions were restricted by the US. Chen

⁹⁹ The polls indicate that the “mainstreams” of Taiwanese public opinion still mainly support to maintain the status quo.

(2007) also found that Chen's decision making tended more on the needs of domestic politics in his first presidency. The United States put Chen in check and maintained the status quo. The Chen administration could thus make cross-strait proposals without worrying whether the status quo would in fact change. Reviewing the major elections in the Lee Teng-hui period and Chen Shui-bian period, it's obvious that "The Chinese threat" was a decisive factor in Taiwan's major elections. In both the 1996 and 2000 presidential elections, the only parties that benefited from these perceived threats were the candidates who China didn't prefer; in the 2004 elections the threats associated with China were also decisive in Chen's narrow victory¹⁰⁰. The Hu-Wen administration's relatively moderate Taiwan policy starting in 2005 therefore could be seen as China's response to the phenomenon. During the rest of the Chen Shui-bian period, China's new Taiwan policy attempted to deploy a united front with Taiwanese opposition parties and the people. This attempt appeared to be fairly successful.

After Chen Shui-bian's scandal, Ma Ying-jeou won the 2008 presidential election on a platform that focused on "economic issues" and "fixing cross-strait relations." After the Chen Shui-bian era, this guideline looked like a possible solution for a dilemma Taiwan had faced for a long time. Attempts at international participation and economic integration were met with strong opposition from China when cross-strait relations were in a deadlock. Improving cross-strait relations seemed a possible answer to these problems. In addition, improving cross-strait relations would stabilize the Taiwan-US relationship, which was necessary because the Taiwan-US relationship had been damaged in the Chen Shui-bian era. However, the negative effects from tight cross-strait economic exchanges were not solved and continued to affect Taiwan under the Ma administration. Confrontations between different ideologies also continued to affect Taiwanese society after 2008.

¹⁰⁰ Lowell Dittmer, *op. cit.* p. 185

Table 1. Public opinion of the Taiwan people: is China hostile? (1996- 2008)¹⁰¹

Year	Friendly or hostile to Taiwan government (most surveys commissioned by MAC)	Friendly or hostile to to Taiwan people (most surveys commissioned by MAC)	The relationship between Taiwan and China (Surveyed by other institutions)
1996	Hostile: 60%~76.1% Friendly: 3.2%~20.3%	Hostile: 43.4%~53.9% Friendly: 14.1%~36.1%	Hostile: 31%~53% Friendly: 8%~24.2%
1997	Hostile: 73.3%~82.3% Friendly: 3.3%~10.5%	Hostile: 40.6%~53% Friendly: 16%~36.9%	Hostile: 35.9%~47% Friendly: 14%~24%
1998	Hostile: 58.5%~68.3% Friendly: 4.7%~16.5%	Hostile: 42.4%~52.8% Friendly: 12.9%~32.9%	Hostile: 28.2%~50.6% Friendly: 15.2%~25.4%
1999	Hostile: 63.6%~88.5% Friendly: 8.4%~8.5%	Hostile: 47.5%~66.7% Friendly: 19.6%~27.3%	Hostile: 48.5%~57.8% Friendly: 10%~15.1%
2000	Hostile: 60~78.3% Friendly: 7.1%~17.6%	Hostile: 49.7%~59.7% Friendly: 22.7~37.5%	Hostile: 32~59.2% Friendly: 16~37%
2001	Hostile: 65.7%~70.7% Friendly: 11.6~12.3%	Hostile: 46.8%~48.1% Friendly: 27.9~32.1%	N/A
2002	Hostile: 56.8%~63.7% Friendly: 8.8%~12.8%	Hostile: 38.3%~40.8% Friendly: 25.3%~31%	Hostile: 20%~39% Friendly: 31%~44%
2003	Hostile: 64.5%~70.9% Friendly: 5.8%~12.9%	Hostile: 44.4%~52.1% Friendly: 23.9%~31.4%	Hostile: 36%~70% Friendly: 9%~33%
2004	Hostile: 65.9%~79.4% Friendly: 10%~13.3%	Hostile: 46.1%~54.8% Friendly: 28%~32.4%	Hostile: 55%~62% Friendly: 11%~12%
2005	Hostile: 45.4%~79.5%* Friendly: 7.7%~29.1%*	Hostile: 43.6%~62.8%* Friendly: 25%~39.3%*	N/A
2006**	Hostile: 58.1%~76.8% Friendly: 10.1%~18.8%	Hostile: 40.6%~45.6% Friendly: 36.6%~42.4%	Hostile: 31%~47% Friendly: 29%~31%
2007	Hostile: 58.6%~66.8% Friendly: 16.6%~22.9%	Hostile: 39.9%~50.6% Friendly: 36.1%~40.2%	N/A
Mar.~May,2008	Hostile: 61.8% Friendly: 30.6%	Hostile: 48.8% Friendly: 43.2%	Hostile: 39.4% Friendly: 22.4%

* Included the opinion polls which not commissioned by the MAC but with similar question of survey.

** The other opinion polls surveyed in 2006 which summarized by the MAC

¹⁰¹ Summarized from the analysis of opinion polls (1996-2008) by the Mainland Affairs Council (MAC), <http://www.mac.gov.tw/lp.asp?ctNode=6333&CtUnit=3934&BaseDSD=7&mp=1>

Table 2. Taiwan's public opinion on Chen's "one country on each side" (2002)¹⁰²

Date	Opinion question (compendium)	Results
August 4, 2002	Do you agree that the relationship between Taiwan and China is "one country in each side" which proposed by President Chen?	Agree: 54% Disagree: 29% Don't know: 16%
August 4, 2002	On the Statement of "Taiwan is a country with independence sovereignty, and with China are one country on each side":	Agree: 47% Disagree: 33%
August 4, 2002	Is the Government necessary to promote its claim of "Taiwan and China, one country on each side"?	Necessary: 28% Not necessary: 50% No Comments: 22%
August 5, 2002	Do you think that President Chen's claim is declaring the status quo of Taiwan or promoting Taiwan independence?	Promoting Taiwan independence: 45.1% Declaring the status quo of Taiwan: 15.2% Don't know: 38.1% Refuse to answer: 1.7%
August 5, 2002	Do you think that President Chen's claim of one country on each side could give positive effects or negative to the public stability?	Positive effects: 14% Negative effects: 59.6% No effects: 6.5% Don't know: 19.5% Refuse to answer: 0.3%
August 5, 2002	Do you think that President Chen's claim of one country on each side could give positive effects or negative to the economic developments of Taiwan?	Positive effects: 10% Negative effects: 63.8% No effects: 6.5% Don't know: 19.4% Refuse to answer: 0.3%
August 5, 2002	Do you think that President Chen's claim of one country on each side could give positive effects or negative to our efforts to enlarge the international spaces?	Positive effects: 29.7% Negative effects: 39.7% No effects: 4% Don't know: 25.4% Refuse to answer: 1.2%
August 5, 2002	On the Statement of "Taiwan is a country with independence sovereignty, and with China are one country on each side":	Agree: 41% Disagree: 41% Don't know: 17.4%
August 5, 2002	Are you worried about more tension in the cross-strait relations, after President Chen proposed his statement of one country on each side?	Yes: 51.2% No: 41.4%
August 5, 2002	Would President Chen's statement of one country on each side bring Taiwan to toward Taiwan independence?	Agree: 52.9% Disagree: 33.5%

¹⁰² Source: Mainland Affairs Council, "Public opinion on President Chen's statement of one country on each side in the year 2002," <http://www.mac.gov.tw/ct.asp?xItem=44274&ctNode=5652&mp=1>

August 5, 2002	Do you agree the warning from the spokesman of China's Taiwan Affairs Office that Chen's action should be stopped since it's regardless of Taiwan's public opinion and promoting Taiwan Independence which is plotted by only a few Taiwanese?	Agree: 30.8% Disagree: 47.6%
August 5~6, 2002	Do you agree President Chen's recent statement that "the Taiwan and China are one country on each side, Taiwan should absolutely not become the second Hongkong"?	Agree: 63.8% Disagree: 28.3% No comment: 7.9%
August 5~6, 2002	The opinion on the claim of "one country on each side."	Agree: 36% Disagree: 39%
August 6, 2002	Some claimed that the countries are the PRC and the ROC; but also some claimed that they are the PRC and the Republic of Taiwan (ROT). Which one do you agree?	The ROC and the PRC: 38.3% The ROT and the PRC: 33.3% Don't know/No comments: 28.4%
August 6, 2002	Do you think the timing of President Chen's statement appropriate when there are economic recession, high unemployment rate and stagnation of cross-strait relations recently?	Appropriate: 36.5% Not appropriate: 51.5% Don't know/No comments: 12.1%
August 8~9, 2002	Do agree that the cross-strait relations are one country on each side?	Agree: 52% Disagree: 32% Don't know: 17%
August 8~9, 2002	Are you worried about more tension in the cross-strait relations after President Chen proposed the statement of one country on each side?	Yes: 50% No: 43% Don't know/ No comment: 8%
August 8~9, 2002	Are you worried about that Taiwan's economy becomes worse after President Chen proposed the statement of one country on each side?	Yes: 62% No: 31% Don't know/ No comment: 7%

Table 3. The critiques from the United States on the adoption of Taiwan's Referendum Act and the 2004 referendum¹⁰³

Date	Speaker	Contents
Nov.28.2003	US Department of State	The US reiterated its consistent position: opposes any unilateral attempt to change the status quo. China's use of arms is unacceptable; the resolution of cross-strait issues should reached peaceful, and should accepted by people across the two-sides. The US does not changed the one-China policy and the US does not support Taiwan independence.
Dec.1. 2003	James F. Moriarty, the special envoy of the President George W. Bush.	President Bush expressed again that the US opposes any unilaterally change of the status quo and disapproval of the "Taiwan independence referendum."
Dec.1. 2003	Richard Boucher, the Spokesperson for the United States Department of State	Again the US opposes the independence referendum, but first time announced by the US administration publicly.
Dec.4. 2003	Scott McClellan, the White House Press Secretary	The "unilaterally change of the status quo" which the US opposes is applicable to the actions from both Taiwan and China.
Dec.9. 2003	George W. Bush, the US president	The US thought Chen may willing to change the status quo unilaterally, which the US opposes.
Dec.31. 2003	Adam Ereli, Deputy Spokesperson of the U.S. Department of State	First time an US official openly expressed that the US opposes this referendum.
Jan.16. 2004	Scott McClellan, the White House Press Secretary	Earlier on the same day, Chen Shui-bian decided the questions of referendum. McClellan said in principle the US is not opposed nor endorse any referendum. And as the US knows no relationship between the outcome of referendum and status quo.
Jan.16. 2004	Richard Boucher, the Spokesperson for the United States Department of State	The US welcomes that Chen restated commitments that he would not change the status quo and commitments to pursue the dialogue with Beijing.
Jan.31. 2004	Richard L. Armitage, the Deputy Secretary of State of the United States	The US doubts the motive of the Chen administration to hold a referendum. The reason is that Chen's referendum seems neither divisive nor difficult which referenda usually reserved for.
Jan.31. 2004	Randall Schriver, the Deputy Assistant Secretary of State for East Asian and Pacific Affairs	Although the referendum maybe unnecessary, since the questions would not involve to change the status quo, the US will not oppose it.
Feb.6. 2004	Randall Schriver, the Deputy Assistant Secretary of State for East Asian and Pacific Affairs	In response to Taiwan's referendum, the US will answer yes to both two questions; The leaders across the Strait should discuss these questions, but the US does not endorse the contents of Taiwan's referendum.

¹⁰³ Source: Research fellow of Taiwan Security Association(台灣安保協會), "Chronology of the US-Taiwan relationship from Defensive Referendum to Enter-UN Referendum," World United Formosans for Independence, <http://www.wufi.org.tw/%E9%98%B2%E7%A6%A6%E6%80%A7%E5%85%AC%E6%8A%95%E5%88%B0%E5%85%A5%E8%81%AF%E5%85%AC%E6%8A%95%E5%8F%B0%E7%BE%8E%E9%97%9C%E4%BF%82%E5%B9%B4%E8%A1%A8/>

Date	Speaker	Contents
Feb.11. 2004	Colin Luther Powell, the United States Secretary of State	Powell did not see that Taiwan needs to hold a referendum. As democratic country Taiwan could hold referendum but the US does not wanna see changes of status quo caused by referendum. The US does not support both two questions of referendum.
Feb.18. 2004	US senior official	If not involved to attempt changing the status, the US could accept that Taiwan holds referendum.

Table 4. Taiwan's public opinion on the abolishment of the NUG and NUC^{104*}

Date	Opinion question (compendium)	Results
Feb. 6~7, 2006	Do you approve to abolish the NUG and NUC?	Yes: 15% No: 49% No comments: 37%
	If Taiwan decide to abolish the NUG and NUC, do you worry about more tension in the cross-strait relations?	Worry: 57% Not worry: 30% No comments: 13%
Feb. 7, 2006	Do you approve to abolish the NUG and NUC?	Yes: 33.8% No: 45.9% No comments: 20.2%
Feb. 8~9, 2006	Do you think the abolishment of NUG and NUC is necessary to become a priority objective of our country?	Necessary: 21.1% Not necessary: 52.4% Don't know/No response: 26.5%
	If the abolishment of NUG and NUC might effect the cross-strait triangle relationship negative. How should the government handle it?	Persist in the abolishment: 8.1% Maintain the status quo: 43.8% Negotiate with China: 30.3% Don't know/No response: 17.8%
Feb. 8~10, 2006	Have you ever heard about the NUG or NUC?	Yes: 62.9% No: 32.8% Don't know/No comments: 4.3%
	The NUG advocates that Taiwan must unification with China in the end. Do you approve it?	Yes: 24.2% No: 51.3% Don't know/No comments: 24.6%
	Due to there are different perspectives on the abolishment of the NUG within Taiwan. Do you approve that Taiwan's public reviewing the issue?	Yes: 67.5% No: 10.6% Don't know/No comments: 21.8%
	Would you care the reactions of China if the government abolish the NUG and NUC?	Yes: 44% No: 39.8% Don't know/No comments: 16.2%

¹⁰⁴ Source: Mainland Affairs Council, <http://www.mac.gov.tw/public/Attachment/9771283671.pdf>

Date	Opinion question (compendium)	Results
Feb. 13~15, 2006	Would you care the reactions of other countries (e.g. the U.S.) if the government abolish the NUG and NUC?	Yes: 47.8% No: 37.8% Don't know/No comments: 14.4%
	Do you support the abolishment of NUG and NUC?	Yes: 30.4% No: 27.3% No comments: 42.3%
	Do you think the purpose of President Chen's abolishment of NUG and NUC is for maintaining the status quo more or toward the Republic of Taiwan?	Maintain the status quo: 23.5% Republic of Taiwan: 43.8% Don't know/No response: 32.7%
	Do you know the meaning of abolishing the NUG and NUC?	Yes: 30% No: 70%
	Do you approve to abolish the NUG and NUC?	Yes: 18% No: 35% No comments: 46%
	Do the abolishment of NUG and NUC immediately conform to Taiwan's interests?	Yes: 12% No: 45% No comments: 42%
Feb. 17~18, 2006	President Chen stated to abolish the NUG and NUC. Do you approve it?	Yes: 15.9% No: 31.3% Don't know: 52.9%
	Both the U.S. and China against the abolishment of NUG and NUC. Do you think the government should persist in it or stop this action?	Persist in it: 21.1% Stop the action: 32.4% Don't know: 46.6%
Feb. 22, 2006	President Chen stated to abolish the NUG and NUC. Do you approve it at the present stage?	Yes: 15% No: 45% No comments: 40%
	Do you think that we should consider the opinion of the United States in terms of the abolishment of NUG and NUC?	Yes: 43% No: 24% No comments: 33%
	Are you worried that the abolishment of NUG and NUC will affect the national security?	Yes: 51% No: 30% No Comments: 19%
Feb. 22~23, 2006	Which opinion do you approve? (1) If the US opposes, the NUG and NUC should not be abolished; (2) Even the US opposes, the NUG and NUC should still be abolished.	(1): 39.9% (2): 26.7% No comments: 33.4%
Feb. 27, 2006	President Chen stated that to cease the function of the NUG and NUC, which is so-called the abolishment of the NUG and NUC. Does the action affect the cross-strait relations positive or negative?	Positive: 8.1% Negative: 47.1% No effects: 8.4% Don't know: 36.4%
	Do you think the action of President affects the US-Taiwan relations positive or negative?	Positive: 9.3% Negative: 46.1% No effects: 12.3% Don't know: 32.3%
	Do you think the action of President affects Taiwan's developments of economy positive or negative?	Positive: 10.1% Negative: 53.1% No effects: 11.5% Don't know: 25.4%

Date	Opinion question (compendium)	Results
Mar. 1~2, 2006	Do you support President Chen's action of the "abolishment of unification" (廢統) in general?	Yes: 19.8% No: 50.9% Don't know: 29.4%
	Some said that President Chen's "abolishment of unification" changed his promises of "four noes and one without." Will you approve it, if President Chen further promotes to abolish this promises in the next two years?	Approve: 24.2% Not approve: 54.3% Don't know/No response: 21.5%
Feb. 27~Mar. 3, 2006	Do you approve to abolish the NUG which proposed by President Chen?	Approve: 29% Not approve: 42% No comments: 29%
Feb. 28, 2006	Do you support President Chen to cease the function of NUG and NUC?	Yes: 22% No: 46%
	President Chen's ceasing the function of NUC would be favorable for Taiwan's maintaining the status quo?	Favorable: 20% Unfavorable: 52%
	Would President Chen's ceasing the function of the NUC cause negative effects on the US-Taiwan relations?	Yes: 53% No: 29%

* A survey could include a number of questions.

Table 5. Taiwan's public opinion on Taiwan's cross-strait economic policy¹⁰⁵

Year	Issues	Results (approximately)
2000	On the Opening of Chinese capital to Taiwan (beginning of the year).	40% approved, 40% opposed
	On the Opening of Chinese capital to Taiwan (after May 20 when Chen took office).	50% approved, 30% opposed
	On the policy of NHPB.	30~40% necessary to relax 25~33% no necessary to relax/maintain the status quo
	On the limitation of Taiwanese businessmen's investment in China.	50% should be little tighter. 22% should be little relaxed.
	More than 70% agreed that on the economic developments, China will surpass Taiwan in the future ; enhancing the economic exchanges could reduce the tension with China.	
2001	On the limitation of Taiwanese businessmen's investment in China.	60~80% the limitation should be little tighter.
	On the policy of NHPB.	46% considered that the policy should be relaxed
	On one of EDAC's consensus that the NHPB should be turned to PLEM.	48~64% supported.
	On the opening of Chinese capital's real estate investments in Taiwan.	44~52% approved.
2002	On the limitation of Taiwanese businessmen's investment in China.	52% should be little tighter.
	On the action of Taiwanese government which turned NHPB to PLEM	42~57% supported.
2003	On the limitation of Taiwanese businessmen's investment in China.	60% should be little tighter. 20% should be little relaxed.
	The investments of Taiwanese company in China should be controlled if Taiwanese government sponsored its R&D	over 70% supported.
2004~ Mar.2005	On the limitation of Taiwanese businessmen's investment in China.	50~58% should be little tighter. 21~27% should be little relaxed
	62% believed that the more closer the cross-strait economic exchanges are, the less possibilities of China's invasion would be occurred.	
2005	On the limitation of Taiwanese businessmen's investment in China.	47~57% approved the controls from the government. 25~37% tended to relaxed the limitation.
2006	On the policy of PMEL which replaced the PLEM by Taiwanese government.	24~66% approved 21~40% not approved

¹⁰⁵ Summarized by the author. Source: Annual reports of comprehensive analysis of the public opinion, Mainland Affairs Council.

<http://www.mac.gov.tw/lp.asp?ctNode=6333&CtUnit=3934&BaseDSD=7&mp=1>

2007	54~77% believed that it would cause negative effects to Taiwan when the proportion of the Taiwanese businessmen's investments in China too high. Thus about half of all approved the limitation of the Taiwanese businessmen's investments in China.	
	63% believed that to strengthen the management of cross-strait economic exchanges is favorable to Taiwan	
	On the limitation of Taiwanese businessmen's investment in China.	44~52% should be little tighter 30~38% should be little relaxed
	61% believed that the asymmetry of capital and people flow across the Taiwan-strait is abnormal; 62% are worrying the abnormal exchanges would damage Taiwan's interests in general. And thus over 70% believed that the government should take measures of "proactive management."	
2008**	48.4~51.8% people approved the policy direction of relaxing the limitation of cross-strait economic exchanges; but also 62.2~65.8% people believed the related supporting measures should also be strengthen by the government.	

* R&D = Research and development

** As mentioned before, Ma Ying-jeou and the KMT administration took office on May 20, 2008.

Table 6. Taiwan's public opinion on the issues of "three links" and "small three links"

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Year	Three links (TL)	Small three links (STL) 2000-2001
2000	During the presidential election, over 70% people approved to open the TL; but still about 50% concerned the effects on national security. Over 75% advocated the TL should be opened with conditions.	Over 60% supported the STL and believed the STL could help the developments of the outlying islands; but also about 60% worried about the negative effects on the security of Kinmen and Matsu. 55% approved the SML should be done before the TL; 18% considered the TL could be done directly.
	37~67% approved opening the three links; however, since China does't give up the use of force on Taiwan, about 50% worried about the effects of direct flight on national security. 80~83% advocated that the direct flights across the strait should be open with conditions, less than 10% approved unconditional open the cross-strait direct flights.	Over 60% supported the STL; 38% believed that the STL could help to improve the cross-strait relations, but also 42% believed not. One month after STL (Opinion of Kinmen people) : 61% do not satisfied with the related measures; 41% agree the measure of could make the contacts of the people across the strait officially. Over 60% thought no effects of STL on security and economy of Kinmen. 56% thought no necessary that only people from Kinmen and Matsu allowed to participate the STL.
2002	Over 50% people believed that the TL could help the economic developments of Taiwan; but also over 60% worried about the possible negative effects of the opening including increasing unemployment and accelerating capital outflows.	
	Without any prompt of conditions, 46~69% supported the direct flights. More than 70% supported the direct flights when with conditions such as national security, equal and dignity; only about 10% supported the unconditioned opening. In addition, about 30~50% worried about the direct flight would effect the national security.	
	38~57% advocated the timing of opening the direct flight should be slowly or step by step. On the obstacle on the opening of direct flight, 34% believed China, 23% believed Taiwan. 47~63% disagreed China's claim that the TL is a domestic issue; 57% believed that avoiding the discuss of political conditions could break the deadlock of negotiation.	
2003	About 50% believed the TL could help the economic developments of Taiwan. 57% worried about the negative effects on national security 45~63% worried about the possible effects on the job opportunity of Taiwanese.	
	Without any prompt of conditions, 50~60% supported the direct flights. More than 74% supported the direct flights when with conditions such as national security, equal and dignity; less than 10% supported the unconditioned opening. More than 50% believed the national security should be in first priority, 21~26% believed the first priority is economic development. 62% disagreed China's claim that the TL is a domestic issue.	
	55% advocated the timing of opening the direct flight should be slowly. On government's promoting of the direct flight, about 40% unsatisfied, 32~37% satisfied. On the obstacle on the opening of direct flight, 30~40% believed China, 30% believed Taiwan.	

¹⁰⁶ Ibid.

Year	Three links (TL)	Small three links (STL) 2000-2001
	On the charter flights of Chinese new year, 75% Hold a positive view and about 50% believed the direct flights should be further opened. 71% believed the charter flights should be extended.	
2004 ~ Mar. 2005	44% believed that the TL could help the economic developments of Taiwan. 44% worried about the negative effects on national security; also 44% believed the opening of the TL is more favorable to China.	
	Without any prompt of conditions, 51% supported the direct flights. 74~78% supported the direct flights when with conditions such as national security, equal and dignity; less than 10% supported the unconditioned opening. 67% disagreed China's claim that the TL is a domestic issue.	
	On the charter flights of Chinese new year, 75% approved the "two-way flight without passing the third place" which proposed by Taiwanese government. 65% could not accepted setting the TL as domestic issue as premise of negotiation which proposed by China.	
2005	Without any prompt of conditions, 53% supported the direct flights. 76% supported the direct flights when with conditions such as national security, equal and dignity; only 13% supported the unconditioned opening.	
	42~48% thought that the timing of opening the direct flight should be slowly (decreased 10% over the previous year); 31~37% thought as soon as possible (2004: 27%). After the adoption of Anti-Secession Law: 61% approved slowly, 20% as soon as possible.	
	Nearly 60% believed that the effects of TL are positive to Taiwan's economic developments. On the effects on national security, 57% believed negative, 34% believed no effects. 54% worried about that the direct flights would decrease the job opportunity of Taiwanese.	
	63% approved the charter flight of Chinese new year; 56% believed it's positive influences on cross-strait relations. 47% hoped that the scheme could extend to the people outsiders of Taiwanese businessmen and their family; 25% approved to maintain the restriction. 71% approved fixed charter flights for holidays, and hoped for more convenient freight charter.	
2006	Without any prompt of conditions, about 60% supported the direct flights. 70~76% supported the direct flights when with conditions such as national security, equal and dignity; only 13~16% supported the unconditioned opening. 76% approved that the government refers the experiences from the charter flights to promote the TL step by step.	
	65% believed the Taiwanese businessmen are most benefited from the TL; nearly 70% approved to establish the cross-strait weekend charter flights, more than 50% believed the desire of tourism, live, study and employment in China will be increased when the cross-strait traffic becoming more convenience.	
	On the direct flights, 56% believed the advantages outweigh the disadvantages; nearly 50% believed the security of Taiwan would be effected. 63% believed the national security has higher priority than economic benefits.	
2007	69~77% supported the direct flights when with conditions such as national security, equal and dignity; only 16% supported the unconditioned opening. On the question of their desire of tourism, live, study and employment in China, when the traffic with China becomes more convenience: 45% yes, but also 45% answered no.	
2008	On the policy of cross-strait direct flights, the support rates are 48.1% in April and 58% in June. 55.8% believed the weekend charter flights would help the development of cross-strait relations. Before Ma took office, opinion poll indicated positive views on the direct flight across the Taiwan Strait, but 89% believed that the direct flight should be opened with conditions, and also 67.1% worried about the possible problem of public security.	

* The debates were mainly on the direct flights between Taiwan and China

Table 7. The changes of the economic dependence between Taiwan and China¹⁰⁷

Unit: hundred million USD

year	Total value of trade			Import			Export		
	amount	Annul growth rate	propor-tion	amount	Annul growth rate	proportion	amount	Annul growth rate	proportion
2000	439.6	25.0	15.2	355.5	24.5	24	84.1	27.1	6.0
2001	415.6	-5.5	17.7	336.1	-5.5	26.6	79.5	-5.4	7.4
2002	533.7	28.4	21.5	434.9	29.4	32.1	98.8	24.3	8.7
2003	666.9	25.0	23.9	537.6	23.6	35.7	129.3	30.9	10.1
2004	883.5	32.5	25.2	692.4	28.8	38.0	191.0	47.7	11.3
2005	998.8	13.1	26.2	776.8	12.2	39.1	222.0	16.2	12.2
2006	1158.5	16.0	27.2	891.9	14.8	39.8	266.6	20.1	13.2
2007	1303.0	12.5	28.0	1004.6	12.6	40.7	298.4	11.9	13.6
2008	1328.9	1.7	26.8	999.8	-0.8	39.1	329.1	10.2	13.7

*Data between 2001-2008 including re-export and re-import.

¹⁰⁷ Source: Bureau of Foreign Trade (Republic of China), "2008 Overview on the development of foreign trade of the Republic of China," http://www.trade.gov.tw/Pages/Detail.aspx?nodeID=1590&pid=561928&dl_DateRange=all&txt_SD=&txt_ED=&txt_Keyword=&Pageid=0

Chapter 4: A warmer cross-strait relationship and opposition within Taiwan: the Ma Ying-jeou era (2008-2012)

“Ma the Bumbler: A former heart-throb loses his shine”

On November 17th, 2012, “The Economist” summarized the governance of President Ma Ying-jeou in an article with the above title. Ma won the presidential election for his second term on March 20, 2012. However, according to an opinion poll from September 2012, the approval rating of this erstwhile political superstar declined to a record low of 13%. The economy and cross-strait relations were the main focus of Ma’s campaign during the presidential elections, but the Ma administration’s close ties with China did not improve the livelihoods of the Taiwanese people. Public disappointment regarding social problems and the economy led to a slipping support rate for Ma¹. Ma Ying-jeou won 58.45% of the vote in 2008, but that number had fallen to 51.60% in the 2012 election; this was another indicator of the change in Ma’s backing.

Several measures had been established with mainland China during Ma’s first term, including the controversial ECFA (Cross-Straits Economic Cooperation Framework Agreement). As mentioned in Introduction, initial steps were being taken to build cross-strait confidence. The Taiwanese public, however, began to voice opposition regarding the divisive actions taken to address economic issues.

The climax of this social opposition was the Sun-flower movement that began on March 18, 2013. Around 200 young protesters from different social movement groups stormed and occupied the Legislative Yuan for 23 days in protest of the Cross-Straits Service Trade Agreement (CSSTA), which was based on ECFA. With several thousands of demonstrators gathered outside of the Legislative Yuan, the movement not only caused conflict between the demonstrators and law enforcement but led to larger-scale demonstrations in Taipei. This unrest no doubt contributed to the great defeat of the Kuomintang in the local elections in 2014 and the presidential and legislative elections in 2016; the KMT lost the presidency and, for the first time, became the minority in the Legislative Yuan.

Why did the high-political issues in cross-strait relations fail to be resolved, even as low-political exchanges flourished? This is particularly puzzling when low-political ex-

¹ The Economist, “Ma the bumbler: A former heart-throb loses his shine,” (Nov. 17, 2012) <http://www.economist.com/news/asia/21566657-former-heart-throb-loses-his-shine-ma-bumbler>

changes also met strong opposition. In this chapter, we first discuss the structure of the two-level triangle game and the changes in conditions during President Ma's first term; through this analysis, we come to know the Taiwanese public as the "limiter" of the cross-strait two-level game. The negative impact of cross-strait exchanges and the fundamental zero-sum nature of cross-strait relations might also be considered explanations for Ma's policy failures.

4-1. Main game structure of Ma Ying-jeou era

The Kuomintang returned to power with Ma Ying-jeou's victory in the presidential election on March 20, 2008. Taiwan thus experienced the second ruling party alternation and became a consolidated democracy (Huntington, 1993). During this period, the most significant phenomenon in the cross-strait triangle relationship game structure were warming cross-strait semi-official relations, China's steady Taiwan policy, and its reported goodwill toward Taiwan. The 2008 financial crisis and the subsequent recession damaged the world economy, especially in the US and Europe. This crisis increased China's leverage in global governance because it suffered far less than other major powers, thereby changing the US-China relationship².

(1) Taiwan

Ma Ying-jeou campaigned on a promise to improve Taiwan's economy during the 2008 presidential election, and economic issues in Taiwan are strongly influenced by cross-strait relations. When Ma took office, cross-strait relations rapidly rewarmed and were considered to be at their best since 1949³.

The Kuomintang controlled both the administration and legislation during this period; therefore internal obstacles faced by the ruling KMT were mainly opposition from the Taiwanese public or from factions of politicians within the KMT. This differed greatly from the Chen Shui-bian period when challenges came from opposition parties. The Ma administration faced a similar situation as that of the late Lee Teng-hui era from

² Wei Liang, "Tough Love: US-China economic relations between competition and interdependence" in Jean-Marc F. Blanchard and Simon Shen ed., *Conflict and Cooperation in Sino-US Relations: Change and continuity, causes and cure*, London & New York: Routledge (2015), p. 148.

³ Weixing Hu, "Introduction" in Weixing Hu ed., *New Dynamics in Cross-Taiwan Strait Relations: How far can the rapprochement go?*, London & New York: Routledge (2013), p. 1.

1994 to 2000 (described in Chapter 2), because the KMT held the majority of the Legislative Yuan during both of these periods⁴.

(1-1) Taiwanese level I actors:

The last few years of the Chen Shui-bian period saw the Chen administration suffering not only a “surrounded” position in the cross-strait triangle relationship which we described in Chapter 3, but also struggling due to the weakness of the Taiwanese economy and Chen’s corruption scandal. All these led the victory of Ma Ying-jeou and the Kuomintang in the presidential and legislative elections in the first few months of 2008.

Ma’s 58.45% of the votes in the presidential election showed that he held favor with the majority of Taiwanese public, who had great hopes for improvements to the economy. With the overwhelming victory of the KMT in legislative election⁵, the KMT could actually be said to be “completely in power”. Compared with the former Chen Shui-bian period, it was far easier to carry out the preferences of the new Taiwanese level I actor when the ruling KMT controlled both the administration and legislation.

As described in the previous chapter, after Lien Chan became the chairman of the Kuomintang, the KMT changed its route to new cross-strait policies. The KMT retreated from Lee Teng-hui’s route and began to strengthen ties with China. The Kuomintang was more or less unified under Ma Ying-jeou⁶, though at times he’d had a reputation as a lone wolf and hadn’t built particularly strong relationships with other politicians. Looking back to Ma Ying-jeou’s promises in the 2008 presidential campaign, his policy route actually followed the promises he’d made while campaigning: the main focus was the restoration of Taiwan’s economy. Ma’s KMT still followed an economic blueprint with neoliberal conceptions: Taiwan’s economic relationship with China would be a key factor in integrating Taiwan into the world market. Improving cross-strait relations and cross-strait economic integration would thus become one of the main objectives of Ma’s policy. Soon after Ma’s election victory, he began to implement his promise of improving relations with China. For example, the Vice President-elect Vincent Shaw met Hu Jintao at the Boao economic forum in April 2008. In his inauguration speech, Ma officially stated his new “three noes” policy: no reunification, no independence and no war.

⁴ The 2016 presidential and legislative election was the first time the DPP took the presidency as well as the majority of the Legislative Yuan.

⁵ In the election, the Kuomintang gained 52.4% votes and 81 seats (71.7%) in the Legislative Yuan.

⁶ Ma Ying-jeou served twice as the chairman of the Kuomintang: (1) from August 19, 2005 to February 13, 2007 and (2) from October 17, 2009 to December 3, 2014.

Besides improving Taiwan’s relationship with China, Ma also reassured Taiwan’s citizenry that he would strive to protect Taiwan’s identity and security⁷.

The preferences of the Taiwanese level I actors in this period can be seen in the following figures:

Fig.1 Preferences of Ma administration on cross-strait political issues

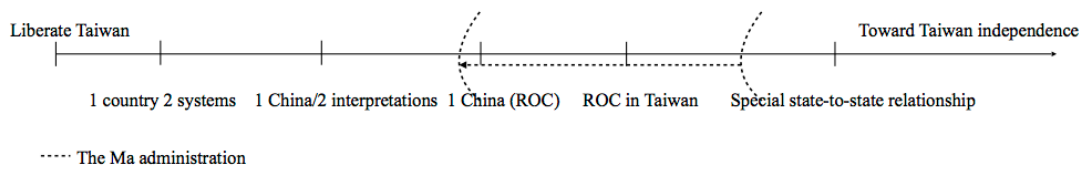
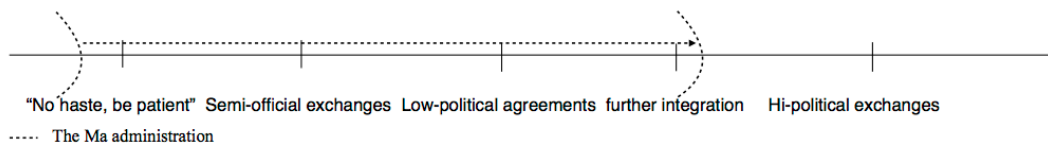


Fig.2 Preferences of Ma administration on cross-strait exchanges



The ruling Kuomintang turned back from the attitudes of the Chen Shui-bian administration to the position which the old Kuomintang followed: the 1992 consensus and One-China; open cross-strait exchanges and encouraging economic relationships to enhance ties with China through mutual agreements signed by SEF and ARATS.

Although Ma’s victory in 2008 was the result of many other factors, Ma’s mainland policy was well-supported by the majority of Taiwan people⁸. However, decreasing approval rates in the ensuing years suggest that Taiwan’s citizenry was dissatisfied with the performance of the Ma administration; increasing opposition made it difficult to promote and implement Ma’s policy. In the following section, we explore the level II actors within Taiwan in this period.

⁷ Bonnie S. Glaser, “Building Trust Across the Taiwan Strait: A Role for Military Confidence Building Measures,” The Center for Strategic and International Studies (Jan. 2010), pp. 1-2. https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/100107_Glaser_BuildingTrust_Web.pdf

⁸ Shelly Rigger, “Taiwan’s Presidential and Legislative Election”, *Orbis*, Vol. 52, No.4 (Fall 2008), pp. 694-697.

(1-2) Taiwanese level II actors:

(1-2-1) Legislative Yuan: dominant KMT and opposition DPP party in chaos

The 2008 defeat destroyed the morale of the DPP, which was already suffering with Chen Shui-bian's corruption scandal and trial⁹. As a result of Chen Shui-bian's second term of presidency, Ma Ying-jeou defeated DPP candidate Frank Hsieh with a gap of two million votes in the 2008 presidential election. Hsieh gained only about a million votes. Hsieh could only contend with Ma in the south of Taiwan, which is the traditional vote warehouse of the DPP. The 2008 election could be seen as a comprehensive defeat for the DPP.

The Kuomintang gained 52.4% of the votes in the legislative election, but the DPP only held 37.5% of the votes. Compared with the last legislative election in 2004, the seats of the pan-green camp declined from 44.89% (101 seats) to 23.9% (27 seats)¹⁰; in contrast, the seats of pan-blue camp¹¹ in the Legislative Yuan increased from 50.67% (114 seats) to 72% (82 seats). This followed on from the loss of local elections in 2005¹², and the effects of Chen Shui-bian's scandals on the mayor election for special municipalities (Taipei City and Kaohsiung City at that time). In other words, the defeats beginning in Chen's second term were progressive.

After his defeat in the presidential election, Frank Hsieh resigned his position as party chairman of the DPP though he was newly elected in January 2008, when the former chairman Chen Shui-bian took the responsibility for the loss of the legislative election. Explanations for the DPP's defeats took many forms. Some pro-DPP spokesmen blamed the defeats of the DPP on the new electoral system; another explanation cited Chen's failure in economic issues and weakening relationships with the US and China. This view is supported by the switch of votes from DPP supporters. Other explanations considered the DPP's factionalism and support of less qualified candidates: there was some division among DPP members in the months before the election over

⁹ J. Bruce Jacobs, *Democratizing Taiwan*, (Leiden: Brill, 2012), p. 261.

¹⁰ An amendment to the constitution of the ROC in 2004 reduced the seats of the Legislative Yuan to half, namely from 225 seats to 113 seats, and introduced a brand-new "Single-District Two-Votes System" for the 7th legislative election in 2008. Source: Legislative Yuan, "Members of the Legislative Yuan", http://www.ly.gov.tw/en/01_introduce/introView.action?id=4

¹¹ Here we still define the Pan-blue camp as including the Kuomintang, the People-first party and the new party.

¹² The pan-blue coalition (mainly the KMT) won 17 of all the 23 mayors offices in the 2005 local election.

whether to continue to support president Chen, while the strategy of the DPP favored fundamentalists of the DPP.¹³ Whatever the reason for their loss in 2008, after Tsai Ing-wen was elected as the new party-chairwoman in May 2008, the DPP tried to end the chaos that had formerly haunted the party and sought reforms in its finances, faction issues, and the route of party, in an attempt to solve the crisis. Afterwards, the DPP gained some seats in the by-elections of the 7th (2008) legislative election, but still could not compete with the KMT in the Legislative Yuan.

The new electoral system affected influential third parties such as the TSU, the PFP and the NP. These parties were almost completely annihilated in the 2008 legislative elections: the PFP only got one seat representing aboriginal interests and the TSU did not gain any seats. Compared with former legislative elections¹⁴, it could be said that small parties were marginalized due to the change of the electoral system.

Pan-blue parties had integrated in previous years¹⁵, largely enhancing the political power of the Kuomintang; the PFP all but lost its political influence in the Legislative Yuan after the 2008 election¹⁶. During Ma Ying-jeou's first term, no political party could really contend with the KMT in parliament. Briefly, Taiwan essentially returned to a two-party system.

Therefore, in Ma's 2008 to 2012 term, although the DPP took several seats in the by-election, it still had little power against the Kuomintang. Coupled with the radical marginalization of the other pan-blue parties, the opposition parties could not be considered the main level II actor in this period. Tsai Ing-wen's succession as the chairwoman of the DPP in 2008 could be seen as the beginning of the re-construction of the DPP.

¹³ John F. Copper, *The KMT Returns to Power: Elections in Taiwan 2008-2012*, (Lanham: Lexington Books, 2014), pp. 36-37.

¹⁴ Both parties had many more seats in the last two legislative elections: in 2004, the PFP won 34 seats and the TSU won 12 seats; in 2001 legislative election, the PFP won 46 seats and the TSU 13 seats.

¹⁵ The New Party was marginalized much more than the PFP. After the 2001 legislative election the NP had only one seat left. In the 2004 legislative election, the new party was integrated into the Kuomintang because most of the NP candidates registered to represent the KMT; in 2005, many important politicians left the people-first party and joined the Kuomintang, which significantly weakened the PFP. These events indicated that the KMT gradually "unified" the politicians in other pan-blue parties when they left the KMT.

¹⁶ After the 2008 legislative election, there were 9 legislators belonging to the PFP. However, only one of them registered as a PFP candidate, the others registered as KMT candidates. Moreover, the only PFP legislator's eligibility was determined invalid. Therefore, the results of the 2008 legislative election show that the PFP lost its influence in this period.

The DPP had little influence in either the administration or legislation; the DPP therefore returned to their previous route of participation in social movements¹⁷.

(1-2-2) Intra-party opposition within the Kuomintang

Similar to the Lee Teng-hui period, intra-KMT struggles exerted a stronger effect on the policies of the Ma administration than the influence of the opposition parties. Although he was considered the superstar of the KMT, Ma Ying-jeou still faced intra-party competition. This could be seen in some cases such as 1.) some of the people nominated by Ma for his cabinet were rejected by the LY¹⁸, and 2.) the issue of importing American beef¹⁹. In fact, during the integration and reorganization of the KMT after Lee Teng-hui retired, Ma Ying-jeou became the chairman of the KMT but failed to gain comprehensive control of the party. The American beef issue indicates that when a party lacks cohesion, the political power of the administration is often weakened²⁰.

Within the Kuomintang there were still several political elites and factions which could not be ignored, and which also held a degree of political power and resources that did not necessarily come under the leadership of Ma²¹. An example is the KMT local faction (本土派), wherein leader Wang Jin-ping competed with Ma Ying-jeou to be KMT chairman in 2005. At that time Wang was the president of the Legislative Yuan. Therefore, after Ma took power, intra-party struggles took place in the central government among the ruling party, the administration and the legislation. The nomination of the cabinet is an indication of this phenomenon.

¹⁷ 陳華昇 (Hua-Sheng Chen), “2009 年台灣政黨政治情勢評估與展望 (Situation assessment and outlook of the Taiwanese party politics in 2009),” 國家政策基金會 (National Policy Foundation). <http://www.npf.org.tw/2/5246> (Dec. 30, 2008)

¹⁸ Ma faced opposition when he nominated the chairwoman of the Mainland Affairs Council Lai Shinyuan (TSU); the LY even rejected four nominees for the Control Yuan including Shen Fu-hsiung (formerly of the DPP but left the party in 2007), and the nominee for the vice presidency of the Control Yuan.

¹⁹ Since the Chen Shui-bian period (2007), the issue of whether to continue importing American beef became a hot potato in the Taiwanese government. The issue has been linked with other important issues intertwined in the US-Taiwan relationship, such as the negotiation of the Trade and Investment Framework Agreement (TIFA) between Taiwan and the US, and arms sales. Importing American beef faced strong opposition within Taiwan because of concerns about Bovine spongiform encephalopathy (BSE) and Ractopamine residue (a kind of feed additive which has been banned in many countries). In the Chen Shui-bian period, “safer” parts of beef were allowed import; after Ma took office, efforts at expanding imports was strongly rejected by the Legislative Yuan in January 2010.

²⁰ 蔡榮祥, 陳宏銘 (Tsai, Jung-Hsiang and Chen, Hong-Ming), “總統國會制的一致政府與憲政運作：以馬英九總統第一任期為例 (Unified Government and Constitutional Operation in President-Parliamentarism During the First Term of President Ma, Ying-jeou in Taiwan),” 東吳政治學報 (Soochow Journal of Political Science), Vol.30, No.4 (2012), p. 144.

²¹ 陳宏銘 (Hong-Ming Chen), “台灣半總統制下的黨政關係：以民進黨執政時期為焦點 (A Study of Party-Government Relations under Taiwan's Semi-Presidential System: the Case of the DPP Government),” 政治科學論叢 (Taiwanese Journal of Political Science), Vol. 41 (Sep., 2009), p. 19.

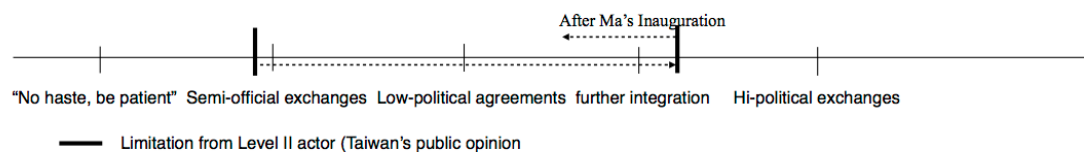
In the beginning of the Ma period, some measures were established to combat this problem. These measures included the following: 1. establishment of a platform to coordinate the administration, legislation and the KMT party; 2. modification of the party constitution to designate several administrators members of the KMT's central standing committee. However, about six months after Ma took office, intra-party conflict was still present²², which, in a move similar to that of Chen Shui-bian, led president Ma to become the chairman of party²³.

Thus, opposition from within the Kuomintang could also be considered a possible level II actor restricting the actions of the Ma administration, especially when president Ma lacked support from the public.

(1-2-3) Increasing civil protest

Protests from Taiwanese society increased rapidly as cross-strait interactions re-warmed and the public felt dissatisfaction with Ma administration policies. Ma's approval rate continued decreasing after he took office in May 2008. In fact, protests from Taiwanese society became one of the most significant opposition powers from within Taiwan. Table 1 shows significant political protests in Ma Ying-jeou's first term of presidency.

Fig. 3



Ho (2014) argued that compared with the relative silence of the Chen period (2000-2008) or even that of the 1990s when Taiwan was still under the Lee Teng-hui government, the social movements could be said to have been revived in the Ma period. This was true though the agendas of the DPP were only less conservative than those of the KMT²⁴. The reasons behind the resurgence of social movements in the Ma period could

²² Ibid.

²³ Hong-Ming Chen, op. cit. , p. 45.

²⁴ Ho Ming-sho, "Resurgence of social movements under the Ma," in Jean-Pierre Cabestan and Jacques deLisle ed., *Political Changes in Taiwan under Ma Ying-jeou: Partisan conflict, political choices, external constraints and security challenges*, London & New York: Routledge (2014), pp.101-102.

be explained through three dimensions: 1. the ruling KMT's conservative agendas on several issues were the opposite of those espoused by social activists²⁵; 2. the closing of the policy channel, and 3. the political alliance between leaders of social movements and the DPP after Tsai Ing-wen became the DPP's new chairwoman in 2009²⁶. In fact, in the Ma Ying-jeou period from 2008 to 2016, perhaps due to the ruling KMT's conservative policies, there were social movements in many different fields, such as environmental protection, gender equality, and labor protection.

Ho's research basically focused on social movements which excluded political protests, because those political protests may not only have been proposed by the self-determining power of the civil society but as "spill-over" from the struggles of the political parties. However, the social movements in the Ma period and Ma's low approval rate indicate that the Taiwanese public was an important actor in this period. It is notable that a focus on political protests could lead to an erroneous impression that there were fewer protests in the Ma period than the Chen Shui-bian era²⁷.

These social movements are not discussed in detail here as this paper is primarily focused on cross-strait issues. However, observance of the social movements in the Ma period verifies the increase in opposition from Taiwanese society. In addition, as mentioned before, the DPP under Tsai Ing-wen began to cooperate with the social movements in 2009²⁸ with both political and financial resources. This cooperation was likely based more on political purposes instead of common values²⁹, but the alliance between the DPP and social activists strengthened the effects of protests on the Ma administration, despite the DPP's weakened state after the major elections in 2008.

While most of these movements were unrelated to cross-strait relations, the vigorous protests regarding diverse issues indeed indicated the strength of public opinion in this period: the increasing numbers and enlarging scale of protests/social movements and their alliances with the reforming DPP put direct pressure on the ruling KMT.

²⁵ The following examples were the most significant social movements in the Ma period: labor movement, anti-nuclear (power plant) movement, the wild strawberry movement (protest on the rough law enforcement of the Ma administration in 2008 when Chen Yunlin, chairman of the ARATS visited Taiwan), disputes regarding urban renewal, farmer movements and anti-American beef protests and so on. From these examples, it is not difficult to imagine how mushrooming social movements were organized in 2008.

²⁶ Ho Ming-sho, *op. cit.*, p.112.

²⁷ *Ibid.*, p. 105.

²⁸ In February 2009, the DPP re-established its department of social movements, which previously existed from 1986 to 1996.

²⁹ After the cooperation, the DPP participated in social movements that could be said to oppose the DPP's position in the Chen Shui-bian period.

(2) China

Several issues in Chinese politics would be determined in this period: 1. the Hu-Wen administration still followed the old route when it came to cross-strait policies; 2. A new power transition would happen after this period; 3. China's domestic problems became more serious.

Hu Jintao announced the principles of China's Taiwan policy through his six-point statement before the 30-year anniversary of Deng Xiaoping's "Messages to Taiwan Compatriots" on December 31, 2008³⁰. In short, besides the promotion of further cross-strait exchanges, Chen (2009) suggested that Hu's statement indicated that the framework of China's Taiwan policy still followed the old route of the "one law and two communiqués" principle which was developed in 2005. Hu's statement indicates that the core purpose of Beijing shifted from "anti-independence" to "pro-unification," and emphasized the 92 consensus in which the "one-China" principle was meant to improve cross-strait relations. Unlike the Chen Shui-bian era, China no longer sought joint cooperation with the US on Taiwan issues.

China thus kept its cross-strait policy which cooperated with Taiwan's political parties, encouraging the economic benefits of cross-strait exchanges and seeking the support of Taiwan's median voters (e.g. China's "accommodation of benefits" 讓利 in ECFA). After Ma Ying-jeou took power, his moderate cross-strait policy led to cooperation from China. Beijing also took the attitude of "economy first, politics later" toward cross-strait exchanges. In fact, in addition to outcomes from cross-strait agreements, China could actively offer the benefit of reducing obstacles to Taiwan's international participation³¹.

China's next power transition would happen from 2012 to 2013. After Ma Ying-jeou's first presidency, Xi Jinping - Hu Jintao's successor - took power in November

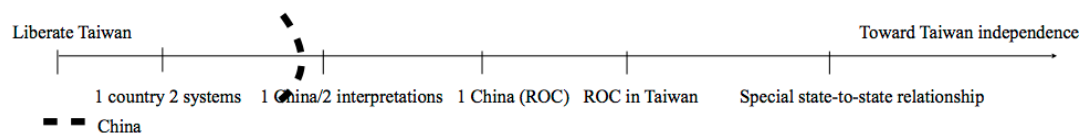
³⁰ Hu's speech adhered to the following outline: (1) firm adherence to the 'one China' principle and enhancement of mutual political trust; (2) strengthening economic ties, promoting joint development; (3) cultivating Chinese culture and stressing cross-strait spiritual links; (4) promoting personnel visits and broadening exchanges; (5) allowing Taiwan's 'reasonable' participation in global organizations under the principle of national sovereignty; and (6) ending cross-strait hostility and reaching a peace agreement. Source: Yang Kai-huang, "Hu's Six Points" amid the Interaction between KMT and CCP", Mainland Affairs Council. (September 26, 2009) <http://www.mac.gov.tw/public/Attachment/04115463073.pdf>

³¹ 林岡 (Lin Gang), "兩岸關係和平發展的途徑與前景 (Approaches and Prospects of Peaceful Development of the Cross-Strait Relations)", in 廖坤榮 (Kun-Jung Liao) ed., *ECFA 與兩岸和平發展機制 (ECFA and the Mechanism of Cross-Strait Peaceful Development)*, Taipei: Hanlu (2013), p.86.

2012³². In other words, it could be said that both Taiwan and China were in power transitions at the end of Ma Ying-jeou's first presidency. Compared with the last power transition from Jiang to Hu, Xi had more support from the PLA than Hu, and also took leadership much faster than his predecessor. However, China was already facing several serious domestic problems in the late Hu-Wen period. These problems, such as environmental issues, imbalances in the economy, housing bubble, financial instability, political corruption and so on (Zheng and Weng, 2016).

China's relatively stable stance towards Taiwan in the cross-strait game is illustrated using the following figure:

Fig.4



Another phenomenon observed in this period is that Chinese foreign policy became gradually tougher. This was apparent in China's handling of sensitive issues, such as the sovereignty dispute over the Senkaku islands (Diaoyutai/Diaoyu) and the South China Sea. These issues not only caused tension with neighboring countries but also promoted the US's "rebalancing policy." China's actions indicated that Hu might be abandoning the policy of peaceful development for nationalistic expansionism, and this might increase conflict in the Asian Pacific, eventually involving the US³³.

(3) The United States: Obama and the new global strategy

At the end of 2008, a power transition also happened in the United States. Barack Hussein Obama II won victory in the 2008 US presidential election and became the first African American to be elected as the President of the United States. In his first presi-

³² After the 18th National Congress of the CPC (Nov. 11-14, 2012) on November 15, 2012, Xi Jinping was elected as the General Secretary of the Central Committee of the CPC, and also as the Chairman of the Central Military Commission of the CPC. Although Xi would become the president of the PRC only after March 14, 2013, he was already the leader of both the party and the military after the 18th National Congress.

³³ Dean P. Chen, "US-China Rivalry and the Weakening of the KMT's "1992 Consensus" Policy: Second Image Reversed, Revisited," *Asian Survey*, Vol. 56 No.4 (July/August 2016), p.756.

gency, the new American president decided to shift the strategic focus of the U.S. from the “war on terror” back to the Asia-Pacific region.

In the beginning of Obama’s presidency, the Obama administration did not change the central components of Bush’s policy toward the global war on terror but initiative to refocus on it³⁴. Although Obama continued the war in Iraq and Afghanistan, he proposed a “Return to Asia” policy only about six months after his inauguration. On July 21, 2009, the US Secretary of State Hillary Rodham Clinton stated that the U.S. was “back in Southeast Asia” at the Bangkok summit of ASEAN. Clinton’s statement indicated the Obama administration’s new global strategy, and soon caused debates in China about the real intentions of the US³⁵.

US’s “refocus” on the Asia-Pacific region

Though the Obama administration proposed a return to Asia in July, the importance of the Asia-Pacific region for the Obama administration could be seen several months before this statement, as Clinton’s first foreign policy tour was to Asia. The US thus participated in regional multilateral meetings, and enlarged cooperation with the region. In November 2011, the United States announced further intentions to bring “rebalance to Asia”³⁶.

The stated aim of the Obama administration was to rectify the lack of balance in the global strategy of the Bush Jr. administration: too many resources were concentrated in the Middle East, and too few were focused on the Asian Pacific. However, this belies the strength of focus on the Asia-Pacific region, in which the US administration sought cooperation with regional rising powers such as China. This led to the broadening and deepening of US-China relations in facing regional and global challenges (i.e., nuclear issues in North Korea and Iran and climate change) (Saunders, 2014). It must be noted that this new US global strategy not only focused on the Asian Pacific but also on the areas around the Indian Ocean. For the purposes of this research, our discussion emphasizes US strategy in East Asia.

³⁴ John Davis, “Assessing Obama’s Efforts to Define the War on Terrors,” in J. Davis ed., *The Barack Obama Presidency A Two Year Assessment* (New York: Palgrave Macmillan, 2011) p. 166.

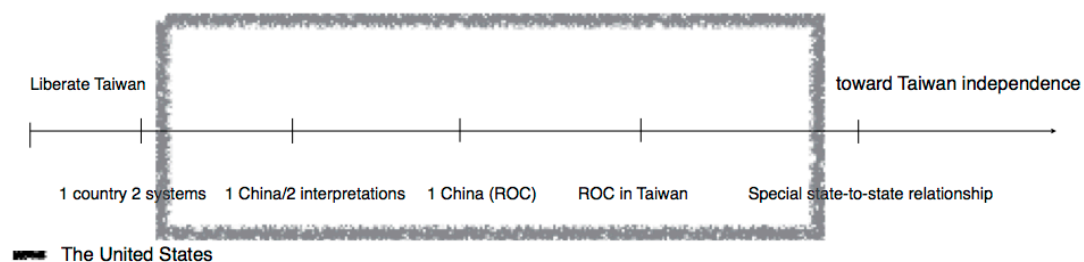
³⁵ Wang Dong and Yin Chengzhi, “China’s assessments of U.S. rebalancing/pivot to Asia”, in Mingjiang Li and Kalyan M. Kemburi ed., *China’s Power and Asian Security*, London & New York: Routledge (2015), pp. 66-67.

³⁶ Phillip C. Saunders, “China’s Rising Power, the U.S. Rebalance to Asia, and Implications for U.S.-China Relations”, *Issues & Studies*, Vol. 50, No. 3 (September 2014), p. 20.

At first, Obama followed the existing Taiwan policy of the US, namely the three Sino-US communiqués and TRA. Soon after the inauguration, Obama reaffirmed the “one-China policy” and its commitment to “respect China’s sovereignty and territorial integrity”; thus the Obama administration put less emphasis on cross-strait relations, possibly due to Ma Ying-jeou’s cooperative cross-strait policies. In this period, the US basically encouraged further cross-strait exchanges, including support for ECFA and cross-strait CBMs, despite complications to the US’s regional interests. However, when the US was busy with problems in other regions (i.e., the Middle East), Taiwan’s intentions with China could be considered to conform with the interests of the US. The economic struggles in the US also decreased its importance in Asia, making the future of the US’s rebalancing policy uncertain³⁷.

The new global strategy followed by the US returned its attention to Asia, but its Taiwan policy stayed the same, with modification of only minor details. Thus we can illustrate the role of the US in the game structure as follows:

Fig 5.



Though the mainstream view holds that the US prefers stability and reduced tension across the Taiwan Strait, Neo-conservatives, or the so-called “blue team” suggests that Taiwan’s separation from China benefits the US. In other words, a closer relationship between Taiwan and China would be considered a threat to US interests³⁸. Therefore, when confrontation between the US and China increases, a close relationship between Taiwan and China might not be welcomed by the US, especially if the close relationship is damaging US interests.

³⁷ Min-Hua Chiang, *China-Taiwan Rapprochement: The Political Economy of Cross-Straits Relations*, (London & New York: Routledge, 2015), p.157-158.

³⁸ Shelly Rigger, op. cit. p.699.

4-2. Hypothesis regarding cross-strait games in this era

We examine Ma's cross-strait relations in next section through case studies in order to analyze long-term changes. Some of these patterns were similar to previous periods. Cross-strait relations during Ma's first term exhibited the following pattern:

- (1)** Based on previous periods, we could speculate that the preferences of the Taiwanese level II actors (of which the Taiwanese public was the most important) on mainland policy were relaxed and open to low-political exchanges; president Ma was thus elected. However, as Ma's election promises came to fruition (the opening of cross-strait exchanges, for example) the preferences of Taiwan's level I actor tended toward further opening and integration. The Taiwanese public then pulled back. In other words, as was assumed in Chapter 2: as more political purposes took precedence in dealing with cross-strait issues, there was less of a chance for the administration to reach Ma's stated goals.
- (2)** The double limitation in the Ma period continued to function, but this mainly arose from the Taiwanese level II actors. Cross-strait relations did not move across the redline set by the US as an external limiter; therefore the United States did not intervene in cross-strait relations.
- (3)** Some basic features of cross-strait relations (such as the gap in ideology across the Taiwan Strait, and the zero-sum game involved in independence/unification issues) became more emphasized when cross-strait exchanges increased.
- (4)** An interesting phenomenon in this period is that further economic exchanges also received strong opposition. Through the points above, we assume that the basic features of cross-strait relations also influenced low-political exchanges. Further development/integration would therefore be rejected by the Taiwanese public.

4-3. Case Studies

In this section, we explore case studies selected from Ma Ying-jeou's first term.

During Ma's first term, developments in cross-strait relations can be summarized as follows:

- (1) Implementation of the full Three Links(通郵, 通航, 通商), which were developing postal cooperation, direct flights/sea transport across the Taiwan Strait and direct trade relationships³⁹, and relaxing the existing small three links with China
- (2) Increased economic exchange in many different fields
- (3) Attempts at confidence-building measures
- (4) Re-opening of high-level meetings, the signing of cross-strait agreements and the idea of a cross-strait peace agreement
- (5) Increased protests from Taiwanese society

We divide the issues above into two categories in the following section: low- and high-political exchanges. Increasing social protests in Taiwan is examined as a third category.

In this chapter, these chosen cases represent a rough outline of the cross-strait issues between 2008 to 2012. What we focus on in these cases is the three main phenomena involved in cross-strait interactions during this period: 1. the large developments in cross-strait relations on low-political issues, 2. the lack of further development on high-political cross-strait issues since the end of the 1980s, and 3. the strength of opposition from the Taiwanese people (even economic exchanges incurred strong opposition). Therefore, we focus on cross-strait CBMs and economic exchanges such as the signing of ECFA. Through an examination of these developments we attempt to explain why there was increasing opposition to the cross-strait low-political issues, such as ECFA.

4-3-1. Development of cross-strait low-political issues

(1) Reopening/rewarming of cross-strait semi-official interactions

³⁹ One of the three links: the direct trade relationship (通商) has been established with a considerable degree in the past years; what president Ma tried to open are mainly direct flights/sea transport and postal cooperation, and to expand the trade relationship across the Strait.

Cross-strait relations had been in a deadlock for years, so an official relationship between the two governments was unlikely, therefore the interactions across the Taiwan strait were kept at the semi-official level by SEF and ARATS. Soon after Ma's inauguration on May 20, 2008, semi-official high-level meetings reopened. These were named the Chiang-Chen summits⁴⁰. The first summit was held on June 12, 2008 in Beijing's Diaoyutai State-guesthouse, less than one month after Ma took office.

Before the end of Ma's first term, there were seven high-level meetings (Chiang-Chen summits) and several preliminary talks to these meetings. During the summits, seventeen economic agreements and three memorandums of understanding (MOUs) were signed (see Table 2.). It is worth noting that the MOUs were signed directly by the government leaders for the first time, rather than being signed by semi-official agents. Su (2016) points out that the results garnered by these cross-strait interactions were actually based on increased mutual trust through inter-governmental interactions. This included 1. the mutual trust between Beijing and the Ma administration since before the presidential election and positive interactions shortly after the inauguration; 2. Bipartisan high-level exchanges through different channels (e.g., APEC summit, Boao forum for Asia, Annual high-level meeting between the KMT and the CPC, KMT-CPC forum). In other words, rapid developments in cross-strait relations depended on sufficient mutual trust and understanding, which grew through these frequent interactions.

Still, it was difficult to establish consensus across the strait during high-political interactions. Although the peace agreement and cross-strait CBMs promised by president Ma Ying-jeou in his presidential campaign were topics of concern across the strait, the Ma administration took a conservative attitude, rejecting further political dialogue. China was more active in proposing political dialogue. Beijing repeatedly advocated political dialogue between 2008 and 2010, especially during the negotiation and signing of ECFA. After November 2010, China began to emphasize the importance of mutual political trust instead of asking for continued political dialogue. Perhaps this was because of the upcoming Taiwanese presidential campaign in 2012. The US arms sales package in 2010 may have also encouraged China to emphasize the importance of mutual political trust (Dong, 2016).

China next proposed cross-strait political dialogue in 2013, when the power transition from Hu to Xi was completed. The Xi-Li administration was more active in proposing cross-strait dialogue than the Hu administration had been.

⁴⁰ The name "Chiang-Chen summit" is used in Taiwan; "Chen-Chiang summit" is used in China.

Social protests were a constant companion to semi-official cross-strait negotiations. Table 1 shows that when the Chiang-Chen summit was held in Taiwan, protests also occurred. In Ma's first presidency, three Chiang-Chen summits (second, fourth and sixth) were held in Taiwan; large-scale demonstrations, organized by the DPP, occurred during both the second and fourth Chiang-Chen summit, causing conflict. Though the DPP did not organize a demonstration during the sixth Chiang-Chen summit, there were still smaller demonstrations outside of the summit.

(2) The Three Links and low-political exchanges in the Ma period

Issues still surrounded the three links at the beginning of the Ma Ying-jeou period. The three links had already seen minor progress in previous years, due to the needs of the Taiwanese economy and dependence on China. The SEF and ARATS signed agreements regarding air and sea transport on November 4, 2008, marking the beginning of progress on the three links⁴¹. The intensive high-level meetings between the SEF and ARATS after Ma took office accelerated progress of three-link issues. Therefore, the rapid developments in cross-strait interactions and the signing of those agreements left no doubt that three-link issues would also progress quickly. The agreements signed in the second Chiang-Chen summit actually initiated progress in the official three links (also called the “big three links” — relative to the “small three links”). In the following we summarize further important developments in three-link issues after December 15, 2008:

- (1) Air transport: air transport was still the main focus of the three links; on July 4th 2008, cross-strait weekend charter flights were established, though the flights had to pass through Hong Kong as a symbolic gesture. Based on the cross-strait agreement regarding air transport, weekday charter flights began on December 15, 2008; on August 31, 2009 regular direct cross-strait flights were established.
- (2) Mail Service: money transfers were included in the Cross-Strait Postal Service Agreement signed in the second Chiang-Chen summit, but money transfers did not begin at the same time as direct postal service, which began on December 15, 2008. Direct money transfers across the strait began on February 26, 2009.

⁴¹ Ministry of Transportation and Communications R.O.C., “Press release: the agreements of air and sea transports have been signed today (4th)”, http://www.motc.gov.tw/ch/home.jsp?id=829&parentpath=0%2C3%2C823&mcustomize=news_view.jsp&datserno=13370&aplistdn=ou=data,ou=news,ou=chinese,ou=ap_root,o=motc,c=tw&toolsflag=Y&imgfolder=img%2Fstandard (Nov. 4., 2008).

Table 2 lists the high-level talks between SEF and ARATS from 2008 to May 2012. Most of the agreements related to the three links were signed during the first two Chiang-Chen meetings. The direct three links were established immediately after Ma's inauguration, and acted as the initial steps in his far-reaching economic blueprint.

In addition to opening the three links, the Ma administration promoted further economic exchanges with China through the signing of various agreements. For example, the three cross-strait MOUs at the end of 2009 gave Taiwanese financial industries entry-tickets to the Chinese market. The Ma administration's solution to Taiwan's economic dilemma was economic exchange and integration with China in an attempt to promote economic globalization. After opening the three links, Taiwan's economic exchange with China increased significantly (see Table 3~4)⁴². Moreover, the Ma administration also allowed Chinese tourists to visit Taiwan; within a few years, the number of Chinese tourists increased dramatically. Chinese tourists soon became one of Taiwan's most important tourism markets.

With the worsening global economic situation and Taiwan's recession, Taiwan's economic dependence on China also increased. According to Taiwanese public opinion, most people were concerned about the possible impact of cross-strait economic exchange, fearing their effect on Taiwan's national/social security and economy. Every step taken to open cross-strait economic exchange brought debates regarding benefits and impacts, but statistical analysis indicated that improving cross-strait interactions did indeed boost Taiwanese trade.

(3) Cross-strait economic issues and disputes regarding the Economic Cooperation Framework Agreement (ECFA)

The signing of the Economic Cooperation Framework Agreement (ECFA) is likely the most important but also the most disputed economic policy from Ma's first term. As promised during his presidential campaign, the Ma administration proposed a Comprehensive Economic Cooperation Agreement (CECA) to build a common market with China; the CECA was renamed ECFA in February 2009. Due to the particularity of cross-strait relations, ECFA is considered a preferential trade agreement (PTA) under

⁴² The global financial crisis in September 2008 brought financial impacts to both Taiwan and China. Due to the effects of the financial crisis Taiwan's exports and imports fell by 20.3% and 27.4% respectively, and China's exports and imports fell by 16% and 11.2% respectively. Source: Mainland Affairs Council, Review of Cross-Strait Economy 2009 and Outlook for 2010. <http://www.mac.gov.tw/public/Attachment/04615565039.pdf>

the WTO framework. It includes the following fields: 1. trade and investment; 2. economic cooperation; 3. early harvest program (EHP); 4. dispute settlement and; 5. institutional arrangements. After this agreement was established, Taiwan and China conferred on further details such as 1. agreements on trades in goods; 2. agreements on trades in services; 3. the Investment Protection and Promotion Agreement; and 4. agreements on dispute settlement. The EHP requires both sides to expeditiously reduce tariffs and limitations/restrictions on chosen goods and services, (e.g., the tariffs on early harvest goods would gradually be reduced within 6 months of the agreement)⁴³.

As an important element of economic integration with China and the rest of the world, the ECFA included a wide range of industries and thus caused debates in Taiwan. During negotiations, the opposition (including the DPP) not only criticized the negative impact of ECFA but also carried out several large-scale demonstrations. The Ma administration responded to concerns with several explanation sessions, also publishing forecasts⁴⁴ of the benefits that might be derived from ECFA: 1. GDP growth was forecasted to increase by 1.65%~1.72%; 2. employment growth was forecasted to increase 2.5%~2.6%⁴⁵; although the ECFA would have negative impacts on several industries, it would be generally beneficial for Taiwan⁴⁶. In addition, the Ma administration also expected that the ECFA could become a bridgehead for Taiwan to participate in further regional economic integration, globalization and would hopefully lead to signing FTAs with neighboring countries⁴⁷.

Chinese leadership also stated their goodwill to resolve the doubts of the Taiwanese people; Premier Wen Jiabao stated that during the negotiation of ECFA, China would follow three principles: 1. equal consultations; 2. mutual benefit and win-win progress and; 3. accommodation of each other's concerns. Wen also emphasized that China would "care for the interests of small- and medium-sized businesses and ordinary people in Taiwan" and "accommodate the interests of farmers in Taiwan" due to the different sizes of the two economies and market conditions in Taiwan and China⁴⁸.

⁴³ Cross-Straits Economic Cooperation Framework Agreement, <http://www.ecfa.org.tw/EcfaAttachment/ECFADoc/ECFA.pdf>

⁴⁴ Based on the research by 中華經濟研究院 (Chung-Hua Institution for Economic Research, CIER) which was commissioned by Taiwan's Ministry of Economic Affairs.

⁴⁵ Official Website of ECFA, Benefits of ECFA <http://www.ecfa.org.tw/ShowTotalProfit.aspx?nid=1118>

⁴⁶ 童振源(Chen-yuen Tung), "ECFA 的爭議與成效 (Disputes and Effects of the ECFA)," *國家發展研究 (Journal of National Development Studies)*, Vol. 11, No. 1 (Dec., 2011), p. 104-105.

⁴⁷ *Ibid.*, p. 105.

⁴⁸ Li Peng, "The Nature of the Economic Cooperation Framework Agreement and Its Implications for Peaceful Development of Cross Strait Relations: Perspectives from the Mainland," in Weixing Hu ed., *New Dynamics in Cross-Taiwan Strait Relations: How far can the rapprochement go?*, London & New York: Routledge (2013), p. 52.

Unlike previous debates on economic issues, the debates regarding ECFA were mostly focused on the possible negative economic impact on Taiwan rather than national identity issues. Criticism of Ma's policy on ECFA generally fell under the following concerns: 1. Taiwan's economic security - Ma's policy would make Taiwan overly reliant on the Chinese economically, and would risk Taiwan's economic stability, equity, and economic security; 2. failure to address Taiwan's increasing inequality - the Ma administration furthered the impression that it was out of touch with public sentiment with the initial naming of CECA, which led to highly negative comparisons with Hong Kong's CEPA (Lin, 2013). However, there were also concerns regarding political issues. Since the program stipulated that more goods were to be exported from Taiwan than from China⁴⁹, the "early harvest" was considered much more beneficial to Taiwan. This biased allocation of economic benefits to Taiwan made the public suspicious of Ma's possible reciprocation of political benefits to China (Tung, 2011).

The agreement was signed on June 29, 2010 amid continuing debate. For example, after the signing of ECFA, the economy of Taiwan did not see any immediate benefits; the trade balance with China actually decreased in 2011 (see Table 4.). Taiwan's exports to China were decreasing at a faster rate than other major countries in the first of quarter of 2011⁵⁰. However, official data shows the effectiveness of ECFA: the first year of EHP (1/2011~12/2011) reduced tariffs on Taiwanese goods more than 122 million USD; the employment rate in the manufacturing industry increased 4.17% from January 2011 to November 2011, and the average salary also increased 2.72%.

Lin (2013) found that Taiwanese public support for ECFA and Ma's policies changed several times. The agreement was well-received by the international community and Taiwan's business sectors, but the optimistic economic forecast at the signing of ECFA only received a lukewarm domestic response. During negotiations, efforts by the Ma administration to increase public support were somewhat successful: around 70 percent of the population supported institutionalized trade talks with China⁵¹. However the

⁴⁹ Under the EHP, the tariffs of more than 800 goods would be reduced and 20 services would be opened. Among them, 539 goods and 11 services were Taiwanese, including 18 agricultural/fishery goods, amounting to 13840 million US dollars (approximately 16.1% of Taiwan's total exports to China). By contrast, only 267 goods and 9 services were Chinese. Source: Chen-yuen Tung, *Taiwan's China Strategy: From Bandwagoning to Balancing*, Taipei: Showwe (2011), p. 133.

⁵⁰ *Ibid.*, p. 144.

⁵¹ MAC: Ninth Round of Cross-Strait High-Level Talks Successfully Concluded; Two Sides to Jointly Work on Agreement Enforcement and Implementation (June 22, 2013) <http://www.mac.gov.tw/ct.asp?xItem=105425&ctNode=7438&mp=191>

public still harbored concern over the impacts of ECFA and fears that Beijing was using ECFA as weapon to promote unification.

4-3-2. Development of cross-strait high-political issues

(1) Attempts at cross-strait confidence building measures

In the beginning of the Ma period, Confidence Building Measures (CBMs)⁵² between Taiwan and China were paramount to high-political issues. The CBMs was first used in the cold-war period in order to avoid possible conflicts between NATO and the Warsaw Pact: the signing of the Helsinki Final Act in 1975 could be seen as the first CBM; thereafter, CBMs have been widely used around the world. CBMs could be categorized as several types of measures⁵³ and are mainly focused on reducing uncertainty and thus avoiding possible conflicts⁵⁴. During the 1990s regional CBMs were gaining attention in Asia⁵⁵ as China began to establish CBMs with its neighboring countries.

CBMs were not an idea new to cross-strait relations: after the third Taiwan crisis in 1995/96, the United States proposed a similar concept. The Clinton administration played an active role in building cross-strait mutual trust and CBMs to prevent possible conflicts, especially when compared with its predecessor and successor. The Clinton administration even tried to facilitate a more ambitious “interim agreement”⁵⁶ to main-

⁵² The Center for Strategic and International Studies (CSIS) defined CBMs as “efforts to improve military-to-military relations in ways that reduce fears of attack and the potential for military miscalculation,” including “hotlines and other activities intended to increase transparency.” Source: Bonnie S. Glaser, “Building Trust Across the Taiwan Strait: A Role for Military Confidence Building Measures,” The Center for Strategic and International Studies (Jan. 2010), p. VIII. https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/100107_Glaser_BuildingTrust_Web.pdf

⁵³ By the definition of the Institute for Science and International Security (ISIS), CBMs come in four main areas: communication (to defuse tension during moments of crisis or provide a more regular consultative mechanism), constraint (to keep certain types and levels of states’ military forces at a distance from one another, especially along borders), transparency (to foster greater openness of military capabilities and activities), and verification (to confirm or verify a state’s compliance with a particular treaty or agreement). Source: Holly Higgins, “Applying confidence building measures in a regional context”, Institute for Science and International Security, p. 109-110.

⁵⁴ CBMs are also used in non-military areas, but CBMs in cross-strait issues are focused on military/security issues, and what we discuss in this research is also focused on this field.

⁵⁵ Liu Huaqiu and Zheng Hua, “Confidence Building Measures in Asia” in Michael Krepon ed., *Chinese Perspective on Confidence Building Measures, The CBM project Report No. 23* (May 1997), The Henry L. Stimson Center, p. 1-2. https://www.stimson.org/sites/default/files/file-attachments/report23_1.pdf

⁵⁶ The concept of a cross-strait “interim agreement” was first proposed by Kenneth Lieberthal in February 1998. Lieberthal’s idea of a 50-year-long transitional interim agreement comes with the following measures: under the one-China principle, Taiwan would agree not to seek independence and China would agree not to use its force against Taiwan; Taiwan could keep its military and purchase weapons for self-defense and could participate in international activities. Hereafter, several more specific conceptions were proposed. Source: 行政院陸委會 (Mainland Affairs Council), “二十、中共反對美方所提「中程協議」構想 (No.20, China opposes the conception of “interim agreement” proposed by the US)” (June 8, 1999). <http://www.mac.gov.tw/ct.asp?xItem=62045&ctNode=6232&mp=1>

tain peace across the Taiwan Strait. The interim agreement and modified concepts were suggested several times; all arrangements were based on the United States' insistence on a "peaceful resolution"⁵⁷.

Political leaders in both Taiwan and China encouraged building cross-strait trust. In Taiwan, the first suggestions of a cross-strait military mutual trust mechanism could be traced back to 1998. These were proposed by Vincent Shaw, the minister of the Executive Yuan at that time. At the beginning of Chen Shui-bian's presidency in 2000, President Chen also mentioned that it would be necessary to set up a mechanism for cross-strait military mutual trust⁵⁸. Since then, several suggestions for increasing cross-strait trust have been proposed by both Taiwanese and Chinese politicians. In May 2004, the PRC's State Council of Taiwan Affairs Office suggested "establishing a military mutual trust" in an official statement⁵⁹. Lien Chan visited China the next year for the 30th anniversary of Deng Xiaoping's January 1st, 1979 speech entitled "Messages to Taiwan Compatriots. Lien and Hu made a joint statement saying that the two sides should establish a military mutual-trust mechanism. At the end of 2008, Hu Jintao spoke of establishing cross-strait mutual trust in his "six points" talks. The appeal of military mutual trust/CBMs became a popular topic across the Taiwan Strait and thus was often mentioned by politicians on both sides.

Although powerful politicians and even national leaders proposed cross-strait mutual trust/CBMs often, there was never any progress in this regard until Ma Ying-jeou took office in 2008. In the 2008 presidential campaign, cross-strait mutual trust was an important part of Ma Ying-jeou's platform⁶⁰. The first breakthrough happened in September 2010, when there was a joint maritime search and rescue exercise held by Taiwan and China near Kinmen and Xiamen. This exercise was actually based on the "Cross-Strait Sea Transport Agreement" that was signed in 2008, but it could be considered an important step in establishing CBMs across the Taiwan Strait. The exercise not only became a template for further joint exercises, but was often cited during routine calls to establish cross-strait mutual trust⁶¹. In Taiwan, commentators cited the exercise

⁵⁷ 林正義 (Cheng-Yi Lin), "美國與台海兩岸信心建立措施 (The U.S. and Confidence-Building Measures in the Taiwan Strait)," *問題與研究 Issues & Studies*, Vol. 44, No. 6 (Nov./Dec. 2005), p.4-5.

⁵⁸ 翁明賢 and 吳建德 (Ming-hsien Wong and Jian-De Wu) ed., *兩岸關係與信心建立措施 (Cross-Strait Relations and Confidence Building Measures)* (Taipei: Hwa Li, 2005), p. 465.

⁵⁹ Bonnie Glaser, op. cit., p.12.

⁶⁰ During the 2008 presidential election, the Ma camp published a white paper on his defense policy.

⁶¹ In this exercise, both Taiwanese and Chinese commanders were officials of the central government (Taiwan: Deputy Minister of the Coast Guard Administration of the Executive Yuan; China: Deputy Minister of the Ministry of Transport of the PRC). They commanded the rescue units but officially participated in their civil status in one-on-one interactions. This exercise was very important to China: Hu Jintao had advocated for cross-strait military mutual trust several times, and he hoped to use the exercise to

as the first step to “broadly” establishing cross-strait CBMs⁶². Due to the paramilitary status of Taiwan’s Coast Guard, the exercise became the basis for further joint maritime rescues and further extended military mutual trust. However, there was no further progress in CBMs/mutual trust issues until the end of Ma’s first presidency. Then on September 30, 2012, the two sides held another joint search and rescue exercise in the Kinmen-Xiamen Area.

Further cross-strait CBMs were proposed at the beginning of the Ma period. For example, track 2⁶³ diplomacy across the Taiwan Strait was also attempted in 2008⁶⁴, when President Ma defined the cross-strait track 2 platform as the KMT-CPC forums that were established after Lien Chan’s visit to China. In addition, a conference known as “Two sides across the strait for 60 years” (兩岸一甲子) was held in November 2009. This conference invited scholars as well as several retired military personnel⁶⁵ to participate, and the topics of discussion included relatively sensitive issues such as military and diplomacy. This conference was considered to be an important track 2 dialogue.⁶⁶ Although these kinds of track 2 interactions have been considered vital to confidence building, some of the interactions led to concerns that the persons involved might become “traitors” to Taiwanese society. The most representative example is the case of retired Taiwanese generals visiting China. The activities of these retired Taiwanese generals caused wide concern in the Taiwanese public and was criticized by DPP politicians and pro-green coalition media, especially in June 2011, when a retired Taiwanese general stated “...we are all in the Chinese army”⁶⁷(when referring to the Nationalist army and Communist Army).

promote further integration. Source: 沈明室 (Shen, Ming-shih), “兩岸金廈搜救聯合操演的意涵 (The implications of Search and Rescue Joint Exercise on the Kinmen and Xiamen Area)”, *展望與探索 (Prospect & Exploration)*, Vol. 8, No. 10 (October 2010), p. 14-15.

⁶² Wilson Chou, “First Cross-Strait Joint Maritime Rescue Drill Kicked Off,” *Kinmen Daily News* (September 27, 2010), <http://www.kmdn.gov.tw/1117/1271/1278/186886?cprint=pt>

⁶³ “Track 2” based on the conception of “the multi-track system”, which attempts to solve the inefficiency of pure government mediation (defined as “Track 1 Diplomacy”) for conflict resolution. In the definition, Track 2 is the Nongovernment/Professional actors; in Track 2 diplomacy, professional non-state actors attempt to analyze, prevent, resolve, and manage international conflicts. Source: Institute for Multi-Track Diplomacy, “What is Multi-Track Diplomacy?”, <http://imtd.org/about/what-is-multi-track-diplomacy/>

⁶⁴ Broadly speaking, due to the status of SEF and ARATS as semi-official organizations, they are also considered track 2 (Dong, 2016). However, because cross-strait interactions basically operate through the SEF and ARATS as agents, we thought these organizations should be seen as Track 1 actors or at least as “Track 1.5” instead of Track 2.

⁶⁵ The Chinese group of conference participants was led by former vice-president of the Central Party School of the Communist Party of China; participants included the retired army general of the PLA and former diplomat.

⁶⁶ 蔡逸儒 (George W. Tsai), “臺美中二軌對話- 兩岸一甲子學術研討會與會觀 The Second Track Dialogues among Taiwan, China and America”, *Prospect & Exploration*, Vol. 7, No. 12 (Dec. 2009), p.10.

⁶⁷ Richard C. Bush, *Uncharted Strait: The Future of China-Taiwan Relations*, (Washington DC: Brookings Institution Press, 2013), p.113.

Attempts at cross-strait CBMs did not develop further during Ma’s presidency. Although the efforts described above seemed to incur positive results, President Ma and Lai Shin-yuan (the head of the MAC) stated that it was not yet the right time for cross-strait military and political negotiations. They then stated that negotiations of political and military issues (high politics) could only be possible when the problems of livelihood (low politics) had been solved⁶⁸. Therefore, developments in cross-strait CBMs were limited to track 2 dialogue and a few joint exercises of quasi-military units during Ma’s first term. Development of track 2 dialogues still seemed possible, not only through the ruling KMT, but through the business community and, later, even through the DPP⁶⁹.

Looking back to beginning of Ma’s presidency, it is clear that the largest proportion of Taiwan’s people agreed that setting up a hotline/direct communication channel was necessary.

On the necessity of establishing a direct communication channel between the national leaders⁷⁰

	2000 (by Gallup)	April 2005 (by ERA news)	June 2008 (by Global Views)	July 2009 (by Global Views)
Necessary	55.7%	64.8%	61.2%	57.8%
Not necessary	17.3%	19.6%	21.0%	27.1%

While the continuing moderation of cross-strait relations reduced the desire to create cross-strait hotlines in some respondents, the support rate was still over 50%. However, when we look at Taiwan’s public opinion shortly before Ma’s inauguration regard-

⁶⁸ 吳建德 (Chien-te Wu), “臺海兩岸建構軍事互信機制之可行性評估 (An Analysis of the Feasibility for Establishing CBMs across the Taiwan Strait),” *展望與探索 (Prospect & Exploration)*, Vol. 8, No. 7 (July, 2010) p. 62.

⁶⁹ In 2013, the Minister of China’s Taiwan Affairs Office Zhang Zhijun stated that a platform for the exchanges of cross-strait business communities would be built, and several important politicians of the opposition DPP also sought to establish track 2 channels with China. Source: x (Chi-chang Hung, Kuo-Cheng Chang), “兩岸和平發展的機遇與挑戰 (Opportunities and Challenges for the Peaceful Development Across the Strait),” in 童振源 (Chen-Yuan Tung) and 蘇起 (Su Chi) ed., *兩岸關係的機遇與挑戰 (Opportunities and Challenges of the Cross-Strait Relations)*, Taipei: Wunan (2013), p. 45.

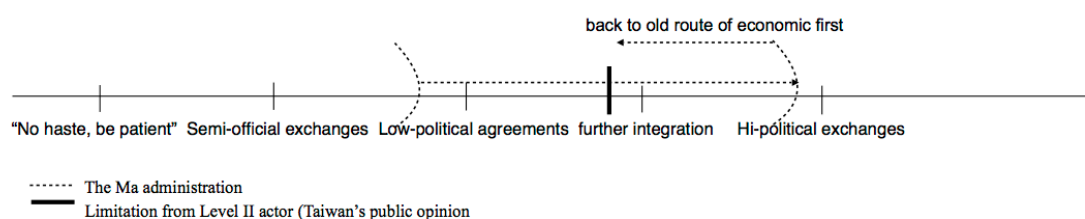
⁷⁰ 郭添漢 (Tien-han Kuo), op. cit., p235.

ing “the highest priority issue to establish cross-strait mutual trust”⁷¹, the difficulties are fairly obvious:

79.2%	Should not suppress Taiwan’s participation in international affairs
76.6%	Should withdraw the missiles (SRBMs) aimed at Taiwan
71.6%	Should sign cross-strait agreements
67.2%	Should strengthen economic cooperation through establishing a cross-strait common market
58.6%	Should establish cross-strait direct flights
54.8%	Should exchange education and culture across the strait
52.2%	Should allow Chinese tourists to travel in Taiwan

These results show that for the Taiwanese people, direct armed threats (especially the Chinese ballistic missiles deployed from its southeast coast⁷²) and China’s diplomatic suppression of Taiwan were high priority items in terms of building mutual trust, even higher than establishing a peace agreement across the Taiwan Strait. The following figure briefly summarizes Ma’s attempting to develop the cross-strait CBMs:

Fig. 6.



⁷¹ Global Views Survey Research Center, Survey on the view of unification/independence of the Taiwanese public in first quarter 2016, <http://www.gvsrcc.com/dispPageBox/GVSRCCP.aspx?ddsPageID=LATEST&dbid=3852964446>

⁷² The PLARF (Rocket Force, renamed from PLASAF in 2014) operates approximately 12,00 short-range ballistic missiles (SRBM) with range 300-1000km (re-newing more upgraded model with more precision) at the end of 2015. These SRBMs are deployed in the southeast coast of China and thus directly threaten Taiwan. Source: Office of the secretary of defense, Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China (2015). https://www.defense.gov/Portals/1/Documents/pubs/2015_China_Military_Power_Report.pdf

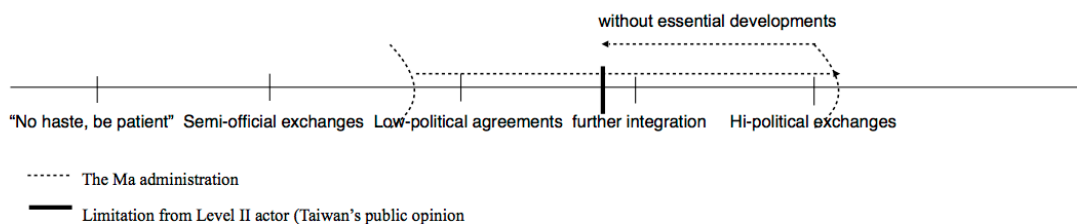
The initial steps for establishing CBMs were taken during this period, including the attempts at track 2 interactions and joint exercises; but further agreements could not be reached, nor could other more institutionalized CBMs be established. The level 2 actors of Taiwan took a conservative attitude toward establishing cross-strait CBMs, making it difficult for the Ma administration and China to promote progress on the issue.

(2) Peace agreements across the Taiwan Strait

Ma Ying-jeou’s campaign promises emphasized peace agreements across the Taiwan Strait (兩岸和平協議). Peace agreements had been proposed since the 1990s in the hopes that they could end the historical problems associated with the legacy of the Chinese Civil War after the Second World War. The issue was formally introduced in Ma’s inauguration speech: “[Taiwan] will enter consultations with mainland China over Taiwan’s international space and a possible cross-strait peace accord”⁷³. The declaration was not implemented during Ma’s presidency; soon after his inauguration, Ma stated that there were difficulties involved in establishing a peace agreement in such a short time, such as the threat of Chinese missiles, and the negotiations for CBMs.

In a video released on April 6, 2010, President Ma again expressed that China must withdraw or dismantle the missiles aimed at Taiwan, otherwise Taiwan would not negotiate a peace agreement with China⁷⁴. This statement shows that the Taiwanese level I actor returned to a conservative position that was in line with Taiwanese public opinion. We illustrate the development of this issue in following figure:

Fig. 7.



⁷³ Office of the President, Republic of China (Taiwan), “Inauguration speech of Mr. Ma Ying-jeou, the 12th president of the Republic of China” <http://www.president.gov.tw/Default.aspx?tabid=131&itemid=13752>; The China Post, “Full text of President Ma's Inaugural Address”, <http://www.chinapost.com.tw/taiwan/national/national-news/2008/05/21/157332/p1/Full-text.htm>

⁷⁴ Office of the President, Republic of China (Taiwan), “President proposed ten guarantees on the issues of cross-strait peace agreement”, <http://www.president.gov.tw/Default.aspx?tabid=131&itemid=25675>

In 2011, President Ma made a similar proposal, expressing his “ten guarantees”⁷⁵ for the cross-strait peace agreement. These could be divided into four points:

- A. One Structure: The structure of the constitution of the ROC, maintaining the status quo of “no independence, no unification and no use of arms,” and keeping cross-strait exchanges based on the 92 consensus
- B. Two preconditions: 1. high consensus within Taiwan must be reached, and 2. the accumulation of enough mutual trust across the Strait
- C. Three principles: 1. the needs of the country; 2. the support of the Taiwanese public and; 3. the supervision of parliament (i.e. the Legislative Yuan)
- D. Four certainties: 1. the independence and completion of the ROC’s sovereignty; 2. the security and prosperity of Taiwan; 3. ethnic harmony and peace across the Taiwan Strait; and 4. a sustainable environment and justice within society

This proposal later became part of Ma Ying-jeou’s campaign promises in the presidential election of 2012.

It is difficult to know whether this idea of drafting a cross-strait peace agreement was only a hollow election promise or a genuine goal, as the cross-strait peace agreement did not develop.

4-3-3. Increased protests from Taiwanese society and their effects on the Taiwanese government

As previously mentioned, opposition from Taiwanese society became an important level II actor in the Ma Ying-jeou period. Although these political protests might have simply been used by the opposition party according to its political interests, the rising protests still impacted Ma’s cross-strait policy, which was widely considered to be pro-China. Ma Ying-jeou’s policy could actually be said to simply be fulfilling his campaign promises: creating a more economically open cross-strait relationship, participat-

⁷⁵ Mainland Affairs Council, Press release of the office of the President R.O.C.: President Ma proposes “ten guarantees” on the issues of “cross-strait peace agreement”.
<http://www.mac.gov.tw/ct.asp?xItem=98950&ctNode=5628&mp=1>

ing in negotiations that would integrate Taiwan into the Chinese and global market, and maintaining decades of peace through his “three noes policy” and the 1992 consensus.

Social activists held political protests against visits from Chinese officials from the beginning of Ma’s presidency. In October 2008, Zhang Mingqing, the vice-chairman of the ARATS, visited Tainan for an academic conference; during his visit, Zhang encountered a protesting group and was pushed to the ground. One month later, Chen Yunlin, the chairman of the ARATS, visited Taipei for the second Chiang-Chen summit; based on experiences encountered during Zhang’s visit, Taiwan’s government strengthened security for these visits. During the protests over Chen’s visit, law enforcement escalated the conflicts between the Taiwanese government and the DPP opposition: the DPP therefore launched a large-scale demonstration, with students⁷⁶ from National Taiwan University initiating the Wild Strawberries Movement. As mentioned above, political protests took place every time the Chiang-Chen summit was held in Taiwan.

All of these movements could be linked to the previous movement, which might be seen as the fuse used to ignite subsequent movements. Although political protests may have been influenced by the DPP, which allied with the social activists, the Ma administration was facing lower and lower approval ratings, which may also be a reason for this “kinetic energy” that continued throughout the Ma period. It is worth noticing that the changes in Taiwanese public opinion indicated the strength of the protests; increasing income inequality and problems of distribution encouraged social protests. Ironically, the KMT had consolidated political power during this period, not only in the administration but also the Legislative Yuan and also most of the local governments and parliaments; the protests were therefore aimed at the KMT, and the anti-KMT issues were thus linked with each other. These conditions made it possible for the DPP to once again compete with the KMT in the next major elections.

4-4. Analysis and Comparison

4-4-1. Cross-strait interactions in Ma Ying-jeou’s first term

In the Ma Ying-jeou period, the previously halted semi-official relationship with China was once again reopened. Interactions should be bilateral, and semi-official interactions between Taipei and Beijing were stopped when China was not satisfied with Taiwan’s cross-strait policy. When Taiwan voted in a ruling party which China “recognized,” semi-official relations could continue.

⁷⁶ Also with several professors but mainly students from the NTU.

From the cases above, it seems that the Ma Ying-jeou period continued to feature a policy of “economy first, political issues later”. High-political issues such as the cross-strait CBMs could only be pursued through limited initial steps, with the cross-strait peace agreement limited to slogans and suggestions. Political interactions might be more difficult to advance when economic interactions began to face more opposition from Taiwanese society.

(1) A lack of development on the high-political field

As we described previously, high-political cross-strait issues were difficult to address, even in the Ma Ying-jeou era. In this chapter, the cross-strait CBMs and the peace agreement were used as case studies to discuss why agreement on high-political issues could not be pursued successfully. Ma Ying-jeou’s promises from the 2008 presidential election included both CBMs and a peace agreement, but only one could really be established.

According to Banerjee (2001), successful CBMs include the following preconditions: 1. CBMs need political will; and to create the necessary political support base may well be the first step in the process. 2. effective CBMs must be win-win for every side. 3. CBMs are situation-specific and related to the conditions of the region. In addition, Spill-over is an essential factor for CBMs. Successful CBMs must spill-over into other areas, and create a climate of mutuality to form and maintain a security community. The conflicts are likely to continue, when the Spill-over from CBMs is minimal or does not take place, and the myths and sources of conflict remaining intact (Steinberg, 2004).

From these perspectives, the very nature of the cross-strait zero-sum game made it difficult to build a successful mechanism for CBMs. The rise of China was one of the most significant phenomena in the first decade of the 21st century, and the military balance across the strait therefore shifted more toward China. The concerns of Taiwanese people on the China’s threats of security might become much stronger.

In other words, there was continued distrust across the strait and the military imbalance became more serious, despite enhanced economic ties and improved cross-strait relations under Ma’s policy. Practical CBMs to avoid armed conflicts were impossible to establish in this situation due to mutual distrust. The distrust was apparent from several phenomena which we describe in the following analysis. The distrust makes it dif-

difficult to build the political support base described in Ahmar's steps for successful CBMs; this caused the first step of the CBM process to fail.

However, distrust within the cross-strait relations existed since the Chinese civil war; was it the only reason that low-political exchanges faced strong domestic opposition in the Ma period? The cross-strait CBMs and the peace agreement were topics of much debate in cross-strait relations. The Ma administration still avoided political dialogue with China, making Ahmar's first step to further progress very difficult. In this sense, it is also difficult to say if these high-political issues were really the vision of future sought by the Ma administration, or simply a slogan for a political campaign.

(2) “Retro-spillover” of mistrust from high politics to low politics

In the development of the European integration, one of the most important conceptions was the “spill-over” from Functionalism to Neo-functionalism. An interesting phenomenon in cross-strait relations is that although the low-political exchanges reached a milestone in this period, there was no “spillover” phenomena similar to that experienced by the European integration. Increasing ties between low-political exchanges and further integrations did not drive corresponding progress on sensitive high-political issues.

Increasing opposition to the Ma administration, low-political developments and cross-strait agreements during Ma's first term suggest that the mistrust and hostility of the Taiwanese people toward cross-strait exchanges caused a “retro-spillover” from high to low politics. In other words, it seems that when Ma Ying-jeou took office, not only was it difficult to make progress on high-political issues but also low-political issues met more opposition from the Taiwanese level 2 actors, mainly from civil society. The political operations of the DPP — in their role as the allies of the social activists — might have also played a role in this phenomenon. The dissatisfaction of the Taiwanese public was still the main force for domestic opposition due to the weakness of the DPP after its total defeat in 2008. The following section focuses on attitude changes in the Taiwanese public.

Taking developments in cross-strait relations into consideration, we analyze the retro-spillover phenomena through three dimensions: 1. the mistrust for the Ma administration/KMT and the lack of consensus regarding the results of Ma's policies, 2. the grim economic situation in Taiwan and the growing power of China (i.e. the relative

disadvantages faced by Taiwan in cross-strait relations) and 3. the effect of opposition from the Taiwanese public.

Public distrust for not only China but also the KMT and the Ma administration became one of the most important factors in cross-strait relations. The difficulty in establishing cross-strait CBMs made it clear that only track 2 communications could be formally developed, and even these faced strong concerns within Taiwan (e.g. exchanges between retired officers and generals). When we look at these concerns as reported by the Taiwanese media, we find that many of these concerns can be traced back to past events.

The following section discusses the attitude of the Taiwanese people regarding cross-strait relations from these three dimensions:

(2-1) Declining power of Taiwan and rising China

Changes in Taiwanese public opinion suggests disappointment in Ma Ying-jeou's policy. Public opposition became a strong force within Taiwanese society, especially when people thought that Ma's policies had failed to improve the situation. This disappointment was aimed at both low-political and high-political issues and was strongly influenced by the changes in the relative national strength of Taiwan and China.

Taiwan's relatively disadvantaged position in cross-strait relations affected the Taiwanese people. Taiwan's relative GDP was more than 1/3rd that of China in the 1990s; by the time Ma took office, Taiwan's relative GDP was only less than 1/10th of China's⁷⁷⁷⁸. The huge gap in economic power between Taiwan and China is readily apparent in a comparison of the growth rate of the GDPs across the Taiwan Strait.

Jenn-hwan Wang pointed out that Taiwanese public anxiety could be examined from two dimensions: economic exchange and social exchange. These manifest in Taiwanese businessmen investing in China, Chinese tourists in Taiwan, and student and cultural exchanges across the strait. In terms of economic exchange, Taiwan gradually

⁷⁷ 蘇起 (Su Chi), "馬政府時期兩岸關係的概況與展望 (Overview and Prospect of the Cross-Strait Relations in the Period of the Ma Administration)," in 童振源 (Chen-Yuan Tung) and 蘇起 (Su Chi) ed., op. cit, p.18.

⁷⁸ For example: in 1991, Taiwan's GDP was 184,870 million US Dollars, China's GDP was 424,117 million US Dollars; Taiwan's relative GDP was about 43.5% of China. However, in 2008 Taiwan's GDP was 416,961, and China's GDP was 4,519,944; Taiwan's relative GDP decreased to 9.2% of China. Source: Trading Economics: <https://tradingeconomics.com/>

surrendered the leading role due to Taiwan's recession and unsuccessful economic transformation. This was in sharp contrast to China's rising economic power. Taiwan still held a certain advantage, but the Taiwanese economy was also highly dependent on purchases from China. These realities influenced the mentality of the Taiwanese public (Wang, 2016). The scale of economy led cross-strait economic exchanges to become asymmetric. Although Taiwan gained more economic benefit from ECFA than China gained from Taiwan, Taiwan's position at the negotiation table was weakened by the agreement. ECFA meant that the Taiwanese economy would further depend on China, which also means that any changes to the Chinese economy will also have a strong effect on Taiwan. Through ECFA, China can further undermine Taiwan's political sovereignty, while ensuring continued investment from Taiwan to China, leading to upgrades in China's industries, in turn enhancing the position of China in regional economic integration⁷⁹. In other words, China would also gain economic benefits from these cross-strait integrations, but further dependence on the Chinese economy caused concern for Taiwan.

(2-2) Taiwanese distrust of the Kuomintang, Ma administration and China

Identity issues were perhaps the most contentious issue in Taiwanese domestic politics, impacting cross-strait relations, regional, and even global security⁸⁰. The distrust in cross-strait relations is bilateral. The CPC's distrust over Taiwan's possible independence was clear in the Lee Teng-hui and Chen Shui-bian eras. As a counter-measure, China suspended semi-official interactions with Taiwan's level I actors who were considered pro-independence by Chinese level I actors. The Taiwanese public's distrust could be divided into two parts: distrust for China and distrust for the KMT and Ma administration.

It is important to remember that cross-strait relations could be seen as zero-sum game; therefore the Taiwanese public would naturally distrust China. The concerns of the Taiwanese public regarding a possible invasion from China extended from the cold-war era (in which the Taiwanese military engaged the Chinese military) to the current day. This distrust was also apparent in the opinion polls conducted by the MAC: although the relationship with China had largely improved, more than 40% of the Taiwanese public believed that China was unfriendly to the Taiwanese government. Though

⁷⁹ Min-Hua Chiang, Cross-Strait Economic Integration in the Regional Political Economy, *International Journal of China Studies*, Vol. 2, No. 3 (December 2011), p.694-697.

⁸⁰ Gunter Schubert and Jens Damm, "Introduction," in Gunter Schubert and Jens Damm ed., op. cit., p.1.

fewer respondents considered China hostile, the number of respondents who thought China was unfriendly to Taiwanese people did not change significantly and was nearly equal to those who did not see China as hostile (see Table 7). In other words, increased exchange across the Strait did not lead to a significant change in the opinion of Taiwanese people.

According to Fan (2013), Taiwanese people had a negative impression of China for the following reasons: 1. There existed a profound impression that China was exerting long-term diplomatic pressure; 2. China's intentions toward unification made the Taiwanese public wary and made economic benefits “less effective” in altering their opinions; 3. China neither confirmed nor denied the concept of “respective interpretations” of the one-China when dealing with Taiwan, and never mentioned it when dealing with other countries; 4. There was still a considerable gap in social development between Taiwan and China; 5. Taiwan’s lack of national identity as “Chinese”; 6. Negative news caused Taiwan’s public to develop a bad impression of China. Moreover, the Taiwanese public also harbored concerns about their deep economic dependence on China, leading them to fear that 1. Taiwan might walk in the footsteps of Hong-kong and Macao, and 2. Taiwanese companies might one day be controlled by China⁸¹. The above reasons suggest that distrust toward China is profoundly connected to the zero-sum quality inherent in cross-strait relations. Since the Kuomintang experienced a comprehensive loss in the Chinese Civil War and retreated to Taiwan in 1949, China had harbored the possibility of using arms to “liberate” Taiwan. Diplomatic pressure and the disputed definition of “one China” were part of the issue. Taiwan’s policies of “localization” and “de-sinicization” no doubt played a significant role in the ideologic changes of the Taiwanese, but compared with the long-term zero-sum feature that permeated the whole relationship, all the other factors were just minor co-factors that increased Taiwanese distrust toward China. In addition, the gap in social development between Taiwan and China (such as freedom of speech and rule of law) enhanced Taiwanese distrust toward China⁸².

Taiwanese distrust was not limited to China but extended to the KMT, and thus further distrust toward the Ma administration was one of the most important factors in cross-strait relations. An examination of attempts to establish cross-strait CBMs reveals that only track 2 communications could be formally developed, and even these were met with strong concerns within Taiwan, e.g. the exchanges between retired officers and

⁸¹ 范世平 (Shih-Ping Fan), “兩岸經濟與社會交流檢討 (the review of cross-strait economic and social exchanges)”, in Chen-Yuan Tung and Su Chi ed., *op. cit.*, p.101-103, 109-114.

⁸² *Ibid*, p.112.

generals. We could find that many concerns about the Kuomintang might be traced back to past incidents. The ROC armed forces came with the Kuomintang from China, and the army brought brutal suppression in the 228 incident⁸³. The officer corps of the ROC armed forces were primarily made up of mainlanders in the past, and the military was a part of KMT authoritarianism⁸⁴ for several decades. These historical factors led to anxiety about “traitors in our midst”⁸⁵. The more recent statements made by a retired Taiwanese general visiting China (e.g. “...both the ROC armed forces and PLA are Chinese military”) intensified pan-green concerns about possible betrayals. These concerns might also exist in the society.

Public concern about traitors were not limited to retired Taiwanese generals (which were still mainly composed of mainlanders), but extended to pan-blue parties and of course the Ma Ying-jeou government. The Kuomintang’s authoritarian regime ruled for several decades, and distrust from the “Tangwai” people to the ruling KMT and the mainland elites still dominates Taiwanese politics. These doubts were readily apparent in the pan-green media and the political language used by pan-green politicians, especially during elections. Looking back to the beginning of cross-strait interactions in the early 1990s, the DPP had already expressed concerns that the ruling KMT might “betray Taiwan” and were therefore against the Koo-Wang meeting. Since democratization, identity issues had played a part in Taiwan’s elections. This distrust has been used to question and denigrate the pan-blue candidates, including Ma Ying-jeou (e.g., in the 1998 election for Taipei city mayor, Chen Shui-bian's team accused the KMT's Ma Ying-jeou of being part of a “Betray Taiwan consortium”)⁸⁶.

Distrust and worry escalated during the Chen Shui-bian era, when the KMT changed its cross-strait policy after Lien Chan became chairman of the KMT and visited to China. The Taiwanese public feared that the ultimate goal of the KMT was to seek a

⁸³ After the 228 (February 28, 1947), the Kuomintang sent the “reorganized 21th Division” (整 21 師, in the NRA there is still one another “21th Division”) to Taiwan to stabilize the situation; this armed suppression led to a considerable number of casualties. The exact number of casualties is still a topic of much debate in Taiwan.

⁸⁴ The promulgation of the ROC constitution in 1947 entailed a renaming of the Kuomintang’s “National Revolutionary Army” to “ROC Armed Forces”. Following the abolishment of martial law in Taiwan in 1987, the Kuomintang still controlled the military, but the reform of civilian control of the army began, and the military gradually became politically neutral. The military reforms led the civilian defense minister to control the armed forces in the beginning of 21st century during Chen Shui-bian’s DPP administration.

⁸⁵ Richard C. Bush, loc. cit.

⁸⁶ Dafydd Fell, *Party Politics in Taiwan: Party change and the democratic evolution of Taiwan, 1991-2004*, (London & New York: Routledge, 2005), p.114.

final unification of China. Similar doubts would also be used to question the other pan-blue parties, such as the PFP and the New Party.

When we look back at the policies of the Ma administration, we find that the effects of distrust toward the KMT were combined with distrust toward China. Ma's reconciliation policy and pro-China attitude brought concern that Ma might betray Taiwan. During the Ma period, China continued policies that offered economic benefits to Taiwan; however, opinion polls revealed that cross-strait profit-sharing did not achieve its intended goal. Instead the reverse effect occurred: the more China shared economic benefits, the more wary the Taiwanese public became⁸⁷. This was especially clear when the Taiwanese public was still concerned that China was using ECFA and other economic exchanges and integrations as a weapon to promote unification. The proportion of the Taiwanese public who believed that China was unfriendly to Taiwan did not change even when China had already offered great economic benefits to Taiwan.

These ideological differences suggest that differences in the definition of the 92 consensus were also part of this mentality: for the Kuomintang, the 92 consensus meant "one China with respective interpretations," while the 92 consensus simply meant "One China" to the CPC⁸⁸. These differences originally emerged from conflicts of sovereignty and politics across the strait in 1949. The 92 consensus, as a basic principle of cross-strait relations, is actually based on a tacit understanding between both level I actors, rather than a recognized political ideology.

(2-3) Grim economic prospects for Taiwan and increasing military threats from China

The imbalance in economic development led to a huge gap in national power in both the economy and the military; this deepened Taiwanese public anxiety. The Taiwanese public already questioned the efforts of the Ma administration's policies. In an interview⁸⁹, Prof. Chung-ming Kuan referred to the problem facing the Ma administration's policy: increased economic ties and economic exchanges and integration with

⁸⁷ Shih-Ping Fan, *ibid.*, p.111.

⁸⁸ As mentioned in Chapter 3, the term "92 consensus" was created by Su Chi, and referred to the unwritten understanding made between Taiwan and China during the 1992 Hong Kong meeting. However, as described in Chapter 2, in 1992 there were actually serious disagreement between Taiwan and China on the issue of definition of "one China"; therefore, both KMT and China has their own explanation on the 92 consensus which based on their persistence in the meeting in 1992.

⁸⁹ From our interview with Prof. Chung-ming Kuan, the former Minister of the National Development Council (2014-2015) and Council for Economic Planning and Development (2013-2014) on May 4th, 2016.

China might improve the economic situation on paper, but these statistics did not lead the Taiwanese public to feel any improvement in Taiwan's economic environment. The increase of Chinese tourists in Taiwan illustrate this well. According to statistics from the Mainland Affairs Council, the number of Chinese tourists visiting Taiwan increased more than three times within Ma's first term (see Table 6). In 2010 Chinese tourists became Taiwan's biggest tourist market, with consumption second only to Japanese tourists; however, many Taiwanese still had a negative image of Chinese tourists⁹⁰. Chinese tourists benefitted the Taiwanese tourism market, but most of the Chinese tourists were part of low-cost tour groups. With the exception of businesses related to travel, most Taiwanese citizens did not feel the benefits brought by Chinese tourists. Instead, the huge numbers of Chinese tourists lead to a decrease in the quality of tourism⁹¹.

The Taiwanese government could not offer an economic panacea to bring immediate and rapid growth to the Taiwanese economy, but they could create the environment (e.g. integration with Chinese and world markets) to support Taiwanese enterprises and business owners. An opening of cross-strait economic exchanges and relaxing movement of capital did in fact encourage Taiwanese capital to return to Taiwan. However, it was the Taiwanese real estate market that grew instead of investments in industrial transformation and upgrades. Economic integration with China brought several negative effects such as increased unemployment and wealth inequality. Several industries faced negative impacts due to a lack in supporting measures from the Taiwanese government. The arrangement might also have reduced the incentive for industrial transformation on the part of Taiwanese companies.

Trends in high-political issues indicated similar tendencies. Attempts to establish cross-strait CBMs lead to similar disappointments. Since China created rapid economic growth, modernization of the PLA was in full swing; within 20 years, the PLA navy and air force became much more threatening. During modernization, the PLA not only purchased and developed high-performance weapons systems such as Russian Sukhoi Su-27/30 fighters, Sovremenny-class destroyers and even its first Aircraft Carrier "Liaoning", but also was at work at a "Revolution in Military Affairs." Therefore, the military balance across the Taiwan Strait began to gradually tilt in favor of China's military modernization. One representative example is the median line of the Taiwan Strait. During the cold-war era, Taiwan's air force dominated the Taiwan Strait; however, follow-

⁹⁰ 王振寰 (Jenn-Hwan Wang), "從領先、傾斜到焦慮：台灣與大陸經濟社會交流三部曲 (From leading, tilt to anxiety: Trilogy of the economic and social exchanges between Taiwan and Mainland)," in Chen-Yuan Tung and Su Chi ed., *op. cit.*, p.81-82.

⁹¹ Shih-ping Fan, *ibid.*, p.99-100.

ing China's military reform and the upgrading of their armaments, the ROCAF retreated to the median line of the Strait. In fact, China's armament upgrading and deployment led it to become the common imaginary enemy of neighboring countries such as Japan, Vietnam, India and of course the United States⁹².

It seems that the improved cross-strait relations in the Ma period did not decrease the military threat posed by China: the numbers of missiles⁹³, one of the largest security concerns of the Taiwanese public, continued increasing every year (see Table 5). Due to improved cross-strait relations, there was no more saber-rattling in the form of military exercises like those of the Lee Teng-hui period and Chen Shui-bian period, but the unbalance between the military powers of Taiwan and China was much larger than before.

The new "viable diplomacy" (活路外交)⁹⁴ is a good example of the mentality existing across the Taiwan Strait. This policy actually changed the pattern of cross-strait interactions in the arena of diplomacy. As we have already discussed in previous chapters, diplomacy was one of the "main battlefields" between Taiwan and China⁹⁶. Due to Ma's cross-strait policy, Beijing acknowledged a tacit diplomatic truce.

In contrast to the Chen Shui-bian era, in which Taiwan suffered diplomatic stagnation, the Ma era saw successful diplomatic outcomes: Taiwan was able to maintain its 23 diplomatic allies without concern for competition from China; there were significant

⁹² Zhiguo Kong, *The Making of a Maritime Power: China's Challenges and Policy Responses*, (Heidelberg: Springer Verlag, 2017), p. 45.

⁹³ After the 95/96 crisis, the numbers of China's short range ballistic missiles (SRBMs) in southeast coastal provinces (Jiangxi and Fujian) become one of the "standards" by which to measure the military threat posed by China and was often criticized/emphasized by both Taiwanese politicians and media. In terms of security issues across the Taiwan Strait, the removal of Chinese SRBMs were usually be seen as evidence of "good-will" from China, and was often considered as a major pre-condition to further cross-strait high-political exchanges.

⁹⁴ The term "活路外交" is sometimes translated as "flexible diplomacy". However, since the diplomatic policy of Chiang Ching-kuo is also often translated as flexible diplomacy, in this paper we use the term "viable diplomacy".

⁹⁵ "Viable diplomacy" included two major initiatives: 1. a diplomatic truce (with China) and 2. proactive diplomacy, which was similar to President Lee's pragmatic diplomacy. Proactive diplomacy entails pooling resources to strengthen relationships with diplomatic allies, enhancing the level of interactions with important countries (including well-developed western countries, some southeast Asian countries and Japan), and proactively integrating with the Asian-pacific regional economic system. Source: Kwei-Bo Huang, "Taiwan's Foreign Policy and International Space", in Gunter Schubert ed., *op. cit.*, p.468-472.; 林正義 (Cheng-Yi Lin), "台海兩岸外交休兵：可能性與侷限性 (Diplomatic Truce across the Taiwan Strait: Possibilities and Limitations)," in 童振源 (Chen-Yuan Tung) and 蘇起 (Su Chi) ed., *op. cit.*, p.178.

⁹⁶ Besides Taiwan's international participation, the number of countries with a diplomatic relationship with Taiwan was also the focus of struggle between the two sides: during the 12 years of the Lee Teng-hui era, the countries with a diplomatic relationship with Taiwan increased from 22 to 29; but during the 8 years of the Chen Shui-bian era, the numbers decreased to 23.

gains in Taiwan's international participation, for example, participating in the WHA as an observer under the moniker Chinese Taipei. In fact, Taiwan gained several significant outcomes in terms of diplomacy after Ma took office, especially in his second presidency. It is not difficult to understand why, after Ma Ying-jeou's retirement, diplomacy was one of his most favorable undertakings.⁹⁷ However, Ma's foreign policy still received criticism, especially when it came to debating sovereignty. Although Taiwan participated as an WHA observer, it did so under the name Chinese Taipei, which was seen by the opposition as a self-downgrade in sovereignty; Taiwan also required permission from China to participate in the WHA. 2. There was also a lack in other achievements besides participating in the WHA: even though Taiwan did not lose its existing diplomatic allies, under the diplomatic truce it became difficult for Taiwan to gain new diplomatic allies. The diplomatic outcomes expected from signing FTA agreements with other countries were still difficult to reach, even though the Ma administration emphasized that cross-strait economic integration would be a precondition to increasing Taiwan's international economic integration. In 2011, many Taiwanese were not satisfied with Ma's diplomacy; more respondents thought that Ma's diplomatic policy was a failure, and they believed that Taiwan's international status declined during his time in office (Tung, 2016).

It would have been difficult for Taiwan to enlarge its international space regardless which party took power. The biggest obstacle was called the "China factor." Ma faced the following limits to his diplomacy: 1. the KMT administration was able to keep a number of diplomatic allies because it recognized the preconditions of the diplomatic truce as outlined in the 92 consensus; if the DPP again takes power and does not follow the preconditions, they may lose the standing truce 2. though China did not actively seek to take Taiwan's diplomatic allies, Taiwan still could not stop diplomatic allies from leaving if those countries wished to establish diplomatic relationships with China (Lin, 2016).

The above factors indicated a vicious circle of distrust and dissatisfaction with policy. Regardless of the efforts of the Ma Ying-jeou administration, the Taiwanese public could not see any direct benefits resulting from Ma's policies. Increasing threats and distrust of the Ma administration continued to ferment, leading to a declining approval rating.

⁹⁷ “聯合報民調 馬兩岸外交政策 最受肯定 (世界日報) (World Journal: Polls by Unity Daily News: President Ma's cross-strait and foreign policies have more certainty than criticism),” 媒體焦點-中山新聞 (Media Focus - News of National Sun Yat-sen University) (May 14, 2013), <http://www.nsysu.edu.tw/files/14-1000-76770,r1233-1.php?Lang=zh-tw>

4-4-2. Oil on the flame: the influence of social media

The rise of social media changed day-to-day life in most countries. It became an important factor influencing public opinion. When we look back at the development of social protests in the Ma Ying-jeou era, it appears that social media further enhanced the powers of social protests, like oil on a flame⁹⁸.

Several large-scale protests occurred around the world in 2010 (E.g., the Arab spring, a series of revolutions in the Arab world from 2010 to 2012; the 15-M movement in Spain and the Occupy Wall Street movement in the United States in 2011). Social media such as Facebook and Twitter soon became important means of delivering information and messages, playing important roles in the organization of protests. Before the rise of social media, activists lacked the capacity to form widespread, fast connections on a grassroots level. The emerging social media filled the communication vacancy. The new tools may not have had the capacity to change the social power structure, but the internet increased the opportunity of the masses to participate in social movements (Wang, Ma and Chen, 2013).

Thus, social media and the internet became a new tool which could consolidate dissatisfied people and strengthen political opposition. Through these means, protests against the Ma administration were amplified and lead to further decline in approval ratings.

4-4-3. A society divided? Transformations in Taiwan's ideology

Taiwan also began to see the beginnings of a divided society, which exerts a continuing influence on Taiwanese politics. As described in Chapter 3, the Chen Shui-bian period brought fierce political struggles between pan-blue and pan-green camps, dominating the main tone of Taiwanese politics. Before the Ma Ying-jeou era, the “blue-green duel” was actually based on the issue of national identity, mainly on state identity rather than nationalism/ethnonational identity (Schubert, 2004).

After Ma Ying-jeou took power, there was a gradual shift from issues of identity to struggles between social classes. Focusing on ECFA, Lin and Hu (2011) suggest that class politics and class voting behavior gradually became the main topic of Taiwan's

⁹⁸ The same interview as cited in footnote 80.

ideological confrontation. When it came to ECFA, public opinion indicated another separation within Taiwanese society: the pan-blue camp, the capitalists and managers tended to support ECFA; the working class and the self-employed did not. The ECFA debate revealed problems of benefit distribution between the social classes and generations.

Lin (2014) further argued that Taiwan's social transformation under globalization (e.g., industrial upgrading) and post-industrial society (e.g., industrial offshoring and the enlarging of "China effects") led to changes in subjective class identity and ideology, and the Taiwanese people relocated their subjective class identity downwards through changes in class mobility and economic inequality. In fact, over two decades the poverty rate was highly correlated with Taiwan's dependence on China, poverty rates and the unemployment rate were also highly correlated with the proportion of Taiwan's investments in China compared to all of Taiwan's foreign investments, which indicated that more cross-strait interaction seemed to lead to more unemployment and poverty in Taiwan. There was greater recognition of income inequality, which also increased the Taiwanese public's sense of relative deprivation⁹⁹.

Based on the analysis in the above section, it could be concluded that the new social class ideology was mainly based on the changes in Taiwanese society, which were caused by globalization over the previous two decades. The Taiwanese public gradually perceived themselves to be of a lower subjective class identity, mostly due to income inequality and relative deprivation. The effects of globalization came to fruition during the Ma period, so naturally the KMT and their policies for promoting cross-strait exchanges gradually lost support.

Will the transforming ideology of the Taiwanese public lead to less emphasis on unification/independence? With the zero-sum nature of cross-strait relations and the anxiety of the Taiwanese public, we have reason to believe that identity issues will continue to play a significant role in cross-strait relations. Perhaps the strengthened opposition in the Ma period sprang from the grim situation faced by the Taiwanese public, as well as the transforming ideology of Taiwanese identity. The old identity issues still played a key role in the process of ideological transformation: first, the opening of cross-strait exchanges did not improve the dire economic situation for the lower social

⁹⁹ 林宗弘 (Thung-hong Lin), "失落的年代: 台灣民眾階級認同與意識形態的變遷 (The Lost Decade: Changing Class Identity and Ideology in Taiwan)," in 王振寰 (Jenn-Hwan Wang), 王瑞琦 (Juei-Chi Wang) and 劉致賢 (Chin-Shian Liou) ed., *兩岸社會發展的挑戰與轉型(Challenge and Transformation of the social developments across the Taiwan-Strait)*, (Kaohsiung City: Chuliu, 2014), p. 90-97.

classes. Instead, Taiwan has become much more dependent on China economically, and opposition has thus increased. This is also related to the lack of belief in the effects of Ma's policy. Second, in terms of the high-political issues opposition could only become more intense due to the Taiwanese public's anxiety, distrust toward China/the KMT and the zero-sum feature of the cross-strait relationship.

In addition, between 1990 to 2010 the differences in ideology between the main political parties of Taiwan hinge more on their perspective on national identity than social class (Lin and Hu, 2011). However, in the Ma Ying-jeou period the voting preferences of different social classes became more significant; with the downward subjective identity of the Taiwanese social classes, Kuomintang continues to be at a disadvantage.

4-4-4. Roles played by China and the United States

Through the aforementioned case studies and analysis, we could say that compared with the Taiwanese level II actor, both the U.S. and China took only a supporting role in the game structure of the cross-strait triangle relationship. However, there were several confrontations between the U.S. and China that were unrelated to cross-strait relations.

According to Lee (2009), China sees US-China tension as a structural inevitability. China also concerns about the US's focuses not only on establishing and maintaining power, but also on expanding its democratic values. Due to the US democratic process may lead to an uncomfortable shift in policy that could undermine their best-laid plans. Saunders (2014) points out that in this period, the two sides may have had a great deal of contact with each other but only gained a few solid outcomes. The U.S. encouraged multilateral cooperation from China in an attempt to make China play a greater role in global governance; however, China viewed this as an effort by the US to sustain its global leading status. China was therefore reluctant to expand cooperation with the US or take on more international responsibilities. Moreover, China's actions in the Asian-pacific region damaged its relationship with neighboring countries and caused confrontation with the US. A significant example is China's maritime actions regarding the disputed islands and waters in the South China Sea and East China Sea; these countries consequently urged the US to play a more active role in security. In this period the confrontations between China and the US increased, while each country also faced internal problems. The US was dealing with two wars and economic problems; China faced the rapidly snowballing domestic problems mentioned above.

Then why did the US fail to actively intervene with Ma's cross-strait actions during the Ma period? Moreover, why did China maintain its Taiwan policy, offering economic benefits to gain support for unification from the Taiwanese public? Taking into consideration the above sections, it appears that Ma Ying-jeou's policies were in line with the expectations of the US and China.

After the confrontations in the late Lee Teng-hui and the Chen Shui-bian period, both of the great powers were willing to cooperate with Ma's cross-strait reconciliation policy. Thus Ma received acquiescence or cooperation from Beijing, and also gained public encouragement and affirmation from Washington¹⁰⁰. Perhaps this is why the United States and China were passive with regard to cross-strait relations in this period.

4-5. Ma Ying-jeou's first term: intensified domestic confrontation within Taiwan

A review of cross-strait relations in Ma Ying-jeou's first term suggests that the cross-strait interactions in this period no longer represented a triangle. This does not mean the United States did not exert influence over cross-strait issues, but rather that it took the role of a "passive limiter." The U.S. did not need to intervene with cross-strait relations, yanking Taiwan or China back from actions that might cause a change of status quo, due to Ma Ying-jeou's moderate attitude toward China.

As one of the main state actors in the cross-strait two-level triangle game structure, China kept its cross-strait policy consistent after Hu Jintao took office: the counterparts of China are the Taiwanese people (mainly on the median voters who value the economic benefits from the cross-strait exchanges) and political parties which preferred to enhance exchange with China, the one-China principle and the 92 consensus. There were not greater economic benefits during this period than in previous times, although Taiwanese businessmen still advocated a stronger economic relationship with China, saying it was vital for the Taiwanese economy. In short, the game structure in this period indicated that the Taiwanese level II actors—and level I actors from both Taiwan and China who were trying to gain support from the level II actors — began to gradually care more about social issues than potential economic benefits to be derived from improved cross-strait relations. Economic issues still played an important role for Taiwanese voters. Despite Ma's successful re-election and the Kuomintang's continued majority in the Legislative Yuan, the results of the major elections in 2012 suggest that

¹⁰⁰ Su Chi, loc. cit.

Ma's policies were rejected by the pan-green supporters – even those who had sustained him in 2008.

In contrast, the Taiwanese level II actors became more and more active. When we look at Ma's second term (from 2012 to 2016), it becomes obvious that the opposition from 2008 to 2012 could be seen as an overture to the dramatic opera that unfolded during his second term. Unfortunately, the Taiwanese public's continued dissatisfaction with Ma's policy became one of the factors leading to the KMT's unprecedented fiasco in the 2014 local elections¹⁰¹ and 2016 presidential/legislative elections: the KMT's comprehensive loss of political power occurred in all three dimensions: central government, parliament and local governments¹⁰². Limiters of the cross-strait two-level games faced a different situation: the most active limiters in this period were the Taiwanese level II actors instead of the United States. The actions of Taiwanese level II actors were intensified due to the technological progress of the internet and social media. Society was divided by different ideologies, and confrontations within Taiwan became more fierce. With the increasing dissatisfaction of the Taiwanese public, confrontations took on a new pattern in the Ma period. Confrontations between different ideologies were no longer mainly focused on the issues of independence/unification and ethnicity. Yet the traditional debates regarding identity issues were still important in this period, as the fundamental characteristics of the cross-strait relations had not changed. In other words, the old identity issues were no longer the main debate during this period, but they did increase the power of the protests.

In general, with the deepening of the democratization process¹⁰³, an interesting phenomenon emerged: As Taiwan's democratization process develops, Taiwan draws further away from the PRC.

¹⁰¹ The KMT's defeat in 2014 local elections has been widely considered as a practical Vote of No Confidence in the Ma administration.

¹⁰² After the 2014 local elections, the municipalities and counties which were still held by the KMT reduced from 14 to 6 (totally 22); in the 2016 presidential and legislative elections, the KMT lost not only power in central government (the DPP candidate Tsai, Ing-wen was elected as president), but also for the first time lost the control of the Legislative Yuan (seats reduced from 64 to 35).

¹⁰³ By the definition of Samuel Huntington (1993), the second turnover of power is a milestone which indicates democratic consolidation; although research indicates many exceptions, it is still reasonable to view Taiwan's two ruling-party alternation as the deepening process of democracy.

Table 1. Significant political protests in Ma Ying-jeou's first presidency (selected)¹⁰⁴

Date	Name	Main focus points
Aug. 30, 2008	Demonstration of 100 days after Ma's inauguration 百日怒吼大遊行	<ol style="list-style-type: none"> 1. Ma's failing of Economy. 2. Ma's pro-China policies. 3. Call for Sunshine Law.
Oct. 25, 2008~ Nov. 6, 2008	A series protests and conflicts around the time of second Chiang-Chen summit.	<ol style="list-style-type: none"> 1. Ma's failing of Economy. 2. Ma's pro-China policies. 3. The importing of Chinese melamine-tainted milk products. 4. Upholding sovereignty (related with Ma's China policies)
Nov. 6, 2008 ~ Dec. 2008	Wild Strawberries Movement	<ol style="list-style-type: none"> 1. Protests against the police misconduct in the protests around the second Chiang-Chen summit. 2. Calling for amendment of the Assembly and Parade Act.
Dec. 10, 2009	Protest of the conventional industries on the negotiation of ECFA	Lack of supporting measures of ECFA for Taiwanese conventional industries
March 31, 2010	Protest during the second negotiation of the ECFA	<ol style="list-style-type: none"> 1. Ma's pro-China policies. 2. Anti-ECFA. 3. Calling for referendum of the ECFA.
June 26, 2010	Demonstration of "Anti-ECFA, defending Taiwan"	<ol style="list-style-type: none"> 1. Against the idea of "one-China market". 2. Possible Negative impacts of the ECFA. 3. Calling referendum of the ECFA.

¹⁰⁴ Summarized by the author.

Table 2. High-level meetings between SEF and SRATS from May 2008 to May 2012 and their results (cross-strait agreements)¹⁰⁵

Date	Name of the meeting	Place	Results of the meeting
June 2008	First Chiang-Chen summit	Beijing	<ol style="list-style-type: none"> 1. Summary of discussion of cross-strait charter flights 2. Cross-Strait Agreement on Mainland Tourists Traveling to Taiwan
Nov. 2008	Second Chiang-Chen summit	Taipei	<ol style="list-style-type: none"> 1. Cross-Strait Air Transport Agreement 2. Cross-Strait Sea Transport Agreement 3. Cross-Strait Food Safety Agreement 4. Cross-Strait Postal Service Agreement
April 2009	Third Chiang-Chen summit	Nanjing	<ol style="list-style-type: none"> 1. Cross-Strait Financial Cooperation Agreement 2. Supplementary agreement of cross-strait air transport 3. Consensus of the opening of Chinese investments in Taiwan 4. Cross-Strait Agreement on Joint Crime-Fighting and Judicial Mutual Assistance 5. Allow responsible governmental sectors to negotiate three Cross-Strait Memorandum of Understanding for Cross-Strait Supervisory Cooperation in the: (1) insurance industry, (2) finance industry and (3) securities and futures industry.*

¹⁰⁵ Mainland Affairs Council, "The section of cross-strait high-level talks between SEF and ARATS," <http://www.mac.gov.tw/np.asp?ctNode=5689&mp=1>

Date	Name of the meeting	Place	Results of the meeting
Dec. 2009	Fourth Chiang-Chen summit	Tai-chung	<ol style="list-style-type: none"> 1. Cross-Strait Agreement on Cooperation in Quarantine and Inspection of Agricultural Products 2. Cross-Strait Agreement on Cooperation with Respect to Fishing Crew Affairs 3. Cross-Strait Agreement on Cooperation with Respect of Standards, Metrology, Inspection and Accreditation
June 2010	Fifth Chiang-Chen summit	Chong- qing	<ol style="list-style-type: none"> 1. The Economic Cooperation Framework Agreement (ECFA) 2. Cross-Strait Agreement on Intellectual Property Rights Protection and Cooperation
Dec. 2010	Sixth Chiang-Chen summit	Taipei	<ol style="list-style-type: none"> 1. Cross-Strait Agreement on Medical and Health Cooperation 2. The consensus of Cross-Strait Investment Protection and Promotion Agreement (Based on ECFA) couldn't reach consensus
Oct. 2011	Seventh Chiang-Chen summit	Tianjin	<ol style="list-style-type: none"> 1. Cross-Strait Nuclear Power Safety Cooperation Agreement 2. The consensus of Cross-Strait Investment Protection and Promotion Agreement (Based on ECFA) couldn't be signed due to the technical issues

*The three cross-strait MOUs were signed in November 2009.

Table 3. Trade between Taiwan and China 2008-2012¹⁰⁶

Unit: Million US Dollars

Year	Taiwan Customs Statistics: Total amount	Growth rate (%)	China Customs Statistics: Total amount	Growth rate (%)
2008	99,095.5		129,215.5	
2009	79,397.4	-19.88	106,228.2	-17.79
2010	114,204.7	43.83	145,370.5	36.85
2011	129,339.2	13.25	160,031.8	10.09
2012	124,097.6	-4.05	168,963.0	5.58

Table 4. Taiwan's Trade Balance with China 2008-2012¹⁰⁷

Unit: Million US Dollars

Year	Trade Balance with China: Amount	Trade Balance with China: Per- cent	Trade Balance with China: growth rate (%)	Trade Balance with the World: Amount
2008	35,936.2	264.5		13,584.7
2009	30,288.5	107.9	-15.72	28,064.7
2010	41,694.4	191.8	37.66	21,734.1
2011	41,149.5	165.5	-1.3	24,860.6
2012	41,234.9	141.8	0.2	29,085.3

¹⁰⁶ Summarized by the author. Source: Mainland Affairs Council, "Table 1 Trade between Taiwan and Mainland China", in Cross-Strait Economic Statistics Monthly, No. 284, http://www.mac.gov.tw/public/MMO/MAC/284_1.pdf

¹⁰⁷ Summarized by the author. Source: Mainland Affairs Council, "Table 6 Taiwan Trade Balance with Mainland China, Hong Kong, and the World", in Cross-Strait Economic Statistics Monthly, No. 284, http://www.mac.gov.tw/public/MMO/MAC/284_6.pdf

Table 5. Military capacity of the PLA in Taiwan Strait Area¹⁰⁸ from 2008 to 2012¹⁰⁹

Year	SRBMs	Air Forces	Navy	Army	Military Expenditure*
2008	1,050-1,150	Fighters: 330 Bombers/Attack: 160 Transports: 40	Destroyers and Frigates: 56 Landing Ships: 48 Diesel Submarines: 32 Nuclear Submarines: 1	Personnel (active): 440,000 Group Armies: 8 Tanks: 2800 Artillery Pieces: 2900	Military Budget: 60 Total military-related spending: 105~150
2009	1,050-1,150	Fighters: 330 Bombers/Attack: 160 Transports: 40	Destroyers and Frigates: 55 Landing Ships: 55 Diesel Submarines: 32 Nuclear Submarines: 2	Personnel (active): 400,000 Group Armies: 8 Tanks: 3100 Artillery Pieces: 3400	Military Budget: 78.6 Total military-related spending: over 150
2010	1,000-1,200	Fighters: 330 Bombers/Attack: 160 Transports: 40	Destroyers and Frigates: 60 Landing Ships: 46 Diesel Submarines: 33 Nuclear Submarines: 2	Personnel (active): 400,000 Group Armies: 8 Tanks: 3100 Artillery Pieces: 3400	Military Budget: 91.5 Total military-related spending: over 160
2011	1,000-1,200	Fighters: 310 Bombers/Attack: 180 Transports: 40	Destroyers and Frigates: 60 Landing Ships: 44 Diesel Submarines: 33 Nuclear Submarines: 2	Personnel (active): 400,000 Group Armies: 8 Tanks: 3100 Artillery Pieces: 3400	Military Budget: 106 Total military-related spending: 120-180

¹⁰⁸ In terms of the PLA Army and Air force, we mainly showed the main military district (The military districts system of China exists from 1985 to 2016) which is responsible for the military operations against Taiwan, namely the Nanking military district; although the other military districts such as Guangzhou and Jinan are likely to reinforce the use of arms on Taiwan or even responsible for partly military operations, the Nanking military would be the main forces.

¹⁰⁹ Organized by the author. Source: Office of the Secretary of Defense, Annual Report to Congress: Military Power of the People's Republic of China (from 2008 to 2012).

Year	SRBMs	Air Forces	Navy	Army	Military Expenditure*
2012	more than 1100	Fighters: 330 Bombers/Attack: 160 Transports: 40	Destroyers and Frigates: 60 Landing Ships: 51 Diesel Submarines: 33 Nuclear Submarines: 2	Personnel (active): 400,000 Group Armies: 8 Tanks: 3000 Artillery Pieces: 3000	Military Budget: 114 Total military-related spending: 135-215

*Estimation, Unit: Billion US Dollars

Table 6. Number of Chinese tourists visiting Taiwan from 2008 to 2012¹¹⁰

Year	Numbers of tourists	growth rate (%)
2008	90,035	9.9
2009	601,754	568.5
2010	1,188,987	97.6
2011	1,286,574	8.2
2012	2,002,941	55.6

¹¹⁰ Source: 103 年 12 月份兩岸交流統計比較摘要 (Summary of the Statistic Comparison of Cross-Strait Interactions, December 2014), Mainland Affairs Council, <http://www.mac.gov.tw/public/Data/52131552971.pdf>

Table 7. Taiwanese public opinion: is China hostile?¹¹¹

Year	Unfriendly to Taiwanese Government (%)	Unfriendly to Taiwanese People (%)
2008	49.4~64.9	37.9~58.2
2009	34.9~45.1	32.4~41.3
2010	43.4~51.6	41.4~48.3
2011	45.5~53.6	40.8~44.7
2012	49.7~54.7	44.4~46.4

¹¹¹ The data before year 2008 please check the tables in previous chapter. Source: Mainland Affairs Council, <http://www.mac.gov.tw/np.asp?ctNode=5895&mp=3>

Conclusion

1. Ma's second term and escalating domestic opposition

In the beginning of this chapter, we summarize developments that occurred during Ma's second term as president. President Ma Ying-jeou won the presidential election again in 2012, with 6,891,139 votes, defeating the DPP candidate Tsai Ying-wen's 6,093,578 votes. This victory seems to indicate that the Taiwanese public still generally agreed with Ma's policy route, although domestic opposition against Ma's policies had increased over the previous four years. As we discussed in Chapter 4, increasing opposition from the Taiwanese public marked the rebirth of protests and social movements after the "stillness" that had taken place in the Chen Shui-bian era. Public protest in Taiwan became stronger than ever before.

However, Ma's second term as president was more controversial than his first term. Most of the social protests that occurred during Ma's first and second term were not directly related to cross-strait issues. However, a combination of Ma's historically low approval rates during his second term¹, the Sunflower Movement of March 18, 2014 and the large-scale protest afterwards indicate that Ma's cross-strait policies were disapproved of by the Taiwanese people. Cross-strait economic integration and the signing of further cross-strait agreements could also be said to have slowed after the protests.

Similar to Lee Teng-hui, Ma Ying-jeou continued to push his cross-strait policy in the later phases of his presidency. After Ma Ying-jeou took office in 2008, several meetings between Ma and the national leader of the PRC were proposed. On November 7, 2015, a meeting between national leaders across the Taiwan strait was achieved in Singapore; this had not occurred since 1949. The Taiwanese public's disapproval of the Ma administration was apparent not only in his low approval ratings but also in the 2014 local elections and the 2016 presidential/legislative election. The KMT suffered an undeniable defeat in both. After the 2016 presidential/legislative election, the DPP basically controlled the executive branch, legislation and even most of the local governments. Overall, the conditions in Ma's second term as president could be seen as an extension of those from his first term, but more extreme.

¹ The lowest approval rating of Ma Ying-jeou's presidency was 9.2% in September 2013, during his political struggles with another important politician from the KMT: Wang Jinping, the president of the Legislative Yuan.

The cross-strait games from 1988 to 2012 were analyzed in the last three chapters. In this section we briefly re-examine the comprehensive game structure and developments in cross-strait relations in order to build a more comprehensive image of cross-strait relations.

2. Developments in the cross-strait games

First we review the developments in the game structure across the Taiwan Strait during this period. The analysis presented in the last three chapters shows that cross-strait relations have the features of a two-level game in that the development of cross-strait relations was highly influenced by domestic factors, especially in terms of Taiwan's public.

In this section, we discuss the following features of the cross-strait game structure after a review of cross-strait relations and the case studies presented in the last three chapters:

- (1) "Limiters" of the cross-strait game structure, especially the Taiwanese level II actors.
- (2) A modified game structure that takes into account how Taiwanese level II actors kept their position as the most important "objects" in the cross-strait games after the democratization began.

Domestic actors became one of the most important factors in the decades after Lee Teng-hui took power. Due to China's political system, the Chinese level II actors were considered less influential when compared with the level II actors of Taiwan.

On the other hand, the United States kept its position in the international structure as the chief power, although its national power continued decreasing in the 21st century.

2-1. "Limiters" in the game structure

In general, as we assumed in the first chapter, "double limitations" did indeed restrict possible radical actions that may have been committed by both level I actors. In the Lee Teng-hui and Chen Shui-bian era, the United States played an important role when the development of cross-strait relations might have changed the status quo; in contrast, the Taiwanese domestic actors also played a similar role to restrict further ac-

tions of the Taiwanese government; these restrictions came in the form of the opposition in the Chen Shui-bian and Ma Ying-jeou periods. Cross-strait relations thus maintained a considerable degree of stability, and critical conflicts were not triggered or escalated.

Before Ma Ying-jeou took power, the US intervened in cross-strait relations several times in order to stop unilateral actions from both Taiwan and China. As past cases reveal, the self-restrained cross-strait steps taken during Ma Ying-jeou's first term basically fit the policies put forth by the US. However, there were several shifts in the US's cross-strait policy. An example is the three Noes policy established by the Clinton administration during Clinton's visit to China. In fact, revisions to US cross-strait policy were not unheard of in previous decades; the Clinton administration changed its attitude toward cross-strait issues, and so did the George W. Bush administration. All these changes were highly dependent on the US's desire to maintain its national interests in cross-strait issues. The preventive diplomacy and three noes policy of the Clinton administration were a revision of its cross-strait policy, which was based on experiences of previous events especially the third Taiwan crisis; the Bush administration sought more cooperation with China due to changing global strategy after the 9/11 incident. All things considered, the basic principles behind the US's cross-strait policy (first mentioned in Chapter 2) had not changed substantially. The US maintained its one-China policy.

Additionally, the change of relative national power between the United States and China might also have influenced the US as an external limiter. With a changing global strategy, the US might change its cross-strait policy depending on the US's interests. As we mentioned several times in this research, the Chinese economy experienced massive growth, especially in the beginning of the 21st century; in contrast, the United States suffered a recession and protracted wars in Afghanistan and Iraq. The gap in national power between China and the US began to narrow. The closing of the power gap between China and the US was revealed when the US was forced to cooperate with China on several key issues (its global war on terror, for example) and also in the enhanced economic ties between the two great powers. The global role of China further expanded in the Ma Ying-jeou period due to the 07/08 financial crisis, although the development of Chinese economic growth was also checked by this event. Thus, even though the Obama administration's new global strategy was focused on balancing the rising China, the US still needed to establish a cooperative relationship with China.

This phenomenon could be observed in Ma's second term. Although Ma's *détente* policy on both cross-strait issues and regional territorial disputes were basically wel-

comed by the US, Taiwan’s close attachment to China also caused a note of caution in the US. Ma’s policy also challenged the US’s interests in the East/South China Sea².

2-2. Role of domestic actors and the “transformed” game structure

In this section, we review the influences of the Taiwanese domestic actors. Defined as the “internal limiter” in the research framework, the Taiwanese level II actors indeed held influence in all the periods discussed in this research. The most important Taiwanese level II actors for each period are shown in the following table:

Period	Most Taiwanese influential level II actor(s)
Early Lee period (1988-1994)	<ol style="list-style-type: none"> 1. Intra-party faction and politicians of the Kuomintang 2. Taiwanese public
Late Lee period (1995-2000)	<ol style="list-style-type: none"> 1. Taiwanese public
Chen Shui-bian period (2000-2008)	<ol style="list-style-type: none"> 1. Opposition Parties (Pan-blue coalition) 2. Taiwanese public
Ma ying-jeou period	<ol style="list-style-type: none"> 1. Taiwanese public

As already mentioned, the death of Chiang Ching-kuo signaled the end of Taiwan’s strongman politics. Since then, Taiwanese politics have been highly effected by public opinion, although Lee Teng-hui was considered a quasi-strongman in the late period of his presidency (1995 to 2000) due to his methods for defeating his political rivals. However, Lee’s consolidation of political power in this period did not mean that domestic issues were less influential at that time; instead, as we described in Chapter 2, Lee still needed to concern himself with the upcoming 2000 presidential election in order to continue his cross-strait policies. From the table above we can also see that the main Taiwanese level II actor shifted from intra-party actors within the Kuomintang to the opposition parties (especially in the Chen Shui-bian period) and the Taiwanese public; since then, the intra-party actors within the Kuomintang no longer dominated Taiwanese politics, which contributed to the continuous decrease in the KMT’s political power.

² Dean P. Chen, *op. cit.*, p.777.

The changes in the level of influence exerted by the various Taiwanese level II actors could also be seen as the development of Taiwanese democracy. This phenomenon is not surprising; with the progress of democratization, the importance of opposition parties and the Taiwanese public quite naturally increased. Although the other Taiwanese domestic actors such as opposition parties played the role of the most important level II actor in the Chen Shui-bian period, this opposition was in fact the KMT and its pan-blue allies which was already in power for several decades until 2000 and still dominating the Legislative Yuan at that time; the opposition parties would not play the same role in every periods due to the importance of role as domestic opposition would reduce, when the pan-blue faction again took power in 2008. After the Chen era (in the Ma period), the intra-ruling party factions and politicians within the KMT again played the role of the Taiwanese level II actor. Compared with the beginning of the Lee Teng-hui period, these domestic actors in the Ma Ying-jeou period no longer played such an important role, but still influenced Taiwanese domestic games to some extent and worsened the situation faced by the Ma administration in Ma's second term. The most significant example might be the Sunflower movement in 2014, although this event is beyond the scope of this research; nonetheless, Ma's second term could be seen as an extension of his first term. One of the key reasons that student-protesters were able to occupy the Legislative Yuan for 23 days is that the President of the Legislative Yuan, Wang Jin-pyng, did not use police power³ to expel the protesters. This happened only six months after the political struggle between Ma Ying-jeou and Wang Jin-pyng⁴. Upon examination of the conflict over whether to continue importing American beef (which we briefly mentioned in Chapter 4) and Wang's actions during the Sunflower movement, it becomes clear that the intra-KMT actors restricted the actions of the Ma administration only when an issue already had a certain degree of public support. In this sense, we could say that these level II actors in the Ma period were similar to the opposition party (mainly the DPP) at that time, but more passive.

The section above indicates that the Kuomintang kept a considerable degree of political power during every period before Ma's presidency, and kept controlling the Legislative Yuan even as its political power was decreasing. When the Kuomintang took office, the pan-green parties had only a limited capacity to restrict the actions of the ruling KMT. Therefore, although we have discussed the possible effects of level II actors, scrutiny of events that took place over more than 2 decades reveal that the most power-

³ As president of the Legislative Yuan, Wang could use police power to maintain order in parliament. However, police power had not been used since 1991, due to the progress of democratization.

⁴ In September 2013, a political storm was triggered when President Ma Ying-jeou and the President of the Legislative Yuan, Wang Jin-pyng, began a power struggle. Ma failed to oust Wang from the Kuomintang though he accused Wang of attempting improper influence on the prosecution of a DPP legislator.

ful actors in the Taiwanese domestic game remained the Kuomintang and the Taiwanese public. The KMT exerted influence both through opposition factions within the party and when the KMT acted as opposition party to the ruling DPP.

In contrast, the role of Taiwanese public opinion increased as the ruling and opposition parties tried to gain support and sought victory in major elections. The importance of the Taiwanese public was further enlarged when China also began to seek the support of Taiwanese voters, especially after 2005, when the Hu-Wen administration changed the focal points of China's cross-strait policy. After all, elections were the only way to gain political power. Therefore, with the development of Taiwanese democratization as the "ultimate goal," there is no doubt that the importance of the Taiwanese public increased, quickly becoming the most important level II actor.

In 2005, China began to use economic benefits from cross-strait interactions to draw Taiwanese voters, further increasing the importance of Taiwanese level II actors. However, the power of Taiwanese level II actors and their influence on the level I actor depended on the process of Taiwanese democratization. Basically we could say that as democratization progressed, the importance of Taiwanese public opinion increased, because the main focus of all political parties was to win elections, especially the major elections.

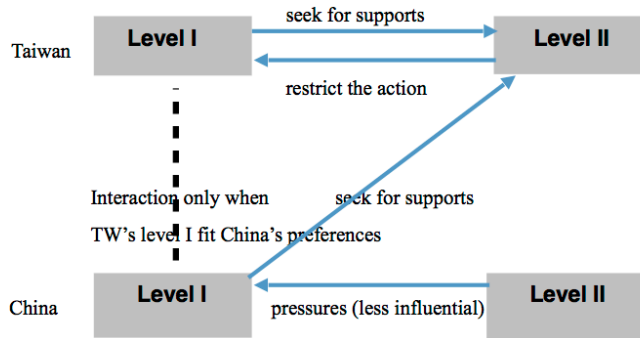
The intra-ruling party factions were the most influential level II actors in Taiwan in the early Lee Teng-hui period; but once the process of democratization began, the position of intra-party actors was replaced by public opinion. In the Ma period, the KMT had complete political power in both the presidential office and legislation. Intra-party opposition within the KMT still played a secondary role as a level II actor. The KMT, as the opposition party in the Chen Shui-bian period, restricted the actions of the Chen administration to a certain degree by boycotting the policies of the Chen administration. But throughout this process the KMT was also seeking support from the Taiwanese public.

2-3. A transformed two-level game structure

As discussed above, Taiwanese level II actors played more and more important roles in the cross-strait game structure. It could be said that the main level II actor within Taiwan after Lee Teng-hui started democratization was already the Taiwanese public. Most of the other actors in the cross-strait triangle games were trying to gain the support of the Taiwanese public because the public had a direct effect on Taiwanese politics.

Therefore the main focal point of the game structure across the Taiwan Strait were Taiwanese domestic games; therefore, we propose the modified game structure as follows:

Fig.1



From the figure above we find that the cross-strait game structure was transformed: Putnam’s concept of two-level games emphasizes that the objective of the game is negotiations at the international level. However, in cross-strait relations, we found that the main focal point shifted from “level I - level I” interactions between Taiwan and China to the domestic games of Taiwan. The game structure above gives evidence in support of our hypothesis: the double limitation caused level I actors to make decisions aimed at achieving domestic leverage in Taiwan.

What factors led China to seek political benefits from Taiwanese domestic games? Since there is a huge gap in national power between Taiwan and China, it is strange that China took a passive role in cross-strait relations, particularly when we only take the relative powers across the Taiwan Strait into consideration. This is all the more interesting because of the rapid increase in China’s national power. We made an assumption in the hypothesis that this passivity was due to limitations in the game structure, especially the influence of the U.S. The discussions in previous chapters show that the United States successfully maintained the status quo across the Taiwan Strait for more than two decades. It was not possible to make immediate changes to cross-strait relations, so both Taiwan and China tried to influence the other limiter, namely the Taiwanese public. China’s radical actions especially in the Lee Teng-hui periods (military exercises, anti-Taiwan independence warnings and propaganda) were an attempt to influence the Taiwanese public, but through intimidation instead of incentives. These radical actions have been proved ineffective, and the Hu-Wen administration therefore changed their route of Taiwan policy in 2005.

2-4. Chinese level II actor

Chinese level II actors were less influential in this game structure since China's cross-strait policies did not change significantly throughout these years. It is true that Chinese level I actors also faced domestic pressures, as demonstrated by the 95/96 Taiwan Crisis mentioned in Chapter 2. However, China's Taiwan policy took on different orientations in different periods: the most significant change being Hu Jintao's change in cross-strait policy in 2005. Fundamental changes in Taiwan policy did not occur: for example, Taiwan was still not allowed to reach more international spaces using the name "Taiwan" like a sovereign state, and declarations of Taiwan independence were not allowed, although details of policy could be adjusted.

As we mentioned in Chapter 4, the Hu-Wen administration also faced increasing domestic pressure on several issues such as slowing economic growth and the coming power-transition from Hu Jintao to Xi Jinping during Ma Ying-jeou's first term. As we described before, Chinese leadership shifted from strongmen to technocrats after Deng Xiaoping, and collective leadership increased the influence of level II actors. However, cross-strait relations were not directly effected by these factors, and cross-strait interactions were still active during the Ma period. In fact, these domestic factors led China to take a relatively tough attitude, but mainly toward foreign relations with other countries instead of Taiwan: for example, the territorial disputes between China and Japan regarding the Diaoyutai/Diaoyu/Senkaku island⁵, and the territorial disputes in the South China Sea between China and several Southeast Asian countries.

Therefore, we believe that due to the Ma administration's moderate attitude toward cross-strait issues, and the restrictions imposed by the United States, China did not change its Taiwan policy despite increasing pressure from the Chinese level II actors in this period.

⁵ The Diaoyutai islands (known as such in the ROC/Taiwan, and also known as Senkaku islands in Japan and Diaoyu islands in China) are located in the East China Sea between Taiwan, Okinawa and China. In the beginning of the 1970s, disputes emerged when the United States decided to return Diaoyutai and Ryukyu islands to Japanese sovereignty. In recent years, several conflicts between Taiwan, China and Japan have occurred. There have been activist, fishing boat and coast guard actions from all three of the countries and there have also been public protests. In 2012, Shintaro Ishihara, the prefecture governor of Tokyo, and Prime Minister Yoshihiko Noda announced the possibility of purchasing the islands. Ishihara's action caused a number of continuous large-scale anti-Japan demonstrations in China.

3. Trends in cross-strait relations

At the end of Chapter 4, we mentioned an interesting phenomenon: it seems that as Taiwan's democratization process develops, Taiwan draws further away from the PRC. In order to re-examine this issue, after summarizing the cross-strait game structure from 1988 to 2012, we make a short summary of the trends in cross-strait relations.

3-1. Changing attitude of the Taiwanese public

As already stated in previous chapters, Taiwanese identity has gradually shifted away from China: larger swaths of the Taiwanese public think of themselves as Taiwanese instead of Chinese. A greater portion of the Taiwanese public also prefers independence to unification, although most Taiwanese people still prefer to maintain the status quo. The Taiwanese public basically supported cross-strait economic exchanges until Ma Ying-jeou's first term. In fact, no matter which ruling party took office in Taiwan, the economic benefits from cross-strait exchanges were still attractive for the Taiwanese public; that is also why Taiwanese capital and investments continued to flow to China even when the Taiwanese government tried to limit these investments in both the late Lee Teng-hui and Chen Shui-bian periods. This, plus the recessions that Taiwan experienced in the first decade of the 21st century, made the Taiwanese public more open to cross-strait interactions, and the Kuomintang thus retook political power after Chen's presidency.

However, the Taiwanese public did not approve of the effects that came with Ma's opening of cross-strait exchanges. Large-scale opposition in the Ma period is the first time that dissatisfaction from the Taiwanese public formed a strong political power, and restricted the actions of level I actors⁶. Generally speaking, as the most important level II actor the Taiwanese public could decide power transitions through major elections, the other actors would try to seek support from the public. This time, however, opposition from the public stopped the actions of the Taiwanese level I actor, and more or less restricted its further actions.

Cross-strait exchanges not only promised economic benefit but also security risks to the Taiwanese public. As we emphasize many times in this research, the nature of cross-strait issues reveals the features of a zero-sum game. Public opinion demonstrates that though there was anticipation about opening cross-strait exchanges, there were also

⁶ There were also large-scale oppositions in the last phase of the Chen Shui-bian period, but they mainly focused on the corruption scandal of Chen Shui-bian and his family, not on policies as in the Ma period.

concerns about possible negative impacts, not only on national security, but on the economy and quality of life in Taiwan.

From here it is clear that the preferences of the Taiwanese public did not change significantly in recent years, but issues of identity and preferences towards the final result of cross-strait issues gradually changed. This became obvious when Ma's economic policies failed to gain support from the Taiwanese public. Moreover, we also mentioned that Taiwanese society in the Ma period was not only divided by political affiliation but also by issues of social class. Looking back, we find a similar situation regarding public opinion in the Chen Shui-bian period, when Taiwanese capitalists tended to be more optimistic about cross-strait economic exchanges than other sectors of the Taiwanese public. In other words, the state of public opinion gradually developed in former periods, then largely broke out in the Ma period. Therefore we could say that the failure of Ma's policies caused comprehensive change in Taiwanese public opinion on cross-strait low-political exchanges.

3-2. Changing patterns in cross-strait interactions

The discussions in the above section support the idea that with Taiwanese democratization, the importance of level II actors increased, especially the Taiwanese public; this feature and external limitations from the United States made a unique cross-strait game structure as shown in Figure 1. In Introduction we showed that most cross-strait events were caused by Taiwan's actions rather than China, despite China being the stronger national power.

The game structure proposed earlier makes it clear that the Taiwanese level II actors led the changes in cross-strait relations, because Taiwanese level I actors sought election from the Taiwanese level II actors. Taiwan played a very active role in the progress of cross-strait relations throughout this period.

In Chapter 2 we described direct reactions from China and the U.S. China's inordinate radical actions of the 95/96 Missile Crisis caused direct military intervention from the U.S. This triangle pattern changed after the Missile Crisis. As described in Chapter 2 and Chapter 3, China gradually decreased military exercises. China also stopped semi-official interactions with Taiwan, only interacting with Taiwanese level II actors. The US, as the external limiter, also tried to restrict Taiwan's actions. It could be said that the US and China co-managed the "Taiwan problem" in which Taiwan was considered a trouble-maker by the two state actors. During the Ma period, the US did not need to

restrict the actions of both Taiwan and China; Ma's cross-strait policies and economic policies fit the preferences of China, thus leading China not to downplay its relationship with Taiwanese level I actors as in Chen Shui-bian period.

Taiwan was the most active actor in the cross-strait triangle games, but its influences were limited by China's attitude. When Taiwanese level I actors were considered to be in opposition to the preferences of China, China would boycott the Taiwanese level I actors or even further boycott Taiwan. In other words, although China's attitude toward the actions of Taiwan was less radical than before, cross-strait relations were at a deadlock when the Taiwanese ruling party was not recognized by China. As Taiwan's economic dependence on China was strengthened, this tactic became more viable for China. This became a vicious circle, causing the Taiwanese public to become more disgusted with China. Taiwanese level I actors thus actively made proposals that did not fit the preferences of China. Moreover, the Taiwanese public's disapproval of Ma's policy further worsened the vicious circle.

3-3. Relative power between the US and China

In previous sections, we discussed the relative national power between the US and China, and how this might affect US involvement as the external limiter in cross-strait issues. As we can see in the Lee Teng-hui and Chen Shui-bian era, the US began to seek more cooperation with China on several issues due to China's growing national power. This was true even when the US decided to follow a rebalancing policy in East Asia. This was based on the precondition that China continued its rapid growth in national power, and the decline in the US's national power caused by the global war on terror and the financial crisis.

However, cross-strait games were also highly affected by US-China games, and we can see the following unstable features in US-China relations in the Ma period:

- (1) The growth of China slowed down at the end of the 2000s, and the gap in relative national power between the two countries stopped narrowing, and even became wider when the US recovered from its protracted wars and financial crisis.
- (2) Confrontations between China and the US increased in recent years as the US adopted a policy aimed at rebalancing Asia.

Admittedly, the competition and confrontations between the US and China do not necessarily mean that the US's cross-strait policy has changed. The basic principles were not changed under the Obama administration, and the US encouraged dialogues and exchanges across the Strait during the Ma period. Therefore, it was difficult to change principles such as the one-China policy even when regional confrontations and competitions between the two great powers escalated. The above-mentioned features might let the US slightly adjust its cross-strait policy. Developments that occurred in the past suggest that the US might give a bit more freedom of action to Taiwan, as long as Taiwan does not attempt to change the status quo unilaterally. However, as previously mentioned, the Ma period caused concern in the US because of the closer relationship between the Ma administration and China. Taiwanese level I actors should aim for flexibility in cross-strait policies, favoring a goldilocks balance: not too much pro-independence (which would provoke both the US and China), but not too close a relationship with China, so as not to anger the US as it began its rebalancing policy. In other words, Taiwanese level I actors might learn from the US's policy of strategic ambiguity by attempting to maintain a delicate balance.

4. Conclusion

Previous chapters show that the cross-strait game structure is actually a transformed two-level game, and Taiwanese domestic games are the focus of the entire game structure; in fact, the double limitation coupled with China's boycott-tactics when China was dissatisfied with Taiwanese level I actors made the Taiwanese public the main object of all the other actors. This structure of cross-strait two-level games allows for the active role of Taiwanese level I actors, who can make proposals aimed at gaining domestic political benefits.

The vicious circle of current cross-strait relations was formed through a long-term process. It can even be traced back to the beginning of cross-strait interactions. The game structure in cross-strait relations was limited by the US, so the Taiwanese public was able to lead the changes in cross-strait relations since democratization began. The Taiwanese public did not approve of either low-political or high-political policies in the Ma period. This was not a suddenly emerging phenomenon, though it reached its zenith during the failure of the Ma administration's policies.

Were economic issues less important in the Ma period, when the Taiwanese public came out against further economic integration and the opening of cross-strait exchanges? After a re-examination of the cross-strait relations, we believe that the old topics of

such as economy and national security still dominated cross-strait relations, especially economic policy, and cross-strait policies which were linked with the former. Wang and Cheng's analysis (2015) also found that the state of the economy plays a vital role in the popularity of Taiwan's president, and disappointment when the economy floundered existed not only in pan-green but also pan-blue supporters. Moreover, the polls mentioned in Chapter 3 show that "Taiwan consciousness" grew rapidly in these last decades. Ma Ying-jeou's victories in the 2008 and 2012 presidential elections still indicated that the economic issues played an important role, even though Ma's popularity was already on a downturn after his first term. In simple terms, cross-strait exchanges to improve the Taiwanese economy became one of the most important platforms for the KMT in 2005; but Ma's policies toward integration with China did not receive the expected positive effects. Instead, more negative effects occurred. This, coupled with the distrust and concerns about China and the KMT, led to the total defeat of the KMT in the 2016 major elections. Thus we could postulate, as Lin (2016) did, that China's policies toward Taiwan were an attempt to seek support from Taiwanese non-partisan voters/economic voters. They did this through the promise of economic benefits, but this promise faced great opposition and many doubts because of Ma's failure. Defeats in both the 2014 and 2016 major elections reveal that Ma's failure led many pan-blue voters to change position, ultimately supporting the DPP. This phenomenon could be seen as more or less similar to the DPP's experience in the 2008 presidential election

List of Interviews

Date (M/D/Y)	Name	Positions in Government
04. 11. 2013	Jauhsieh Joseph, Wu	Minister of the Mainland Affairs Council (2004-2007), Taiwan Representative to the United States (2007-08), Secretary-General of National Security Council (2016-2017), Secretary-General to the President (2017-2018), Minister of Foreign Affairs (2018-)
04. 25. 2013	Kun-huei, Huang	Minister of the Mainland Affairs Council (1991-1994), Minister of the Interior (1994-1996), Secretary-General to the President (1996-1999)
05. 02. 2013	Chi, Su	Minister of the Government Information Office (1996-1997), Minister of the Mainland Affairs Council (1999-2000), Member of the Legislative Yuan (2005-2008), Secretary-General of the National Security Council (2008-2010)
05. 08. 2013	King-yuh, Chang	Minister of the Mainland Affairs Council (1996-1999)
05. 20. 2013	Ming-tong, Chen	Deputy Minister of the Mainland Affairs Council (2000-2004), Minister of the Mainland Affairs Council (2007-2008; 2018-)
05. 04. 2016	Chung-ming, Kuan	Minister of the Council for Economic Planning and Development (2013-2014), Minister of the National Development Council (2014-2015)

List of Abbreviations

KMT	The Kuomintang
ROC	The Republic of China
CPC	The Communist Party of China
PRC	The People's Republic of China
PLA	People's Liberation Army
SEF	Strait Exchange Foundation
ARATS	Association for Relations Across the Taiwan Straits
DPP	The Democratic Progressive Party
CBMs	Confidence-building measures
MAC	The Mainland Affairs Council of the ROC Executive Yuan
TSU	The Taiwan Solidarity Union
NP	The New Party
FTA	Free trade agreement
APT	ASEAN plus Three
TSU	The Taiwan Solidarity Union
PFP	The People First Party
GATT	The General Agreement on Tariffs and Trade
WTO	The World Trade Organization
ITO	The International Trade Organization
PLEM	Proactive liberalization with effective management
PMEL	Proactive management with effective liberalization
ECFA	Cross-Straits Economic Cooperation Framework Agreement
CSSTA	Cross-Strait Service Trade Agreement
TL	Three Links
MOU	Memorandums of understanding
PTA	Preferential trade agreement
CECA	Comprehensive Economic Cooperation Agreement
EHP	Early harvest program

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