

*A short note written for the 48 Group Club dated 2 May, 2005*

### **Will Lien Chan's historic Beijing visit change the political landscape?**

Although Lien Chan, twice defeated in the past two elections, cannot claim to represent the Taiwan people, let alone its government, his visit should rightfully be termed historic as this is the first time a KMT Chairman sets foot on the Mainland since 1949. Without overstepping into government-to-government relations, his olive branch is all the more remarkable as it is seen to represent the first rapprochement between the KMT and the CCP for a good part of a century. The subsequent visit by Soong Chu-yu, Chairman of the PFP, reinforces the view that these visits should herald a genuine breakthrough in relations across the Taiwan Strait.

It remains to be seen, however, to what extent the KMT visit would lead to a dramatic change in the stance of the popularly elected government of Chen Shui-bian. Chen has just softened his words about the helpfulness of the Lien visit and is said to have asked Soong to convey a personal message to President Hu. But there is no powerful swing of the political pendulum amongst the Taiwan people towards immediate unification. There is no sign that Chen Shui-bian will accept Beijing's pre-condition for direct talks any time soon. Indeed, it is expected that Soong is likely to reiterate the substance of the PFP's recent accord with Chen without breaching the key issue of Taiwan's de facto sovereignty.

Much of Chen Shui-bian's international influence is buttressed by the US. Even though the US, like the rest of the world, is averse to military conflict or increased tension over the Taiwan Strait, the 'neo-con' Bush Administration is likely to maintain if not push ahead with its alleged China containment or encirclement policy, while continuing to engage China economically. China is already perceived as a dominant threat to US sphere of influence, even without unification. The perceived threat would be even more threatening with unification.

But this is not to say that Taiwan is not merged or will not do so with Mainland China. This is already the case, economically. Economic realities dictate the continuing growth of Taiwanese businesses and investments from the Pearl River Delta to Shanghai. Virtually the bulk of Taiwan's electronics industry depends on outsourcing and manufacturing on the Mainland.

Nevertheless, this economic enthusiasm has so far not translated into popular political change. There is not a great deal of political support for the 'One Country, Two systems' formula, regardless of the success or otherwise of the examples of Hong Kong and Macau. There is still

overwhelming demand from the Taiwan people for a much higher level of political and international 'independence'.

The visit's historic breakthrough, even not at a government-to-government level, represents more the imperatives of economics, internal Taiwan party politics as well as geopolitics.

The KMT has suffered two consecutive defeats in Presidential elections. It has gained a measure of political recognition in the most recent Parliamentary elections in which the Taiwanese electorate has clearly signalled that while not embracing immediate unification, it does not supporting Chen Shui-bian's tendency to continue to try out the last straw. While Lien Chan has indicated he no longer seeks to carry on leading the KMT for ever, his Beijing visit will not only enshrine him in history at a time of his sagging political career but is calculated to shore up the popular support of the KMT in Taiwan. He is likely to eventually hand over the rein to a younger and more charismatic leadership, like the photogenic Ma Ying-jiao. But even the more dynamic Ma cannot push for immediate unification without popular political support.

For Mainland China, the visit is a timely masterstroke both to dampen Chen Shui-bian's centrifugal tendencies and to assuage international worries over the recently enacted anti-secession law. This is line with China's apparent policy of 'hardening the stick and sweetening the carrot' at the same time. This also speaks volumes about President Hu's political and international savvy.

China has already grown to be the second largest economy in the world in PPP terms but its GDP per capita is only 1/7 of that of the US. With a fifth of mankind as its population, there remain many daunting internal and external challenges to its continuing growth and stability, not the least the issues of balanced development, limits of natural resources including energy, minerals and water, internal governance, financial reforms, and maintaining employment levels, and relations with major regional and international powers increasingly fearful of a rising China. However the Taiwan issue unfolds, China would be the last to play the dangerous game of wilful international dominance, which can only stoke this fear, especially with an assertive US, the world's undisputed dominant power.

Andrew K.P.Leung  
[www.andrewleunginternationalconsultants.com](http://www.andrewleunginternationalconsultants.com)

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