

# Taiwan's referendum gamble raises the odds for the US as well as China

by Heidi Kingstone

In Beijing, One China means one China, and Taiwan is part of China.

In Washington, policy on Taiwan, a de facto (but not de jure) nation recognised by only 27 countries, is one China, but ...

The former Kuomintang government that ruled Taiwan from 1949 until 2000 held the guiding principle of one China not now.

The thinking of the Democratic Progressive Party (DPP), the ruling party in Taipei, is one China, maybe.

And on its extreme wing, about 4 percent of its members promote one China, not me.

On March 20, the Taiwanese will go to the polls to elect a new leader, the third such election since martial law was lifted in 1987.

More significantly, and certainly more controversially, they will also cast a ballot in the country's first referendum, the peace referendum.

The two questions have alarmed China, which fears Taiwan will ultimately declare independence, and irritated the United States because of the strain this has put on relations with China.

The referendum will ask whether Taiwan needs to increase its military defences in response to China's build-up; and whether Taipei and Beijing should enter peace talks.

US President George Bush put

pressure on Taiwan's DPP President Chen Shui-bian to soften the referendum's wording, at the insistence of China.

At the heart of the matter is Taiwan's status; is it a sovereign state or a renegade province of China?

That of course depends on the perspective of the three main players: Taiwan, the US and China.

Right now the race is too close to call, except to say that Taiwan is taking a huge political gamble. Economically it has to co-operate with China, even to depend on it, but militarily China is a threat to Taiwan.

One million Taiwanese do business on the mainland; 10 000 cross into the People's Republic of China every day; and 500 000 stay as long-term residents, investing about \$100 billion (about R670 billion) a year there.

Taiwan has a split personality: on the one hand, investing in China and on the other asking for help from the US to sell it more weapons; the economic situation dependent on the political situation.

Disruption of the economic links between Taiwan and China would also disrupt global consumption.

On the one hand the Taiwanese see the need to make friends with China. On the other hand, China has 496 missiles targeted at Taiwan, ready to launch a surprise attack in 30 minutes.

Many say they hope for the best and prepare for the worst. And into the fray is the US, whose relationships with both Taiwan and China have never been better.

China may be crucial to the US imperative to fight terrorism, but its long-term ally, Taiwan, is a successful democracy which Taiwan hopes the US will not abandon.

"Paradoxically," says Janushieh Joseph Wu, deputy secretary-general to the president of Taiwan, "Taiwan's biggest asset - democracy - is its biggest liability."

China watches, playing a sophisticated game, using the military threat as pressure to force Taiwan to the negotiating table on its terms, and exerting more subtle diplomatic pressure through the US and Japan.

Most Taiwanese want to keep the status quo - another term that needs definition and one that some say changes every day.

Should the missiles be considered an imminent threat? Or is a mountain being made out of a molehill for political expediency?

"What is an imminent threat?" asks Chih-cheng Lo, executive director at the Institute of National Policy Research. "How do you define that: 1 000 missiles, 2 000 missiles? What's the threshold?"

"Our perception is that China is building up its missiles to coerce Taiwan in the end, so we cannot wait



More than a million supporters of Taiwan President Chen Shui-bian join hands to form a human chain down the length of the northern island of Ho Ping in the biggest Taiwanese protest against China so far

PHOTOGRAPH: SIMON KWANG, REUTERS

until we reach that point. We have to pre-empt or prevent. By having the referendum on issues such as the missile threat, we do exactly that."

Some say Taiwan is already losing the economic advantage and has few chips with which to bargain.

"Over the last 10 years some of

the traditional labour-intensive industry has moved to China," says David Hong, vice-president at the Taiwan Institute of Economic Research. "Over the last three years the low end of the high-tech industry has moved to the mainland, which has begun to hurt Taiwan's gross

domestic product, making it harder for Taiwan to compete."

While China may not want war, it uses the threat of war.

"We do not want our people to forget that there is a serious military threat from China, and part of the message of the referendum is to remind our people that the threat is real," says Wen-cheng Lin, a senior National Security Council adviser.

Whether this new generation of Chinese leaders is more pragmatic and risk averse remains to be seen.

No Chinese leader, though, can suffer losing Taiwan, with its loss of face and the domino effect it could have in both Tibet and Xinjiang province.

While China wants to isolate Taiwan, Taiwan wants to internationalise the issue. The US is frustrated that it can control neither the political process in Taiwan nor the minds of leaders in Beijing.

While it is in everybody's interests to maintain peace and stability, Beijing worries that the more Taiwan continues its political and constitutional reform, the less likely the people in Taiwan will want to be put under communist control.

Self-determination is considered a fact by many Taiwanese. "We don't pay tax to China, so why should we listen to them?" asks Nian-tzu Yang, secretary-general at the Taipei think-tank, the Chinese Council of

High Advanced Policy Studies.

"China worries that Taiwan will use the referendum to declare independence, but most Taiwanese want to keep the status quo."

The DPP has said it would send its envoy to China, but Beijing has already said it would not recognise such an envoy, and Taiwan has less bargaining power as the rest of the world gets friendlier with China.

Taiwan also has to worry about whether the US will abandon it for economic gain with China.

"Some suggest that if we reunited with mainland China it would serve our economy," says Lin, "but we don't know. It's not like West Germany and East Germany."

"In Taiwan we are the ones who will be absorbed into China... We are such a tiny island, we may just disappear."

China hopes that the issue will just go away. If 50 percent of the electorate doesn't vote in the referendum, it will be void; if the Kuomintang wins, the issue will simply fade away.

China also has huge domestic issues to worry about: internal political struggles, corruption, transforming the banking system, Aids, and a restless rural population that cannot support itself.

Beijing and Taipei will not reach a resolution overnight. Friends reunited? Only time will tell.