



CENTER FOR NATIONAL POLICY

**“AVENUES TO A STABLE AND PROSPEROUS
BEIJING-TAIPEI RELATIONSHIP”**

FEATURED SPEAKER:

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MR. SCOTT BATES: Thank you very much for coming to the Center for National Policy today. We have a really interesting program, I think, about the future of Beijing-Taipei relations.

Here to speak with us today we have one of the foremost American experts on Taiwan and we have experts from Taiwan and China themselves. So I will definitely try to limit my commentary because we want to hear from these experts today. I'm Scott Bates. I'm vice president here at the Center for National Policy. On behalf of our president Tim Roemer and all of our staff, I welcome you here, and if I could, I'd just briefly introduce our participants. Then, they'll say a few remarks and then we'll open the floor up for questions and we'd love to hear your thoughts and comments as we go forward.

Huang Kwei-Bo is director for the Center for Foreign Policy Studies at National Chengchi University. Dr. Huang is an associate professor of diplomacy at the university and he is currently in Washington as a visiting Fulbright scholar at the China Studies Program at SAIS. He's also a member of the editorial board of *Army Bimonthly*.

Wei Zongyou is an associate professor of international relations at the School of International and Diplomatic Affairs, Shanghai International Studies University. Dr. Wei's current research interests include U.S. foreign policy and Sino-U.S. relations. He's now writing a book. Perhaps it's finished – I don't know. No? Okay – entitled *In the Shadow of Hegemony: Strategic Choices*. Dr. Wei is also currently a visiting Fulbright scholar at the Department of Government at Georgetown University. We welcome you here today.

And in addition to these fine scholars, we have Dr. Scott Kastner, who's from the University of Maryland. And as I mentioned, he won't say it, but I can tell you, is one of the foremost Taiwan scholars in the U.S. today.

So without further ado, I believe that Dr. Wei has won the coin toss, so you'll go first. Thank you.

DR. WEI ZONGYOU: Thanks. Thanks, Scott.

MR. BATES: Thank you.

DR. WEI ZONGYOU: (Unintelligible) – asked me to attend a conference on cross-strait relations. I said I'm – (unintelligible) – but I also told him frankly that, in fact, I'm not a cross-strait expert. I'm just interested in it and now, I will briefly – (unintelligible) – government across the – (unintelligible) – strait relations and also some

potential challenges and will briefly discuss some policy recommendations for the concerned (properties?).

Now, the things being the – (unintelligible) – of Taiwan leader Ma Ying-jeou, the cross-strait relations have witnessed some steady progress and in the last – (unintelligible) – in the region, relations between the two sides began to show signs of relaxation and improvement. Both sides across the strait have shown considerable goodwill and a flexibility in dealing with amicable relations and concerns. The prospect for the cross-strait relations show signs of positives for the first time. However, in view of the long animosity and deep distrust still between the two sides, especially during the era of DPP in power, left much to be desired and more to be dealt with years ahead.

So in the first part, I will briefly deal with the latest – (unintelligible) – of development of the cross-strait relations, and in the second part, as I mentioned in about something the challenges, and in the last piece, the policy implications of cross-strait accommodations. The first is the late quality of development across the Taiwan Straits relations. In fact, as early as 2006, when Kuomintang was still at opposition party and when this cross-strait relations was still very tense and in a state of little official contact, stalemate, the then Kuomintang leader Ma Ying-jeou is – (unintelligible) – his cross-strait policy outline when he was invited to deliver a speech in Harvard University, and in that speech he outlined his cross-strait relations with five dos, that is, first, to resume the cross-strait dialogue based on the 1992 consensus; second, to conclude the peace agreement; third, normalize economic relations across the Taiwan Straits; third (*sic*), develop a new (modus operandi ?) for Taiwan's national participation; the last, expand the current exchange in culture and educational areas.

Two years later, that is, in 2008 in his inaugural address – (unintelligible) – his cross-strait policy outline, that is, sort of consist of roughly four dimensions. First is the – (unintelligible) – of the (step of truth ?) in Taiwan Straits under the principle of three – (unintelligible) – that is, no unification, no independence and no use of force. Second, the resumption of cross-strait dialogue based on the 1992 consensus, and the third is cross-strait reconciliation and a possible peace accord, and a fourth is a diplomatic truce and the normalization the cross-strait economic and the cultural relation – sorry – fourth is a diplomatic truce and Taiwan's international space.

In the months that followed, roughly starting from May this year until now, Ma Ying-jeou took a lot of serious matters to facilitate cross-strait communications and economic and cultural links. First is the resumption of dialogue between – (unintelligible) – official representatives, that is, the Straits Exchange Foundation in Taiwan and Association for Relations Across the Taiwan Straits and Mainland after nearly two years of dialogue. The first of which was held in June this year and second of which will be held in just – in November 4th.

And the second, facilitating Chinese tourists to Taiwan and to establish of regular weekend shuttle flights. In fact, the first weekend charter flight of Chinese tourists to Taiwan was materialized in July this year and also the – (unintelligible) – across the

Taiwan Straits between Xiamen and Jimen (ph), Majou (ph) and Penghu was put on a regular basis in September.

Also, third, (unintelligible) – is – (unintelligible) – concerning Taiwan's participation in international organizations like Chen Shui-bian who attempted for fourth UN membership. (Unintelligible) – by applying for membership in some UN technical institutions – (unintelligible) – did not change the – (unintelligible) – on the issue. It was viewed more favorably and somewhat – (unintelligible) – moderation.

And lastly, Taiwan also eased or lifted the restrictions on Taiwan's investment in Mainland China and also Chinese investment in Taiwan. For the part of Mainland China, (unintelligible) – part of administration responded positively to Ma's goodwill and the two parts reciprocated. First, in fact, there are some serious matters concerning to Ma Ying-jeou's (policy measures ?) of goodwill. The details which I will not mention.

In sum, since Ma's in office, the cross-strait relations has come for the better for the first time after years of bitterness and hostility. For the first time, the two sides across the straits find some common points in mutual relations, namely, the first, maintaining the standard (unintelligible); second, the need to reopen – (unintelligible) – official dialogue based on the 1992 consensus; and third, the need to increase the economic and the – (unintelligible) – links; and the fourth, the need to stop mutual – (unintelligible) – in the international stage. However, there are also challenges in view of the difficulties in the accomodation of cross-straits relations.

The first challenge is the DPP's opposition. During the – (unintelligible), Ma has witnessed two large-scale demonstrations of – (unintelligible) – by DPP. The latest one was held in October 25th was aimed at Ma's cross-strait policy and against (ARATS ?) Chairman Chen Yunling to (raise ?) Taiwan. DPP argues that Ma's administration was too lean on Mainland. In view of DPP's – (unintelligible) – in organizing grassroots and the canvassing for political sides and each cross-strait, Ma's cross-strait policy and the momentum in cross-strait relations will surely come across many difficulties and challenges from DPP.

Secondly, moving too fast. In fact, improving cross-strait relations is on the top agenda of Ma's – is in one of the priorities on Ma's agenda, cross agenda, vowed to improve the cross-strait relations and – (unintelligible) – serious measures to relax and improve the relations.

These are two of the perceived, but in view of the long distrust between the two sides, pushing too fast might prove not good or even backfire. First, in pushing too fast, it might create an (illusionary ?) high expectation among officials and average people, which ultimately prove not be realized. And this will in turn invoke criticism from opposition party and from average people and make further of future cross-straits policy more difficult to sell to the people.

Second, in pushing too fast, it will be viewed by some as a leaning too far to Mainland and therefore accused of selling Taiwan's interest, which in fact it doesn't. Third, pushing too fast, it will inevitably touch upon sensitive issues prematurely and make further dialogue or consensus harder to – (unintelligible ?). For issues such as meaningful dialogue of meaningful visits, (unintelligible) – of confidence-building measures, mechanisms and measures, and Taiwan's participation in international institutions are – (unintelligible) – though they need to be addressed seriously and should be dealt with step by step and not in a hurry.

Third (*sic*), the opposition from Mainland, obviously Hu Jin-tao's administration has access to improve cross-strait relations and – (unintelligible) – and even concessions for other purpose. However, this is not to say that there are no opposition from within Mainland China. If Hu's administration concedes too much, but without any gains in return or the – (unintelligible) – could not be implemented by Ma's authority whose conciliatory policy toward Taiwan mildly criticized from within. Besides, some – (unintelligible) – in Mainland also worry that if all these concessions made by Mainland China only to lose in four years' time when DPP comes to power, what's the point in making all these concessions.

And the last, (unintelligible) – from the United States and U.S. – (unintelligible) – and the commitment and – military commitment to Taiwan is underlying cause of Chen Shui-bian's –challenge to Mainland's bottom-line during his past 18 years in power. Though U.S. claimed that it was committed – (unintelligible) – in the straits against insider changing – (unintelligible) – was – (unintelligible) – unilaterally. However, the arms deal in Taiwan was viewed as an assurance that the U.S. can come to Taiwan's rescue whatever, however – (unintelligible). In a way, (unintelligible) – can become a symbol of U.S. support of Taiwan's adventures.

(Unintelligible) – also promoted Mainland to station more missiles across the strait opposite the military imbalance, especially during the time of tense relations caused by across the strait of Taiwan – (unintelligible) – is not viewed as conducive to stable cross-strait relations. (Unintelligible) – also is a – (unintelligible) – some policy with recommendations.

First, for Taiwan, first, continue the present, in my view, should continue the present policy of cross-strait accommodations by implementing these matters of principals or step-by-step should be borne in mind.

Second, try to build up a domestic consensus on cross-strait accommodations and especially reach out to the grassroots in the south. In the case of DPP, Ma should especially emphasize the party bipartisanship and the common interest in the cross-strait accommodations.

Second (*sic*), DPP should also – (unintelligible) – behave like a mature and responsible opposition party. During the past eight years, DPP – (unintelligible) – became not like mature ruling party, even single-mindedly – (unintelligible) – Beijing,

even discriminating against its own people by differentiating between so-called native and non-natives in military and – (unintelligible) – promotions in the fight to divide an already integrated society. It also – (unintelligible) – conditions for the strait.

For Mainland China, first, being more resilient to cross-strait accommodations besides facilitating economic cultural links between the strait. The government should also consider early possibility of allowing observer standards of Taiwan to WHO, if possible, agree to Taiwan's observer standards in WHO – (unintelligible).

Second, consider unilateral confidence-building measures in conformity to the – (unintelligible) – situation across the strait. Three is the – (unintelligible) – of missiles and other Taiwan and then gradually reduce the missiles in the Taiwan Straits and in Taiwan have in the time, for example, five years starting from 2010 corresponding to the situation across the strait. So to reach out of the DPP too fast, DPP or government virtually has no formal contacts with DPP, a major opposition party in Taiwan, which is abnormal. The government should invite many DPP leaders to visit Mainland China and try to establish some kind of working relations – (unintelligible) – in the custom – (unintelligible).

First, be more tolerant in dealing with Taiwan and especially in dealing with DPP and don't be prone to major reactions, which is through due respect to Taiwanese representative in various political or regional organizations and form some kind of cordial working relations between the last.

Last but not least, initiate long delayed critical reform transforming China into a real liberal and a democratic country. This is no doubt is a long and a tough process and cannot be delayed any longer. A prosperous, liberal and a democratic China will be the best – (unintelligible) – for unification.

Second part for United States, as in first weapon, any steps across the Taiwan Straits accommodations. Second, help the two sides to fight, to try at confidence-building measures across the strait, especially concerning military confidence-building measures. Third, take advantage of Taiwan's concerns toward Mainland China, try to convince PRC leaders without political reform is in China's vital national interest.

That's all. Thank you.

MR. BATES: Thank you very much, Doctor, for your theoretical analysis and also your very practical suggestions for all three governments. I especially was interested in the idea of U.S.-PRC military confidence-building measures across the straits. I hope somebody from one of the transition teams is listening to you today. Doctor, please.

DR. KWEI-BO HUANG: Okay. Thank you, Scott. Good afternoon, everyone. It seems we have just a limited time, so I think I will just go into some details just to talk about some major findings I have in mind about cross-strait relations in recent months.

First, I think – today's topic is “Avenues to a Stable and Prosperous Beijing-Taipei Relations.” And to me, I really have sensed that there might have been an avenue, called the peace avenue, that seems to have loomed large in front of Beijing and Taipei. The peace avenue actually starts with five English letters, okay, P-E-A-C-E. Peace stands for political reality and compromise, which is critically needed by the both sides of Taiwan Straits. So the both sides should face the political reality and make some compromise in dealing with each other. That’s the principle one that I would like to suggest to the both sides.

And two, the English letter E stands for economic interdependence. I know some of you may not agree that economic interdependence will lead to the reduction of war, but I personally do believe that economic interdependence may be helpful to reduce the numbers of war among states. So I think between the two sides of the Taiwan Straits, economic interdependence, not dependence, is one of the good ways to manage future relations.

And the English letter A stands for armed tension-free context. Dr. Wei just mentioned missiles. Missiles are one of the critical issues for Ma Ying-jeou to deal with the Chinese government. So I think a missile turnaround and a greater missile transparency – (unintelligible) – PLA are among some of the major factors that can contribute to stable cross-strait relations.

And another English letter, C, stands for coordination on less sensitive policies, coordination on less sensitive policies – for example, shipping, air and the sea routes, joint scientific explorations in dispute areas, patient cooperation, maritime security, and so on. I think these less sensitive issues can be talked about and they can be some starting points between Beijing and Taipei to move on for the next step.

And the last thing is letter E. E stands for exchange of people, of civil societies, and of political parties. We do need some bottom-up approaches to ease the tensions between Beijing and Taipei, not only the top-down approach. One we have seen is a top-down approach that either Ma Ying-jeou or Hu Jintao or top leaders from the both parties are trying to pave the way for better cross-strait relations. But actually, there is no understanding or mutual understanding between peoples on the both sides, or people of the political parties, especially the DPP, the major opposition party of Taiwan. Then I don’t think a top-down approach would do a big favor for future relations between Beijing and Taipei.

Okay. So peace avenue actually stands for the five big principles that I’d like to say for future relations between Taipei and Beijing.

And now I’m going to move on to have some discussion about the current characteristics of cross-strait relations. To me, I think, I have found at least four major characteristics to describe or to discern cross-strait relations so far. And the first characteristic is that we are seeing a trial and a practice approach by the both sides of the Taiwan Straits. The so-called trial and practice approach in Chinese – (unintelligible) –

can say that is a (foreign phrase) approach. Okay. So you're groping for (stance?) to cross the river because in the past, there is no precedent for such approach, for such warm relations between Beijing and Taipei.

We have seen a roller-coaster relationship between Beijing and Taipei since, say, 1997 to 2008, before the end of the – (unintelligible) – term. Now, finally we have a Chinese Communist regime in Beijing, who is willing to launch a political approach among – (unintelligible) – Taipei. And those who are in Taipei, we have – (unintelligible) – who's willing to deal with China in a positive way. Okay. So I think that's very good timing to adopt such approach. And especially, there is no major objection from major powers, so not the U.S., not the Japanese government, or the Russians are opposed to such an idea of entering cross-strait relations.

So – and the second characteristic I would like to mention is economic and the transportation affairs is the priority for the present time. So we have seen lifting restriction on Taiwan's investment towards mainland China, since – effective August this year, and also we have seen direct sea and air cargo negotiation on the way, and I think there might be some agreement done, when – (unintelligible) – the president of – (unintelligible) – visits Taipei next week.

And the third characteristic here is I have seen passage understandings – past understandings about some political affairs between the both sides, for example diplomatic truce, okay. The slogan, or the request for diplomatic truce, was put forward to by Taipei. And Beijing hasn't responded positively, but I think actually, the both sides are not saying together, but they are doing it together.

Okay. And the second example is (tougher?) security measures. Okay. To my best knowledge, both sides have begun to study the possible consequences of military – (unintelligible) – security measures, even though they are not saying it together, they are doing it together.

So I think that's the third characteristic that can describe current cross-strait relations.

And the last characteristics I would like to put emphasize on is simultaneous contacts and communication at the party level and the semi-official level. Not only the CCP has the Communist Party and the KMT are having a common platform for policy exchange or policy communication, but actually, the semi-official level has made (salient?) progress. (Unintelligible) – visit is one very positive sign.

And also in the near future, I think there will be more and more officials, either from Beijing or Taipei, under-covered by some civil society's titles, or some non-profit organizations titles to visit each other and to discuss some policy for the coordination purpose.

And here I would like to say that when Lien Chan and Hu Jintao met on April 29th, 2005, in the ensuing press conference, they issued a press communiqué for the Lien Chan-Hu Jintao meeting. And there are five points that are still valid and very helpful for current cross-strait relations.

And because of the time limit, I don't want to get into details, but I urge you to go back to look at those five points. For example, among those five points, they both agreed to facilitate the end of hostility between the two sides and the achievements of peace accords, which will be discussed by Professor Kastner later. And also they agreed to discuss the possibility of a larger international space for Taiwan. Okay. Things are very important here and I think those agreements have been done by Lien Chan and Hu Jintao. Lien Chan was KMT chairman that time in 2005.

So I have seen the policy coordination gradually taking place between Beijing and Taipei, but it's very fragile now. So we do need more confidence-building to make such a policy coordination healthier and more stable. And also I would like to emphasize that the CCP should also pay more attention to this communication channel to the DDP, the major opposition party of Taiwan because we never know. Maybe one day, DDP will regain power again in Taipei, and I don't want to say that will be a major disaster for cross-strait relations, but that would be a major disaster for the whole world. You know what I mean.

Maybe I'm proving too difficult here, but anyway, given such an (external?) downturn of the U.S. and economic slowdown of Taiwan, so no one would like to see an unstable cross-strait relations at the present time. So the communication channel between CCP and DDP is of a critical importance – is critical importance for better cross-strait relations and future cross-strait relations.

And my last point will touch upon some major events that may influence cross-strait relations. First is the APEC, Asia-Pacific Economic Cooperation, which will be held in late November this year. APEC, usually Taiwan couldn't send Taiwan presidents to APEC summit because the PRC insisted that there was an MOU between China and that Taiwan can only send minister to APEC ministerial conference.

But the one we are talking about here now is the APEC summit, which is not APEC ministerial conference, and there hasn't been any MOU between APEC and China asking Taiwan not to send its top leader to the APEC summit, but for some political compromise, Taiwan has been able to choose a tentative representative of Taiwan's presidents to attend APEC summits, but the level of the representative has been limited to the former minister or something like that.

This year, Lien Chan, former vice president of the Republic of China, is going to represent – (unintelligible) – to attend APEC summit. In this case, I see gradual flexibility of Beijing or greater flexibility of Beijing. For example, Beijing's – (unintelligible) – base office once said, just a few days ago, that the decision to let Lien Chan represent Ma Ying-jeou to attend APEC summit is based on the consideration that

we should follow the precedent while taking into account the positive change in cross-strait relations.

That's a big flexibility to me, and also I think for Taiwan, that shows a great predictability of Taiwan's policy. So Taiwan will not play any tricks by sending some – (unintelligible) – representative to the APEC summit and to gain some political support by opposing China.

And the next major event I would like to say something about is WHA, World Health Assembly, within the World Health Organization. I think it will be very, very difficult to find the definition of Taiwan's meaningful participation. Actually, I, myself, have no idea what it means, meaningful participation. What the heck is it? I really don't know.

I was interviewed by one Taiwanese correspondent while I was in Taipei and I just tell him the truth – I have no idea. And I doubt whether the Beijing side or the Taipei side really have an agreement on the so-called meaningful participation in the WHA. That needs some political wisdom to reach there.

And also I think in the case of WHA, I would like to stress that for Taiwan, participating in WHA should be an end, not a means. That is Taiwan would like to participate in WHA because Taiwan would like to take care of its people's health, health problems. Okay. Taiwan should not use the participation in WHA as a means to play with China, to garner more room for Taiwan dependence as what the DDP government has done in the past.

And also for Beijing, I think, to what degree is the existing Taiwan's participation per the – (unintelligible) – approval rate and the chance to win the 2012 presidential election in Taiwan. I think that's a very important thing for the CCP because, again, CCP doesn't want to see a DDP candidate win the election in 2012. So how much can Beijing yield to Taiwan? Okay. I think that needs a lot of discussion and I think the KMT and the CCP has begun, in a way, the discussion on this specific issue. Okay.

So let me say something as my conclusion here. So I think the peace avenue of the political reality and compromise, economic interdependence, armed tension-free context, coordination on the less sensitive issues, and exchange of people, of civil society, of political parties are the basic principles for a stable and prosperous cross-strait relations. But stability and prosperity are not enough and they can be ruined quickly if – (unintelligible) – isn't reached between the two sides.

So I think what we are talking about here, including Professor Kastner's talk, is trying to find a way to reach cross-strait peace. Okay. Maybe such a peace would be obtained by a form of unification, or such a peace will be achieved by a form of status quo like what we're having now. But no matter what, I think the five basic principles are what we should bear in mind and I think that should be – or by the both sides of the governments in the Taiwan Straits.

Thank you very much.

MR. BATES: Thank you, Doctor, and thank you for sharing with us your vision of a peace avenue. That's a good way for me to remember these important points, and to remember that peace is not simply the absence of war, and I think that's what you're talking about, to build the bonds that will endure from change to change in politics. Mr. Kastner – Dr. Kastner, sorry.

DR. SCOTT KASTNER: Okay. I just wanted to say a couple of words on the possibility of a cross-strait peace agreement, what a potential agreement might look like, what is the effect of – (inaudible).

What I'm going to say is based on a paper that I've been working on with Philip Saunders at NDU on the prospects for and likely consequences of a cross-strait peace agreement. Since Phil's at NDU, I should emphasize that the paper represents our personal views and not those of the government.

MR. : Please speak up – (inaudible).

MR. KASTNER: Sure, okay. So we were motivated to write this paper by what appears to us to be increased recent interest in some sort of a peace agreement on both sides of the Taiwan Straits and especially in Taiwan, as both Professor Wei and Professor Huang mentioned.

Taiwan President Ma Ying-jeou, in particular, has on many occasions indicated interest in reaching some sort of a peace agreement with Beijing. He brought this up during the presidential campaign on several occasions and he reiterated this during his inaugural speech in May.

Hu Jintao has also brought this up, including his speech at the party congress last year. Of course, there are many obstacles to reaching a cross-strait peace agreement, and I think there's a good deal of skepticism on both sides of the Taiwan Straits as to whether such an agreement could actually be achieved in the near term. Yet, the significant relaxation in cross-strait tensions under President Ma, combined with the increased recent interest on both sides of the Taiwan Straits, and a cross-strait peace agreement, suggested to us that it might be worthwhile to think in some more detail about what such an agreement might look like and whether it could actually be effective in reducing the likelihood of armed conflict in the Taiwan Straits.

So in my talk here, I just want to touch on a couple of key points from the paper. In particular, I want to focus on considering in some greater detail what an agreement might actually look like, and also whether an agreement, if reached, could be effective in reducing the likelihood of a cross-strait military confrontation.

Okay. So the core elements of a cross-strait peace agreement would seem to be relatively straightforward. An agreement presumably would trade off some pledge by Taiwan not to seek legal independence in exchange for some pledge from Beijing not to use, or threaten to use, military force against Taiwan, conditional obviously on Taiwan upholding its end of the bargain. An agreement might also include other features, such as military confidence-building mechanisms.

Meanwhile, it's hard to imagine that an agreement could be reached that includes terms that have strong implications for Taiwan's final status because this would likely be unacceptable to one or both sides. Taiwan's leaders, for example, would be unlikely to accept any sort of an agreement that appeared to imply that unification is the only long-term possible outcome.

But beyond these basic attributes, kind of exchanging no seeking independence for no use of force, and no touching on a final status issue, it seems possible to imagine a pretty broad range of possible agreements. And indeed, there are at least five key dimensions along which potential agreements between the PRC and Taiwan might vary. And sketching these out is important because were an agreement reached, and where an agreement ultimately falls on these different dimensions, would likely have large implications for an agreement's likely effectiveness.

So the first dimension concerns the status of the parties negotiating and signing any peace agreement. In particular, how official would their status be?. Would talks occur between officials acting in their capacity as individual party leaders, or in their capacity as elected or state leaders, or somewhere in between, such as the semi-official SEF-ARATS model?

A second dimension concerns the extent to which an agreement would be encouched in formal terms. Okay. So on the informal end of the spectrum, you can imagine some sort of oral handshake agreement emerging from a meeting, which might be public or might not. On the opposite on the spectrum, you can imagine some sort of a formal treaty that would require some sort of domestic gratification, or that might actually be entered into each side's constitution. And in the middle range, presumably, would be some sort written agreement, perhaps a communiqué emerging from a meeting, that would seem to carry more weight than just an oral agreement, but perhaps not as much as a formal treaty.

A third dimension would concern the level of specificity of an agreement. So an agreement would be relatively vague and hence, open to different interpretations, or with a detailed and fairly specific language, what sorts of behavior is off limits for both sides. So for example, a vague agreement might rule out moves toward independence by Taiwan. Obviously, identifying a move toward independence is potentially highly subjective and hence, could be problematic. A more specific agreement might identify specific actions, which would be prohibited, such as perhaps those listed in Chen Shui-bian so-called "Five Noes."

A fourth dimension concerns the possible duration of an agreement. Would it have a specific timeline or expiration date? And finally, potential agreements would vary greatly in scope. So would an agreement be limited primarily to Taiwanese non-pursuit of independence in exchange for PRC non-use of force, or would it include other provisions (and side payments?), such as extensive military confidence-building mechanisms or increased economic – (inaudible).

Okay. So in thinking about what an agreement might look like, and how potential agreements might vary, these are some of the key dimensions that came to mind and of course, it's possible to imagine other possible relevant dimensions. And we'd obviously be interested in any feedback concerning any important dimensions that we may have left out of this scheme.

Okay. So obviously, the primary reason for trying to sign some sort of peace agreement is a belief that an agreement, if reached, would actually reduce the likelihood of a military confrontation in the Taiwan Straits. But here too, there is clearly ample room for skepticism, regardless of how an agreement might ultimately be structured.

Most importantly, it's simply difficult for leaders on both sides of the Taiwan Straits to make commitments that are credible over the long term. For example, the PRC's military capabilities have grown rapidly and they are likely to continue to grow rapidly for some time. If the balance of power continues to shift, it is not obvious that the PRC will be able to make credible promises not to use military coercion as a way of maneuvering Taiwan for unification. And of course, it will be unclear whether future leaders, on either side, would honor promises made by leaders today. Would, for example, a future DPP government honor promises made by a Ma Ying-jeou administration?

Kind of on the opposite kind of side of reasons to be skeptical, it's also possible to imagine that a peace agreement would only become possible if the two sides were already committed to peaceful relations. In this scenario, an agreement would be essentially epiphenomenal, a reflection of peaceful intentions, rather than any sort of a meaningful cause of peaceful relations.

Nevertheless, these reasons for skepticism aside, there are several concrete ways through which a cross-strait agreement could potentially help to reduce the likelihood of a cross-strait military confrontation, at least on the margins. And as such, we came to the conclusion that we thought that the pursuit of such an agreement would be a worthwhile endeavor.

First, signing an agreement would engage the reputations of leaders on both sides, meaning that violating the terms of an agreement would potentially be costly to the reputations of leaders in both the PRC and Taiwan. This could occur at the international level, as other countries would observe if the agreement were public, of course, the PRC and Taiwan signing an agreement. If, for example, the PRC were to sign an agreement

and then violate its terms, it could potentially hurt the credibility of PRC commitments and assurances to other countries as well.

Such a dynamic could also occur at the domestic level. To reach an agreement, leaders on both sides would have to persuade their respective domestic constituencies that the agreement was in their best interest. And this struggle could involve a considerable commitment of domestic political capital and would put the leaders' reputation, and possibly their political survival, on the line. Having made that commitment, the leaders who negotiated the deal would have incentives to see it succeed, lest their respective constituencies question their judgment in pursuing the deal in the first place. Okay. So there's reputational facets of an agreement.

Second, an agreement could be structured so as to make it legally binding at the domestic level in one or both countries. This obviously is most likely to occur to the extent that the two sides are able to reach a relatively formal agreement that requires some sort of domestic ratification.

Third, an agreement could reduce uncertainty. It is widely recognized that uncertainty over each side's red lines, and underlying intentions, contributes to the danger of military conflict in the Taiwan Straits. A peace agreement could help to reduce uncertainty and build trust by providing at least some benchmarks for what constitutes acceptable behavior. Obviously, an agreement's value in this regard would be enhanced to the extent that the agreement is highly specific, and to the extent that its scope is broadened to include significant military confidence-building mechanisms.

And finally, an agreement could potentially create new benefits and linkages for both sides to help to increase each side's stakes in a peaceful status quo. An agreement, for example, might help facilitate even deeper cross-strait economic integration because it reduces, for other reasons, the danger of armed conflict in the Taiwan Straits.

Okay. So in summary, there are reasons to think that a cross-strait peace agreement could be instrumental in reducing the danger of armed conflict in the Taiwan Straits, at least along the margins. And as such, the pursuit of such an agreement would seem to be a worthwhile task.

Of course, an agreement's ultimate effectiveness would hinge to a considerable degree on how it's actually structured – with agreements that are more formal, more specific, and wider in scope being the most likely to have a significant effect on the likelihood of conflict in the Taiwan Straits.

(END)