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<td><strong>Citation</strong></td>
<td>Chung, C. P. (2002). Democratisation in South Korea and Taiwan: the effect of social division on inter-Korean and cross-strait relations. (RSIS Working Paper, No. 24). Singapore: Nanyang Technological University.</td>
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Democratisation In South Korea And Taiwan:
The Effect Of Social Division On
Inter-Korean and Cross-Strait Relations

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Institute of Defence and Strategic Studies
Singapore

MAY 2002

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ABSTRACT

My paper highlights a central element that is often overlooked in studies on South Korea’s policies toward North Korea and Taiwan’s relations with mainland China: the profound effect on inter-Korean and cross-Strait ties brought about by the political evolution of Seoul and Taipei in the last 15 years from authoritarianism to democracy. Democratisation exacerbates social division within a country, as a result of which relations with foreign countries get ameliorated or aggravated, depending on the revealed preference of the median voter. Democratic transition and consolidation in South Korea and Taiwan have undoubtedly furthered the politicisation of foreign and security issues, by opening up the political space which allows for their articulation, and widening the spectrum of ideological debate to include “ethnic” and “class” issues, which in turn affected public sympathies for intercourse with Pyongyang and Beijing respectively.

Although there were ups and downs in inter-Korean and cross-Strait relations for the past decade-and-a-half, on the whole, the major foreign policy repercussions of democratisation in South Korea and Taiwan has been such that relations between the two Koreas improved, while relations between Taiwan and China worsened. Participation by supposed “leftist” labour, student, and clerical forces in the political process of South Korea has legitimised and popularised the hitherto suppressed or muted calls for better relations with the North, and even led to a change in the security thinking of the government in Seoul, from equating state security with regime security, to identifying it with the security of all Koreans, wherever they are. This led to the adoption of a more accommodating stance by Seoul toward the North. In the context of Taiwan, localisation or “Taiwanization” of politics on the island has resulted in the heightening of the consciousness of a distinct local Fujianese-speaking Taiwanese identity. Since Taiwanese nationalism was born out of confrontation by pro-independence forces against the Kuomintang regime, which was dominated by “people from other provinces”, and had always considered Taiwan a part of China, its appearance has, by extension, accentuated differences at the governmental level between Taiwan and the Chinese mainland. Consequently, the possibility of an independent Taiwan emerging became very real, with the defensive security posture of the island such that even the rhetoric of the eventual recovery of the Chinese mainland has been all but abandoned.

In the “Democratic Peace” literature, Edward Mansfield and Jack Snyder have argued that democratising states tend to be belligerent, because both old and new elites often resort to nationalist / ideological appeals to mobilise mass allies to defend their threatened positions and to stake out new ones, and then found that the masses, once mobilised, are difficult to control. This essay submits that, whether a democratising state will want to court conflict with another state depends very much on what these nationalist / ideological positions are, which connect these democratising elites with their mass constituents.

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DEMOCRATISATION IN SOUTH KOREA AND TAIWAN: THE EFFECT OF SOCIAL DIVISION ON INTER-KOREAN AND CROSS-STRAIT RELATIONS

Introduction

The purpose of this discussion is to highlight a central element that is often overlooked in studies on Taiwan’s relations with mainland China and South Korea’s policies toward North Korea: the profound effect on cross-Strait and inter-Korean ties brought about by the political evolution of Taipei and Seoul in the last 15 years or so from authoritarianism to democracy. Both Taiwan and South Korea are, of course, parts of the Chinese and Korean nation respectively, and indeed, the only parts of these nations where the process of democratisation has taken place. To avoid unnecessary confusion, this essay follows Samuel Huntington’s definition of a political entity as a democracy, “to the extent that its most powerful collective decision-makers are selected through periodic elections in which candidates freely compete for votes, and in which virtually all the adult population is eligible to vote.”¹ An operational definition of the term “democracy”, therefore, will require the presence of the regime and opposition forces in a society which is governed by the institutional rules and mechanisms for a peaceful and orderly transfer of political power via a process of elections. By this albeit procedural definition, both Taiwan and South Korea crossed the threshold of political liberalization and became democracies in 1987.

According to Guillermo O’Donnell and Philippe Schmitter, building upon Adam Przeworski, transition from authoritarian rule takes place when a fatal split occurs between hardliners and reformers within a country’s power elite that is facing threats to its efficacy or legitimacy, a split that is taken advantage of, if not fuelled, by political activists from segments

Acknowledgements: The author wishes to thank Jack Snyder, Columbia University; Shee Poon Kim, East Asian Institute, National University of Singapore; and Amitav Acharya, Institute of Defence and Strategic Studies, Nanyang Technological University; for their useful comments on earlier drafts of this essay.

NOTES

of civil society.² A politicised civil society is the product of economic development, which created an articulate and prosperous middle-class that demanded more political rights.³ Political liberalization, in this approach, is a result of interaction between divisions in both the authoritarian regime and the autonomous organization of civil society. Popular discontent and mobilization signal to the reformers the possibility of an alliance that could change the relations of forces within the power elite to their advantage; visible splits in the power elite indicate to civil society that political space may have been opened for democratic participation.⁴ Reformers then ally with moderate factions in civil society to attack the conservative forces within the state and isolate the radicals in the opposition, both of whom are against a negotiated or “pacted” transition from authoritarian rule. Reformers and moderates then engaged themselves in power plays and alliances to write the constitutional rules of the democratic game, and re-create the basis of legitimisation for state-nation building. This process accords with Taiwan’s transition to democracy, but not South Korea’s. Regardless, democratisation had the effect of altering foreign policy decision-making structures and processes prevailing in both countries up till that time.

In the long term, democratisation in Northeast Asia may very well bring about a more peaceful world, at least according to the so-called “democratic peace theory”, which, in its crudest form, says that democracies do not fight each other.⁵ In the short term, however, making governments more accountable to interest groups and public opinion introduces new

complications, uncertainties and limits into diplomacy. Edward Mansfield and Jack Snyder have argued that democratising states tend to be belligerent, because both old and new elites often resort to nationalist / ideological appeals to mobilize mass allies to defend their threatened positions and to stake out new ones, and then found that the masses, once mobilized, are difficult to control. This essay submits that, whether a democratising state will want to court conflict with another state depends very much on what these nationalist / ideological positions are, which connect these democratising elites with their mass constituents. Participation by supposed “leftist” forces in the political process of South Korea has legitimised and popularised the hitherto suppressed or muted calls for better relations with the North. This led to the adoption of a more accommodating stance by Seoul toward the North. In the case of Taiwan, localization or “Taiwanization” of politics on the island has resulted in the heightening of the consciousness of a distinct local Fujianese-speaking Taiwanese identity separate from “people from other provinces”. This has, by extension, accentuated differences at the governmental level between the local Taiwanese and the Chinese on the mainland. In any case, the governments of the PRC and North Korea will have to accept that, whatever their offers for talks, the initiatives will remain with the Taiwanese and the South Korean authorities to maintain, reduce, or strengthen dialogue with their closest neighbours, to a large extent in response to voter preferences, and react accordingly to this emerging reality.

South Korea’s Democratic Transition

Political liberalization in South Korea in the mid-1980s was not prompted by a fatal split between hard-liners and soft-liners within the power elite. Instead, the main impetus came from the authoritarian regime’s overconfidence and miscalculation about its legitimacy and stability, which induced the leadership to allow political openings that led to the unintended and unexpected consequences of rejuvenating and re-mobilizing a traditionally

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active civil society. In South Korea, by the mid-1980s, a quarter century of economic growth had increased the size of both the middle-income group and wage earning labour force, who were politically conscious, resentful of the government’s influence over their lives and businesses, and assertive about their rights. Economic advance also elevated South Korea to a position stronger in defence capabilities than North Korea. In the minds of many Koreans, this change greatly reduced the possibility of a North Korean invasion, and accordingly, raised questions about the government’s frequent use of national security arguments for preserving social stability, and to justify coups and repressive measures against civil liberties and popular political participation. In the presidential election of December 1987, which defined the country’s transition to democracy, students, intellects, human and labour rights activists, clergymen, professionals, and other civic groups supported two leading opposition candidates, Kim Young Sam and Kim Dae-jung, against the government candidate, Roh Tae-woo, but because the opposition vote was split, the ruling party secured a slim victory. However, even with the victory of Kim Young Sam in the 1992 presidential election, many in the urban poor, new-middle and working classes tended to be suspicious of the commitment of the old-middle and upper-middle classes to defend democracy and social justice. Thus they hoped to guard against a potential return to authoritarian rule by arguing for engagement with Pyongyang to reduce the ability of the state to use North Korea as a threat to manipulate public fear and perception. The election of Kim Dae-jung as president in December 1997 bolstered the confidence of those in political circles and civil society who wanted to put out peace feelers to the North, but also augmented the suspicion of many in South Korea’s government and security apparatus who were raised to regard North Korea as an implacable foe. Unsurprisingly then, although relations with the North are on the whole less tense than it used to be, it has become more erratic, depending on who is at the moment in charge of democratised South Korea, and its relations with the North.

8 Surveys in the mid-1980s showed that more than 70% of South Koreans identified themselves as members of the “middle class,” while the wage-earning labour force reached 49.5% of the total population. See Chung-si Ahn, “Economic Dimensions of Democratisation in South Korea,” in Democratisation in Southeast and East Asia, ed. Anek Laothamatas (Singapore: Institute of Southeast Asian Studies, 1997), p. 246.


10 A snapshot of the political behaviour, self-conceptions, views on democracy, support for social movements, and ideas about society of the Korean middle class is provided in the results of a national survey conducted in 1992 by Kyong-Dong Kim. See Kyong-Dong Kim, “Social Attitudes and Political Orientations of the Korean Middle
Taiwan’s Democratic Transition

The regime on Taiwan was facing a legitimisation crisis, prompted by a sense of isolation resulting from the decision of the United States to transfer diplomatic recognition from the Republic of China (ROC) to the People’s Republic of China (PRC) in 1979, and also, the drastic appreciation of more than 40% of the New Taiwan Dollar in the 1980s that caused export difficulties for the island. At the advent of democratisation on Taiwan, carried out by its leadership to re-legitimised itself on the heels of these crises, reformers led by former President Lee Teng-hui fought a two-front battle against both conservatives within the state apparatus and opposition forces within society. As the erstwhile deputy and anointed successor of President Chiang Ching-kuo, a popular leader who, just months before his death in January 1988, lifted martial law and legalized political parties on Taiwan after forty years, Lee’s choice was to ally himself with moderate factions in society in order to undermine the conservative forces within the regime. Lee’s priority was to use the appeal of democratic reforms, such as direct presidential elections and the nationalization (or departy-isation) of the military, to form a strategic alliance with the political opposition and civil society, and divide the conservative forces. At the same time, by opening up electoral competition, Lee not only encouraged the moderation of radical forces in the opposition camp, and their incorporation into the institutionalised democratic process, but also mobilized public opinion as a power base for his struggle with anti-Lee, anti-reform politicians. Lee was decidedly more popular among the local Taiwanese making up 85% of the population than he was with the mainlanders who still dominated his own KMT party and state machinery at that time. It was Lee’s popularity, and his move to actively reach out to the forces of change in civil society to outmanoeuvre his rivals, that led to the incorporation into mainstream Taiwanese politics of grass-root pro-Taiwan independence, environmental, and Christian-based civic groups and political parties in the legislature. As winning elections gradually became the first priority for Taiwan’s ruling Kuomintang (KMT) party, the Taiwan-born Lee promoted the “Taiwanization” of the party by

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12 A detailed account of the mechanics of democratic transition in Taiwan may be found in Leng, The Taiwan-China Connection – Democracy and Development Across the Taiwan Strait, chapter 2. The rest of the paragraph is paraphrased from Leng, pp. 32-3.
recruiting more native politicians into the state hierarchy, and seeking the support of local factions and big enterprises, both of which were dominated by Taiwanese.\(^{13}\) This policy signalled to society that the KMT party-state under Lee’s leadership was to be an indigenous Taiwanese regime. However, it intensified the sub-ethnic conflict between the “native Taiwanese” who either traced their ancestral origin to the island itself, or migrated from adjacent provinces on the Chinese mainland like Fujian before 1945; and the “mainlanders” who followed the troops of Chiang Kai-shek from the mainland to Taiwan in 1949, and their descendants. As the process of democratisation went on, the development of this sub-ethnic conflict would have dire repercussions for relations between Taiwan and China. As the quest for identity and self-determination by the Taiwanese became increasingly prominent and assertive vis-à-vis the insistence of mainlanders that Taiwan should remain a part of China, Taiwanese policy-makers began to adopt a more “Taiwan first” stance when pursuing domestic interests and foreign policy, and became consequently less interested in engaging issues pertaining to political unification with the PRC.

**Foreign Policy-making in Post-change Societies**

Although the easing of tension between the socialist and capitalist blocs provided the external context in which both foreign and reunification policies of the South Korean and Taiwanese authorities were carried out, foreign policy-making in transitional democracies follow their own processes and dynamics. Hence it is necessary to clarify the relationship between alterations in regime type and foreign policy changes, especially the influence of the former on the latter. As explained by Tong Whun Park, Dae-Won Ko, and Kyu-Ryoon Kim, democratisation changes the power relations between state and society, the regime’s political interests and security perceptions, and the country’s legitimising ideology and value systems, all of which in turn, alter foreign policy decision-making structures and processes.\(^{14}\) This essay attempts to illustrate this argument by Park and associates, by tracing the effect of democratisation on changes to the foreign policy behaviour of South Korea and Taiwan toward

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North Korea and the PRC respectively, especially in the period after 1992, which his work did not cover. Unlike in the days of authoritarianism, foreign policy-making could no longer be depoliticised on grounds of economic efficiency or military security; or dominated by a single leader in a highly personalized fashion with limited input from intelligence agencies and top personnel from the leader’s own secretarial staff; or accorded top priority as a quest by the regime to seek out ideological friends or enemies to buttress its own insecure domestic moorings. Making foreign affairs decisions in the open, especially in times of changes in long-standing international political and economic relationships, and in a situation of reduced state autonomy vis-à-vis society, turned inter-Korean or cross-Strait interactions into more salient or sensitive topics of public debate than they would otherwise be.

The Impact of Democratisation in South Korea on Inter-Korean Relations

Inter-Korean Relations Before Democratisation

The Republic of Korea, or South Korea, was established in Seoul on August 15, 1948, and the Democratic People’s Republic of Korea, or North Korea, was proclaimed in Pyongyang on September 8, 1948. Throughout the Korean War, which lasted from 1950 to 1953, and until 1960, the official unification policy of the South under President Syngman Rhee (Yi Sung Man) was pukchin t’ongil (“march north for unification”), with no compromises on the legitimacy of the Republic of Korea as the government of all Korea. The North Koreans’ proposal for unification was that foreign troops first be withdrawn from South Korea, after which free elections would be held throughout Korea without foreign interference, for an equal number of representatives from both sides to a national conference to work out a unified administration. Reiterating the proposal for just such a “grand national conference,” North Korean President Kim Il-sung suggested on August 14, 1960, the formation of a Confederal Republic of Koryo, which would preserve the separate political systems and diplomatic standings of the two states, but would set up a Supreme National Committee to

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17 Ibid., pp. 280-1.
handle certain matters in common. This proposal was ignored by President Yun Po-son and Premier Chang Myon of the short-lived Second Republic, which was established following Rhee’s toppling by student protesters in April 1960, and by General Park Chung-hee, who seized power through a coup d’etat in May 1961, and subsequently became President of the Third Republic from 1963 to his assassination in 1979.

The conservative reunification policies of these South Korean regimes were harshly criticized by student groups, intellectual organizations, and “leftist” parties, who came out in favour of direct talks and contacts with North Korea, despite the obvious risks to the advocates’ own lives, liberties and limbs in the form of the police, internal security agents, and anti-communist vigilantes. The issue of national unification was crucial to the civil society groups pursuing the democracy agenda because the Rhee, Park, and subsequent authoritarian regimes had frequently justified their suppression of political opposition and curtailment of civil liberties, and desensitise South Korean citizens in general to these repression and restrictions, by pointing to the “special” security situation on the Korean peninsula owing to the national division, and the need to guard against the ever-present military threat from communist North Korea. From the perspectives of civil society groups, as long as the nation was divided, and the regime could appeal to the deep-seated insecurity and fear in the minds of the people, democracy in South Korea would either be illusory, or open to backsliding even if it came about. Hence, long after the government has ceased to inculcate the anti-communist ideology on the populace and use the “pro-communist” label on democracy activists and people calling for better relations with the North, civic and political groups championing the cause of democracy, economic rights and social justice today are still involved in the debate over national reunification, or at least reconciliation, and the pursuit of a foreign policy that would loosen South Korea’s dependence on the United States.

The visit by U.S. President Richard Nixon to China in February 1972 was a profound shock to both Seoul and Pyongyang, for each found that their best friend was talking to their worst enemy, and this made them decide to snub their respective allies and open contacts with one another. Following dialogue and the issuing of a joint statement in 1972 by both sides to

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18 Ibid., pp. 281-2.

strive for unification through peaceful means without external interference, an unprecedented exchange of Red Cross delegations took place between the two Koreas to discuss the plight of families divided by the Korean War.\textsuperscript{20} However, the dialogue and exchanges were soon terminated, because neither leadership was willing to seriously compromise the ideological policies or interest groups on which the legitimacy and support of their respective regimes were based, to pursue the distant goal of national unity. While both Kim Il-sung and Park Chung-hee were in favour of unification, each was fiercely opposed to merger on the other’s terms. The South wanted direct political talks with the North on unification issues, while the North wanted to go around the South Korean authorities for negotiations with the U.S. to withdraw American troops from South Korea, and replace the 1953 Armistice Agreement with a bilateral peace treaty.\textsuperscript{21} This would remain a key objective for North Korea even after the Cold War,\textsuperscript{22} until China’s agreement in April 1996 to the U.S.-South Korean proposal for what became the “Four-Party Talks” compelled North Korea to meet with the U.S., China, and South Korea to draft a peace treaty for the Korean peninsula, which has so far been without result.

After Park was assassinated by his security chief in 1979, another short-lived civilian government took power under Prime Minister Choi Kyu Ha, but this Fourth Republic of South Korea was ended the same year by a military coup executed by General Chun Doo Hwan. Uncovering Pyongyang’s “hidden hand” behind politicians and student leaders, Chun had prominent opposition leader Kim Dae-jung thrown behind bars, and then suppressed a pro-democracy student’s uprising at Kim’s hometown of Kwangju with the loss of hundreds of lives.\textsuperscript{23} Chun had made an oft repeated pledge since he first became president of the Fifth Republic in 1981, that he would be the first South Korean President to leave office through a peaceful transfer of power at the end of his seven-year term. However, as the event drew near,


\textsuperscript{21} Macdonald and Clark, \textit{The Koreans – Contemporary Politics and Society}, pp. 261-2. In 1984, North Korea dropped its objection to the inclusion of South Korea in such talks with the U.S.

\textsuperscript{22} North Korea’s argument was that any future peace structure for the Korean peninsula should be negotiated by the original signatories to the 1953 Armistice, and South Korea was not a party to this agreement. See Selig Harrison, “Promoting a Soft Landing in Korea,” \textit{Foreign Policy}, vol. 106, Spring 1997, pp. 57-76.

\textsuperscript{23} Oberdorfer, \textit{The Two Koreas – A Contemporary History}, pp. 124-33.
Chun secured the election of his former colleague in the army, General Roh Tae-woo, to succeed himself as head of the ruling Democratic Justice Party. Since the electoral college charged with choosing the next president was packed with the supporters of Chun and Roh, Roh was certain to succeed Chun under the current constitutional arrangement. Opposition members in the National Assembly then demanded a constitutional amendment to open the electoral process so that the next president would be chosen by popular vote and not by the electoral college. Chun initially agreed to that demand, but then quickly changed his mind.

The ensuing public outcry led to massive demonstrations by students, workers, church groups, and for the first time, sections of the middle class that had hitherto acquiesced in the law and order rhetoric of military rule. The protests became so violent that Chun was left with two choices: either to allow the constitutional change, or face down the demonstrators with troops, which would have gravely impaired the international image of South Korea as the host of the 1988 Olympics. On June 29, 1987, with Chun’s agreement, Roh came out in support of popular election of the presidency, thus foreclosing the military option. Roh also agreed to free the long-time oppositionist Kim Dae-jung from political detention, and relax press censorship, both of which, together with an elected presidency, were key demands of the opposition forces. Ironically, because the opposition vote was split between Kim Dae-jung and another opposition leader Kim Young Sam, Roh was elected anyway by a plurality of 36.6%, and assumed office as the first president of the Sixth Republic in February 1988.

Inter-Korean Relations During the Roh Tae-woo Presidency

Perhaps because Roh Tae-woo was elected to the presidency without a majority in the popular vote, and was indeed regarded by many as “Chun with a wig” for his close association with the previous authoritarian regime, he knew that whatever domestic agenda he might have wished to push would have been stymied, at least for the time being, by a National Assembly dominated by the opposition. The April 1988 legislative election had given opposition candidates more seats in the National Assembly than the governing party for the time in South Korea’s history, that is, until the move by Kim Young Sam and another opposition leader to merge their parliamentary groupings with the ruling party in 1990 restored the government’s

grip on the National Assembly. As such, in order to shore up the legitimacy of his regime domestically with the newly-empowered political left, and affirm his political standing abroad, Roh executed a series of bold foreign policy initiatives. In July 1988, Roh initiated an open policy toward the North, and increased efforts to cultivate contacts and improve relations with Communist states, by engaging in a form of diplomacy known in South Korea as *nordpolitik*. Originally, *nordpolitik* was a strategic move by South Korea’s democratising regime to defeat North Korea’s pressure on its socialist and third world allies to boycott the Seoul Olympics in 1988 by reaching out to these countries diplomatically and economically. However, in September 1989, expanding the focus of his *nordpolitik*, Roh proposed a new reunification formula — a “commonwealth” proposal — that went further in implicitly recognizing traditional North Korean positions than any previous South Korean initiatives had. To Roh’s proposal there was no response from Pyongyang.

Prior to 1989, no South Korean civilian were legally allowed to travel to North Korea, but Roh’s *nordpolitik* would soon change that. Reflecting the relaxed political mood in South Korea, and with the agreement of the government of the other Korea, the late South Korean business tycoon Chung Ju-yung went to visit his North Korean birthplace in January 1989. As Chairman of Hyundai *chaebol* or business conglomerate, Chung negotiated a joint venture agreement with Pyongyang to develop the Kumgang Mountain region near the De-Militarized Zone (DMZ) for South Korean tourists. A masterpiece of North-South economic diplomacy, made possible by South Korea’s democratic breakthrough, the resort has yet to make any money; in fact, the losses incurred were such that Hyundai had been delaying payment of the rent as promised to the North Korean government for the right to develop the mountain. Since Chung’s failed bid for the presidency of South Korea in 1992 as the representative of the *chaebol* leaders, observers have concluded that they were disappointed with the government’s slow pace of economic opening to the North, and unlike in the authoritarian past when they

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27 Ibid., p. 283.


29 Ibid.
had a comfortable relationship with Presidents Park, Chun, and even Roh, no longer confident of their influence over the country’s leadership, and so wanted one of their own inside the Blue House, official residence of the South Korean president.30

The success of the 1988 Summer Olympic Games in Seoul added to South Korea’s image of a confident, free and vibrant country, and seemed to have convinced the Soviet Union and China of South Korea’s economic importance. Resident trade missions were exchanged between South Korea and the Soviet Union in 1989. As part of Seoul’s effort to pursue nordpolitik, Kim Young Sam was permitted by his government to visit Moscow in 1988 as leader of an opposition party in the National Assembly, and again in 1990 as chief of the newly-formed governing Democratic Liberal Party.31 An official visit to a Communist country by a political leader of South Korea would have been unthinkable during the regimes of Syngman Rhee and Park Chung Hee, when rigid anti-communism was both a basic element of South Korean foreign policy and a source of legitimisation for the maintenance of authoritarian rule. However, democratisation changed all that, by opening up domestic political space for reconciliation with a restructuring and democratising USSR, from which everything else about nordpolitik followed.

The year 1990 brought about a path-breaking series of three meetings between the prime ministers of North and South Korea during alternate visits to Seoul, Pyongyang and Seoul again. Then North Korean Prime Minister Yon Hyong-muk paid a courtesy call on President Roh at the Blue House during the third meeting in December.32 1990 was also a watershed year for South Korean international diplomacy, for nordpolitik paid dividends beyond the South Korea leadership’s most optimistic expectations. In June, President Roh met with Mikhail Gorbachev for the first time, and in September, the Soviet Union recognized South Korea, paving the way for official assistance to Moscow and investments in Siberia from Seoul.33 By this stroke, the Roh government was able to defeat Pyongyang’s stratagem for

32 Ibid., pp. 286-7.
33 For a detailed narrative of the politics and economics behind the moves by the former USSR to switch diplomatic recognition from North Korea to South Korea, see Oberdorfer, The Two Koreas – A Contemporary History, chapter 9.
cross-recognition; Roh had managed to establish diplomatic ties with the Soviet Union without conceding Japanese or American recognition to North Korea. If anything, by courting Gorbachev’s friendship as a fellow reformer, Roh succeeded in sabotaging relations between Pyongyang and Moscow. Ties between North Korea and the Soviet Union turned frosty - Moscow’s security treaty with Pyongyang, entered into in 1961, was in tatters; and post-Soviet Russia began to demand hard currency for its exports, principally fuel and machinery, to North Korea, instead of allowing Pyongyang to pay for them with commodities or credit.34

With regards to cultivating ties with China, during the campaign for the presidency in 1987, Roh had pledged at the west coast port of Inchon to “cross the Yellow Sea” to China during his term in office.35 China thus became the highest priority of Roh’s nordpolitik policy. This pledge had an important domestic political logic to it, because the west coast of South Korea facing China were much less developed economically than the prosperous south coast facing Japan. As a result of his promises regarding China trade, Roh carried Inchon, normally a stronghold of the political opposition, as the government’s candidate in the country’s first true democratic presidential vote. Economics has replaced ideology as the prime determinant of South Korea’s foreign policy behaviour, as a result of political liberalization and the consequent changes in the normative basis for regime legitimisation, relations between the political elite and the voting masses, and perceptions of threats and opportunities posed by neighbouring countries.

Seoul’s enthusiasm for a much closer relationship with Beijing was fully matched by the latter’s desire for multifaceted ties with the former. According to Beijing’s figures, Chinese trade with South Korea in 1990 was seven times larger than its trade with the North and increasing rapidly.36 The termination of the Sino-Soviet dispute and Moscow’s sharply diminished ties with North Korea made Chinese leaders less concerned with the possibility that adjusting their policy toward South Korea could push Kim II Sung into the arms of the Soviet Union. In addition, China could see a potential domestic political gain in establishing


36 Ibid., p. 231.
diplomatic ties with South Korea, as it would force Seoul to terminate its long-standing official relationship with Taiwan, thus delivering a sharp blow to Taipei’s confidence in campaigning for greater international recognition. Diplomatic relations between South Korea and China were established in August 1992.

As late as 1987, Beijing had explicitly backed Pyongyang in opposing Seoul’s advocacy of dual admission of both North and South Korea to the United Nations (UN). North Korea had always considered dual membership an obstacle to reunification. However, by 1990, concurrent with the establishment of trade offices with South Korea, Beijing’s support for this position cooled. During Chinese premier Li Peng’s visit to Pyongyang in April-May 1991, he informed the North Koreans that the Chinese would not veto a South Korean application for UN membership, and urged the North to apply as well.37 China’s refusal to veto would assure Seoul’s entry because the only other obstacle – a possible veto by the Soviet Union – had been eliminated when Gorbachev, during his visit to South Korea that April, had promised that Moscow would support Seoul’s admission to the UN.38 As soon as Li had left, the North made a dramatic reversal in policy and sought UN membership, for otherwise the South would join the UN alone. Reaching out to China as a friend and trading partner, rather than shunting it as the principal backer of an arch-enemy, had won South Korea a coveted seat in the UN. A few years later in 1996, Seoul also managed to obtain Beijing’s support in successfully urging North Korea to take part in the South Korea – U.S. proposal for “Four-Party Talks.” Seoul’s rapprochement with Beijing allowed China to increase its role in inter-Korean relations throughout the decade as a major power friendly to both Koreas. This was underscored by the visit by North Korean leader Kim Jong-il to Beijing days before a summit with his South Korean counterpart was to be held in June 2000, and the appointment of a former ambassador to China as the Unification Minister of South Korea in September 2001 by President Kim Dae-jung.

South Korea’s motives in pursuing relations with the former Communist world went beyond the desire to squeeze North Korea, although that was arguably a major consideration. A desire to compensate for his country’s sluggish economic growth and sagging trade

38 Oberdorfer, The Two Koreas – A Contemporary History, p. 231.
performance motivated Roh to be an activist president on foreign and reunification policy, aside from the fact that it was seen as a popular political move at that time. Also, with portentous changes in the world trade environment - notably the rise of trade blocs like the European Union (EU) and the North American Free Trade Association (NAFTA) – Koreans were anxious enough about protectionism to diversify their markets and find new trading partners. They found interested suitors in China and Southeast Asia, where Korean capital was welcomed and its technology was found to be particularly suited to the stage of development and market conditions over there. There can be no gainsaying the fact that democratisation, and the need for the government to respond to the political and economic demands of both consumers and the business community in South Korea, paved Seoul’s way to Beijing’s doors. By the top of 2000, China has become the largest market for South Korean construction projects abroad, with investment projects totalling more than $16 billion.39

**Inter-Korean Relations During the Kim Young Sam Presidency**

Unlike Roh, Kim Young Sam, his successor as president of South Korea from 1993 to 1998, had no discernible overall strategy towards the North, but oscillated unpredictably between hard and soft lines. Kim, the former opposition leader who had joined the ruling party in 1990 and who became its presidential candidate in 1992, was apprehensive about the positive aspects of North-South relations. Kim and his political backers feared that continuation of the North-South euphoria of earlier months would benefit its old political rival, Kim Dae-jung, who was shaping up once again as his principal competitor for presidential candidate backed by the opposition.40 This led Kim Young Sam, in his ultimately successful campaign for president, to feature anti-communist attacks on his long-term adversary, whom he loudly but falsely accused of being endorsed by Pyongyang.41 From the 1992 presidential election onwards, political relations with, and economic assistance to, North Korea, became a regular issue of public debate in the politics of South Korean Presidential and National Assembly elections.


41 Ibid., p. 287.
In his February 1993 inaugural address, Kim Young Sam offered to meet his North Korean counterpart “at any time and any place,” and he declared that as members of the same Korean family, “no ally can be more valuable than national kinship.” On the other hand, in separate interviews with the British Broadcasting Company and the New York Times that July, Kim voiced harsh criticisms of the negotiations undertaken by Washington officials with Pyongyang to phase out economic sanctions against the North, if Pyongyang would agree to freeze its production of plutonium for nuclear weapons, charging that the North Koreans were manipulating the negotiations “to buy time to finish their project,” and expressed hope that the U.S. “would not be led on by North Korea.”

Unlike his legitimacy-conscious predecessor or his conviction-driven successor, what drove Kim Young Sam’s northern policies as President were above all the tides of domestic public opinion. Unlike Park, Chun or Roh, who had military backgrounds, Kim was a life-long professional politician with a keen interest in the shifting views of the public. Known for relying more on his feel for the political aspects of issues than any overall strategy, he cited newspaper headlines or television broadcasts more often than official papers in internal discussions, and constantly referred to polling data, public opinion, and political positions of his friends and rivals in discussing his reactions to events, supposedly even in meetings and telephone calls with the U.S. president. By the second half of 1993, after North Korea had announced its intention to withdraw from the Non-Proliferation Treaty (NPT) on the pretext of unwarranted demands by the International Atomic Energy Agency to inspect two sites at Yongbyon, and the decision by both South Korea and the U.S. to conduct their annual joint-military “Team Spirit” exercise for 1993, after its cancellation the year before, the public mood in South Korea began to turn against Pyongyang. Accordingly, Kim Young Sam’s view of North Korea, never upbeat to begin with, hardened.

In the summer of 1994, there was a brief promise of a summit meeting between the Presidents of both Koreas, when Kim Il-sung invited Kim Young Sam to visit Pyongyang, but

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42 Donga Ilbo (South Korea), February 26, 1993.

43 Oberdorfer, The Two Koreas – A Contemporary History, p. 287.

44 Ibid., p. 288.
the opportunity was lost when the North Korean leader pass away suddenly on July 8, before the meeting could take place. When, as part of the Geneva Agreed Framework of October 1994, the administration of U.S. President Bill Clinton agreed to provide two light water reactors to Pyongyang and supply fuel oil while they were being built with the expertise of South Korean engineers, in exchange for North Korea not to continue with its nuclear programme or withdraw from the NPT, Kim Young Sam was openly displeased with Clinton at not being consulted beforehand. Although the Seoul government officially endorsed the agreement and promised to make it work, Kim and many South Koreans felt betrayed that their old ally, the Americans, dealt with their arch-enemy without their direct involvement, and believed that any American deal would shore up a Pyongyang regime wrecked by famine-induced starvation and on the verge of collapse, thus postponing reunification.45

From 1972, when Park Chung Hee promulgated the “Yushin” (“Revitalization”) Constitution to remove term limits on his presidency and the need for direct election to that office, to the decision by Chun Doo Hwan to relinquish power in 1987, the presidents of South Korea have constantly used the threat of North Korea to impose a “total security system” on the country, by combining personal control of the armed forces with quasi-military mobilization of society into a kind of garrison state, which contributed greatly to the strengthening of the authoritarian ruler’s political power.46 With the perception of North Korea as a military threat greatly diminished on account of its economic difficulties, and on the urging of President Kim Young Sam, South Korea’s definition of its security was expanded from the physical protection of the state of ROK (gukga anbo) to the preservation of the political and territorial integrity of the entire nation of the Korean people, including both North and South Korea, as well as overseas Koreans (minjok anbo).47 Although the change is predicated on the realization of Korean reunification, it represents a significant attempt by a democratic government to de-link regime security from state security. In response to street demonstrations, sit-ins, and a nation-wide signature campaign organized by civil groups, Kim


also purged politically active officers from the military,\textsuperscript{48} and decreed the arrest and trial of former presidents Chun and Roh for ordering the Kwangju massacre and corruption while in office, which led to their subsequent imprisonment.\textsuperscript{39} He most likely did all these to show critical civil society groups that he did not betray the pro-democracy cause when he merged his party into Roh’s ruling bloc in 1990 and sought its nomination for president in 1992. Whatever the reason, by so doing, Kim Young Sam, the first civilian to be elected South Korean president in thirty-two years, de-legitimised past and future seizures of political power through military coups,\textsuperscript{50} and the justification of authoritarian repression in the name of preserving state security.

A series of political scandals had put the ruling New Korea Party of President Kim Young Sam in a difficult position for the National Assembly election of 1996, not least because his own son was alleged to have taken bribes from Hanbo Steel to arrange the financing by state banks of the chaebol, which was in financial difficulties.\textsuperscript{51} However, a raid into the DMZ and subsequent withdrawal by North Korean soldiers in April 1996 turned voters conservative and helped the party win the election against all odds.\textsuperscript{52} Seoul’s mass media said that a bukpung (north wind) saved the ruling party from certain electoral disaster.\textsuperscript{53} North Korea’s provocative behaviour, which continued with the incursion of a North Korean submarine into South Korean waters on September 18, 1996, followed by two months of


\textsuperscript{49} Ibid., pp. 169-81.

\textsuperscript{50} The military coups of 1961 and 1980 were conducted by a clique of “ politicised” officers from the ‘Hanahoe’ (one-heart / one-mind society) faction of the South Korean military, composed mainly of regular Korean Military Academy graduates from Kyongsang provinces. Throughout Park Chung Hee’s presidency, members of Hanahoe were placed in such strategic positions as the National Military Security Command (NMSC), the Korean Central Intelligence Agency (KCIA), and the Presidential Security Office. Chun Doo Hwan was both president of Hanahoe and commander of the NMSC when he took power. By pledging personal loyalty to Park, and subsequently Chun, Hanahoe members enjoyed his patronage in appointment and promotion, and this excessive preferential treatment extended to its members made the clique a source of friction within the military. It was this group of officers that were rotated out of high offices in the military following its purge by Kim Young Sam. See Chung-in Moon and Kang Mun-Gu, “Democratic Opening and Military Intervention in South Korea: Comparative Assessment and Implications,” in \textit{Politics and Policy in the New Korean State – From Roh Tae-woo to Kim Young-sam}, ed. James Cotton (Melbourne: Longman, 1995), pp. 174-5, 187-8.


intensive search for North Korean infiltrators,\textsuperscript{54} enabled Kim Young Sam to adopt a policy of “benign neglect” toward the North by suspending contact and aid for the duration of his presidency to outflank the more moderate policy of engagement advocated by the party of his main rival, Kim Dae-jung.

\textit{Inter-Korean Relations During the Kim Dae-jung Presidency}

In August 1998, a three-stage North Korean missile known as Taepodong1 over flew the northern tip of the main Japanese island of Honshu and splashed down in the Pacific Ocean 1200 miles from its launch site. The military rationale for the launch is deterrence, and diplomatically it potentially gives Pyongyang powerful leverage in bargaining with Washington, Seoul’s principal protector, on security and economic issues alike.\textsuperscript{55} An authoritarian South Korean military government would have in the past used the incident to argue against adopting a conciliatory position toward the North, but newly–elected president Kim Dae-jung was confident enough of his own democratic credentials and long-held pacifist ideals to eventually break ice with North Korea’s leader Kim Jong-il.

Unlike his predecessor, President Kim Dae-jung preferred to treat the North as a partner to work with rather than an entity to be overwhelmed or absorbed. He wanted meetings for separated families in the North and the South to take place as soon as possible, and proposed a three-stage formula for reunification, advancing from confederation for the two Koreas, then proceeding to federation, and then to a unified country.\textsuperscript{56} Since his inauguration in February 1998, Kim has pushed his “sunshine policy” with calls for the South to adopt a more patient and accommodating stance toward the North, and take the initiative to engage it in dialogue and exchanges as often as possible. To encourage South Korean private investors to start businesses in North Korea, Seoul lifted the ceiling on investment in the North.\textsuperscript{57} In 2000, South Korea’s trade with the North reached $420 million, which amounted to one-

\textsuperscript{54} Ibid., n 11, p. 716.


\textsuperscript{56} Kim Dae-jung Peace Foundation, ed., \textit{Kim Dae-jung’s “Three-Stage” Approach to Korean Reunification} (Los Angeles: Center for Multiethnic and Transnational Studies, University of Southern California, 1997).

quarter of Pyongyang’s trade total. Following the summit of June 2000 between the President Kim Dae-jung of the South and Chairman Kim Jong-il of the North in Pyongyang, widely considered a success for Kim Dae-jung and his “sunshine policy,” decisions were made between the governments of the two Koreas to reconnect a cross-border railway, establish a military “hotline”, and design investment agreements to protect South Korean businesses investing in the North from double taxation and nationalisation without compensation at international market prices. To reduce military tension on the Korean peninsula, and help the reclusive regime open its doors and become a responsible member of the international community, South Korea fully supported the North in establishing or strengthening diplomatic links with Western countries.

Unfortunately, Kim has failed to achieve bipartisan consensus for his policy approach toward the North. Kim’s opponents attacked his “Sunshine Policy” as one of overgenerous appeasement, arguing that it has accompanied little, aside from wasting South Korean taxpayers’ money by unilaterally giving aid to North Korea, and offering to build infrastructural projects in that country, in return for which they got only reticence and inaction. Even with the successful North-South summit of June 2000, opposition legislators have demanded that the Kim government ask North Korea to issue an apology for its 1950 invasion, and Lee Hoi Chang, who ran a close second to D. J. Kim during the 1997 presidential elections, insisted on the principle of “strategic reciprocity” and concrete benefits in dealings with North Korea, which have not been forthcoming. As mentioned, the Kumgang project continues to incur losses for South Korean developer Hyundai, the railway between North and South Korea has yet to be reconnected as proposed, and South Korean plans to develop an industrial district in North Korea’s Kaesong city are still on the drawing boards. Faced with rising unemployment and the restructuring of heavily-indebted chaebols that require bailouts from government banks as a result of the current worldwide economic recession, D.J. Kim can devote little attention, energy or political capital to pursue further

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59 KOREA Now, December 16, 2000, p. 11.
60 KOREA Now, November 18, 2000, p. 10.
62 STRATFOR, “Sunset for South Korea’s Sunshine Policy?”
engagement initiatives with the North. This is especially so with the removal of his first Unification Minister and architect of the “Sunshine Policy,” Lim Dong Won, by a vote of no-confidence in the South Korean National Assembly. Still, reunions across the DMZ of family members separated by the Korean War has resumed in April 2002, after a hiatus of one-and-a-half years, and North-South dynamics could move into gear once again if an expected visit by North Korea’s Kim Jong-il to Seoul materializes soon. When pressed, opposition leaders will acknowledge that any other ROK leader would have little option other than to continue with D. J. Kim’s programme of reaching out to the North, but that will not prevent them from playing politics with inter-Korean relations for as long as a totalitarian North Korea regime exists in juxtaposition to a contentiously democratic South Korea.

The Impact of Democratisation in Taiwan on Cross-Strait Relations

Cross-Strait Relations Before Democratisation

After the government of the Republic of China retreated to Taiwan in late 1949, following its defeat by the Chinese Communist Party (CCP), its official foreign and defence policy was to recover mainland China by counter-attacking and destroying the Chinese Communist forces there, using Taiwan as a base of operations. However, implementation of the plan depended on assistance from the U.S. or a global conflict between the socialist and capitalist blocs, and neither was forthcoming. Although the U.S. Seventh Fleet had interposed itself in the Taiwan Strait after the start of the Korean war in June 1950 to prevent a Chinese Communist attack on Taiwan, Washington made known that it would not sanction any effort by Taipei to start a conflict with Peking, on account of the Mainland’s artillery shelling of two Nationalist-held offshore islands, Matsu (Mazu) and Quemoy or Kinmen (Jinmen), in 1954-1955, and 1958. Negotiations on any subject with the Communist “rebels” were strictly off-limits, for as Chiang Kai-shek insisted, “the loyal and traitorous cannot coexist (Hanzei bu liangli).”


Domestic political demands and policy toward the mainland were inextricably bound together. The raison d’etre of Chiang’s regime was not mere defence of the island, nor “containment” of the mainland, and certainly not “engagement” with the CCP leadership, but to return to the mainland as its sole legitimate government. If the civil war were to be declared unilaterally over, or were it to be resolved by negotiations, the logical basis for the Kuomintang’s authoritarian rule over Taiwan, as merely one province in a single country divided by a yet-to-be-ended civil war, would be undermined.\(^65\) In that event, political institutions could no longer be legitimised by elections held on the mainland in 1947, and political rights on Taiwan could no longer be curtailed by continuing with martial law that was imposed on the mainland to fight the Communists and subsequently extended to the island. Holding elections on Taiwan to choose a new National Assembly, which functions as an electoral college in the ROC political system, would deprive the KMT of the last shred of its fictitious claim to represent all of China in the international arena. Furthermore, a local elite had emerged on Taiwan during the fifty-year occupation of the island by Japan, which, although initially accepting of KMT rule when Taiwan was retroceded to China following Japan’s defeat in World War II in 1945, soon became very bitter toward the regime when rioting by local Taiwanese against the mainlander-run authorities were brutally suppressed in 1947. If full political rights were granted to the islanders in the period following the massacre, it might well have led to the establishment of an independent republic of Taiwan. Forfeiting the right to rule the Chinese mainland and countenancing Taiwanese independence were clearly two options that Chiang could not accept; hence the institutionalisation of authoritarian rule over Taiwan during his lifetime, and the enunciation of the so-called “three nos” policy toward the mainland: “no contact, no compromise, and no negotiations.”\(^66\).

In the aftermath of the visit by U.S. Secretary of State Henry Kissinger to the People’s Republic of China, which indicated a desire on the part of the U.S. to improve relations with China, Taipei “withdrew” from the United Nations in October 1971, leaving Beijing to take over the China seat. Taipei’s exclusion from the UN provoked widespread public anxiety that the regime was doomed to de-legitimisation and international isolation, with the result that

\(^{65}\) Ibid., p. 59.

serious public debate over foreign policy by students, academics, and opposition politicians arose for the first time, which the government did not like, but could not prevent.\footnote{Ralph N. Clough, *Island China* (Cambridge: Harvard University Press, 1978), pp. 64-6.}

As U.S.-China relations improved dramatically, Washington’s ties with Taipei had to be downgraded to please Beijing. Following the withdrawal of U.S. recognition for the ROC on January 1, 1979, and the termination of the U.S.-ROC defence treaty exactly one year later, then President Chiang Ching-kuo reiterated Taiwan’s “three nos” policy toward mainland China, where Deng Xiaoping was just initiating an economic policy of reform and open-door that would in time not only beguile the entire world, but also present tempting economic opportunities for foreign traders and investors. Taiwan’s continued rejection of the mainland began to receive a less sympathetic audience abroad. In 1969, the number of countries recognizing Beijing or Taipei were more or less equal; by 1977, Beijing had diplomatic relations with 111 countries compared to Taipei’s 23.\footnote{Clough, *Island China*, pp. 153-4.}

The decision to democratise domestic politics, which will have far-reaching consequences for cross-Strait relations, can be traced to the diplomatic setbacks at this time. Transforming the political system, Chiang Ching-kuo (CCK) calculated, would help win sympathy and some degree of support from the world community for Taiwan’s claim to sovereignty and its refusal to negotiate reunification on Beijing’s terms. Martial law was lifted in July 1987, and many restrictions on public assembly and speech were ended. The Kuomintang authorities also legalized the biggest opposition grouping, the Democratic Progressive Party (DPP), which traced its roots to the pro-Taiwan independence “tang-wai” (“outside-the-party”) movement of the late 1970s. Arguing that reunification on the KMT’s terms could be attractive to people on the mainland only if the island becomes more democratic and economically developed, CCK promoted the “Taiwan experience” of democracy and economic growth as a means to the end of unification.\footnote{*Free China Journal*, January 6, 1986, and February 9, 1987.}

Without question, the beginnings of democratic reform on Taiwan were coming to influence mainland policy. Promoting the “Taiwan model” became the justification for CCK
to engage in two radical changes with regard to mainland policy: to allow visits by aging KMT servicemen to the PRC, and adopt a “hands-off” policy by turning a blind-eye to indirect cross-strait trade and investment through Hong Kong.\textsuperscript{70} CCK’s initiatives were formulated in response to the respective concerns of elderly KMT mainlanders like himself who still dominated the party, and demands from a largely native Taiwanese business community that was increasingly coming to view the mainland as an important economic opportunity.\textsuperscript{71} These initiatives were attempts both to shore up the KMT’s legitimacy with the party’s traditional base of support among the mainlanders, and to blunt the rising political challenge from the DPP and the pro-independence sentiments it represents.

\textit{Cross-Strait Relations After the Democratic Transition}

Taiwan’s first two relatively competitive national elections took place in 1980 and 1983, in which independent candidates supported by the as yet illegal “tang-wai” movement defeated KMT candidates to win seats in the legislature. However, it was following a two-party election in 1986 that pitted the DPP against the KMT, and the lifting of martial law the following year, that opposition politicians and pro-independence groups became much more vocal, and their influence on foreign policy increased. In one important respect, the public debate on cross-Strait relations worked to the advantage of foreign policy decision-makers – they could say that the reason they resisted negotiating with Beijing about reunification was that the people did not want it.\textsuperscript{72} However, there was also a significant drawback to democratising the discourse on reunification - the issue of Taiwan’s diplomatic status was irrevocably thrust into the foreign policy realm. Although it has some appeal to many people on the island, advocating an independent Taiwan could provoke Beijing to use military force against Taiwan, and the U.S. also opposed it; yet because of democratisation, the public airing of this issue could no longer be suppressed by the government.

With increasingly large numbers of Taiwanese travelling to China, where opportunities to trade and invest grew rapidly beginning in the late 1980s, attitudes regarding contact with

\textsuperscript{70} Goldstein, “Terms of Engagement – Taiwan’s Mainland Policy,” p. 62.

\textsuperscript{71} Ibid., p. 63.

\textsuperscript{72} Ibid., p. 170.
China began to change. Many people in Taiwan, especially business people who feared being left out of the “China boom,” began to advocate closer economic ties with the mainland and opposed government restrictions curtailing more extensive business contacts. Indeed, although cross-Strait trade was made possible due to the moves taken by the Taiwanese government to end political authoritarianism on the island, the trade ties that have developed since the late 1980s have been governed more by the needs of business than by the calculations of the government. Consequently, business and opinion leaders started to garner a bigger and more direct say on matters of cross-Strait policy, often proving the driving force for legislation and ministerial directives to both encourage, regulate and protect, trade and investment with the mainland. The opinion of some prominent business leaders, such as Evergreen shipping’s magnate Chang Yung-fa, insurance kingpin Hsu Wen-lung, the Chairman of the Formosa Plastics Group, Wang Yung-ching, and the Chairman of Taiwan Semiconductor Manufacturing Group, Chang Chung-mou, would become highly influential with politicians since the 1990s, as Taiwanese investment on the mainland increased by leaps and bounds, and the Taipei authorities began to contemplate allowing some form of direct trade to take place across the Taiwan Strait.

In 1989, following the massacre of students and other protesters on the approaches to Tiananmen Square in Beijing, the PRC became a pariah nation in the eyes of the U.S. and Western countries. These developments, and a legislative election that year on Taiwan which reflected the entrenchment of democratisation, when the opposition DPP made significant gains at the polls, caused the U.S. and Western leaders, public, and news media to treat Taiwan as a country with similar democratic values worthy of self-determination. An even more important event occurred at the same time: US-China relations had been built on common strategic interests since the early 1970s against the soviet Union, but as the Soviet Bloc disintegrated and the Cold War ended, America’s “China Card” ceased to have any more meaning. The sale of F-16 fighter planes by the U.S. Clinton administration and Mirage-2000 by the French government in 1992 to Taiwan undoubtedly bolstered the confidence of the Taiwanese people in charting out a path to continue with their bold experiment in democratisation and achieve a sense of separate identity vis-à-vis the mainland. The Taiwanese delegation’s attendance at the 22nd annual meeting of the Asian Development Bank

73 Copper, Taiwan – Nation-State or Province, p. 171.
(ADB) held in Beijing in May 1989 as “Taipei, China”, the name under which the ROC was allowed to retain its membership in the ADB after Beijing joined in 1986, was a signal to the rest of the world that the newly democratised government in Taipei would no longer be bound by the rigid anti-communist ideological doctrine of its authoritarian predecessors, both as a basis for domestic legitimisation, and the conduct of foreign relations.

With democratisation and the consequent destruction of the myth of the pending recovery of the mainland by an authoritarian KMT regime on Taiwan, the force of pan-Chinese nationalism was giving way to a more limited and self-regarding form of local nationalism on the island, and the possibility of an independent Taiwan emerging became very real. The path that Taiwan took during the process of democratisation was leading to the development of a distinct Taiwanese identity that would come to strain political relations with China. Taiwanization of the island’s political process took a decisive turn in the constitutional reforms of the early 1990s, when Lee’s reformist faction within the KMT worked with the DPP to force the retirement of deputies to the National Assembly and Legislature who were elected on the mainland, and make provisions for the direct election of the presidency. Even those Taiwanese who supported the KMT rather than the DPP in elections tended to prefer Taiwanese KMT candidates to mainlanders, and the reverse was true with mainlanders. The PRC’s missile exercises in the Taiwan Strait, conducted in response to Lee Teng-hui’s 1995 visit to his Cornell University alma mater in the U.S., and Taiwan’s first direct presidential election in 1996, led to a sharp though temporary rise in the number of people who identified themselves in opinion polls as Taiwanese, as opposed to being Chinese only, or both Chinese and Taiwanese. It also led to more people in surveys to express a preference for the option of maintaining the status quo indefinitely or with the opportunity of eventually achieving independence for Taiwan, and significantly fewer people to say that they were favour of


75 Co-operation between the KMT and the DPP on constitutional issues have not always been the norm; indeed, blood has been drawn when legislative deputies from the DPP engaged in fist-fights with their KMT counterparts, but this practice seems to have stopped since the early 1990s. See Alan M. Wachman, Taiwan – National identity and Democratisation, chapters 6 and 7.

76 Ibid., p. 247.

moving toward ultimate unification with China.\textsuperscript{78} In the last two years of his presidency, Lee spoke of the emergence of the “New Taiwanese” or Taiwanese of a new generation who are born in Taiwan and, irrespective of their ancestral origin as Fujianese, Hakka, Aborigines or mainlanders, have an attachment to its survival and prosperity.\textsuperscript{79} Lee did not say that Taiwanese are not Chinese, but he did insinuate the possibility and even the desirability of the evolution of Taiwan’s inhabitants into a new cultural entity.\textsuperscript{80} In July 1999, Lee’s mention of a special “state-to-state” relations between Taiwan and mainland China in a journalist interview drew kudos from many people on the island but prompted a major verbal furore from China. Although the KMT still controlled the legislature, March 2000 saw the election of the DPP’s Chen Shui-bian as President of Taiwan, whose party has never been in favour of any form of political association with the mainland.

With the advancement of democracy, the orientations of the main political players in Taiwan toward the cross-Strait issue have become much more differentiated and unpredictable, but paradoxically, far less extreme than before. Advocating an independent Taiwan in the formal sense could provoke Beijing into using military force against Taipei. However, opinion polls on Taiwan have never shown more than single digit support for joining the PRC or accepting its “one-country two-system” offer until recently, when some increment was registered mainly because the current recession facing the Taiwanese makes the economic growth of the mainland look relatively more impressive than before. Hence, it is clear that adopting an overtly submissive pro-China cross-Strait policy will surely lead to the political demise of a Taiwanese politician.

Concern for human rights, public opinion, and the welfare of its citizens have been widely cited by Taipei in its efforts to participate in various international bodies and non-governmental organizations (NGOs), including the United Nations (UN), World Health

\textsuperscript{78} Ibid, pp. 148-51.

\textsuperscript{79} Timothy Ka-ying Wong, \textit{The Rise and Changing Nature of Taiwanese Nationalism}, Hong Kong Institute of Asia-Pacific Studies Occasional Paper No. 116 (Hong Kong: The Chinese University of Hong Kong, 2001), pp. 24-5.

Organization (WHO), Asian Development Bank (ADB), Asia Pacific Economic Cooperation (APEC), and International Olympic Committee (IOC), albeit under different appellations. The most important reason for Taiwan’s push to enter these institutions, of course, was the desire of its leadership to maintain or increase non-diplomatic ties with as many countries and international organizations as possible, to expand the so-called “international activity space” for the country. Such attempts which have elicited sharp rebukes from China, but Chinese condemnations not withstanding, as diplomatic recognition from nation-states for the ROC plummeted in the 1970s and 1980s, Taipei increased its representation in international bodies in which political entities other than nation-states may be represented. Taiwan currently belongs to more than 900 international organizations, more than 100 of which Beijing also participates in, and there seems to be continuing demand on the island for the increase of such “international activity space”, which Beijing is determined to restrict. Indeed, the campaign for Taiwan to enter, or re-enter, the UN was taken up by Lee Teng-hui and the KMT in 1993 in response to escalating public and media pressure on this issue, which was first generated by the DPP five years before. This clearly demonstrates a direct foreign policy implication of domestic political developments in a changing society.

Lee Teng-hui enjoys high popularity among the local Taiwanese, especially those of Fujian origin, but rather low popularity among the mainlanders. Lee is a national hero to many Taiwanese not only because he is the terminator of the KMT system, which is hated by many local Taiwanese for being an “outsider” regime as much as for being oppressive, but also because he has the guts to defy the mighty Chinese bullies, especially when he faced down their war of words against Taiwan during the missile exercises in the Taiwan Strait prior to the

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82 Copper, *Taiwan – Nation-State or Province*, p. 186.


Taiwanese presidential election of March 1996. To many mainlanders, Lee’s cardinal sin was his alleged disloyalty to Chiang Ching-kuo, who wanted him not just to democratise the political system, but also to safeguard the integrity of the Republic of China, including its fictitious claim to all of the Chinese mainland, and to preserve the sanctity of the constitutional system of 1947, which ensures the domination of the National Assembly and the Presidency by the mainlanders. The mainlanders’ resentment toward the regime and their sense of alienation from the political system increased during the twelve years of Lee Teng-hui’s presidency, with his removal from the KMT of such authoritarian bigwigs like Premier Hau Pei-tsun, Lee Huan, Wego Chiang, and Lin Yang-kang, all chief lieutenants of Chiang Ching-kuo and the first three being mainlanders, and abolition of the post of governor of Taiwan province in 1998 after the mainlander Soong Chu-yu has completed his four-year term in that position. Perhaps unsurprisingly then, radicals among the mainlander community in Taiwan advocate that the best way to end the plight of the powerlessness and marginalisation of the mainlander minority is to seek quick unification with China, for only then can they hope to stop the drift toward Taiwanese nationalism and independence. These people, who had hitherto no qualms sacrificing the lives of Taiwanese national servicemen and reservists to maintain a state of war against the Chinese Communists, are now almost desperate to unify with the PRC to preserve their individual and collective interests.

The investment link between the two sides of the Taiwan Strait has been dominated by the capital flow from Taiwan to the mainland, with technological and capital-intensive manufacturing projects in electronics and electrical appliances, rubber and plastic articles, and food and beverages, having become the mainstay of Taiwanese investments on the mainland. Although Taipei has been increasingly concerned about the growing size of capital outflow to

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85 Ibid., p. 10.

86 Ibid.

87 Impressions based on personal interviews conducted by the author in January 2001 of several cadres of the mainlander-dominated New Party who preferred to remain anonymous. This sentiment was certainly shared by Lin Yang Kang, candidate of the New Party in the presidential election of 1996, who stated that unification should be sought at the earliest opportunity, even with the mainland under Communist rule. See Jurgen Domes, “Elections and Party Politics in Democratisation,” in Democratisation in Taiwan – Implications for China, ed. Steve Tsang and Hung-mao Tien (Hong Kong: Hong Kong University Press, 1999), p. 58.

the mainland, fearing that it would lead to a “hollowing–out” of its economy, especially in light of the current recession, the government has continued to be supportive of the economic relations. Even as it promulgated new regulations, renewed calls for reorientation of overseas investments to Southeast Asia and other destinations, and cautioned against excessive dependence on the mainland,89 (it block what would have been Taiwan’s largest investment on the mainland by pressuring Formosa Plastics to cancel plans to build a U.S.$ 3 billion power plant in Fujian’s Zhangzhou in 1996 on grounds of national security,)90 the government has also called for greater protection of Taiwanese investments on the mainland, and assist in the sending of commercial delegation to China.91 Bilateral trade in 1995 reached almost $24.5 billion, and Taiwanese investments in China stood at more than $43 billion, before deterioration in Taiwan’s relations with the mainland resulted in a big drop in bilateral trade and investments; which continued throughout the Asian economic crisis until recently, when they are again on the upsurge, with Taiwanese trade with, and investment in, mainland China approximating $31.3 billion and $26 billion respectively in 2000.92 The huge investments Taiwanese firms have already made in China have already been identified as a key contributor to rapid Chinese economic growth, although the “hollowing-out” of Taiwan’s industrial base in the present economically difficult times may well lead to a broadening and hardening of anti-mainland feelings amongst the Taiwanese populace who are unemployed or in no position to invest in China.

During the early 1990s, China was willing to promote economic and other contacts with Taiwan under the rubric of the PRC’s semi-official “Association for Relations Across The Strait” or ARATS, in response to the Taiwanese setting up a similar organization, the “Strait Exchange Foundation,” or SEF, to deal with cross-Strait relations. However, from their first meetings since 1991, through the first summit between their chairmen in Singapore in 1993, Taiwan has sought to avoid any discussion of political issues, when pressed by the PRC on

89 Goldstein, “Terms of Engagement – Taiwan’s Mainland Policy,” p. 68.

90 Luo Qi, Economic Interests vs. Political Interventions: The Case of Economic Relations Between Mainland China and Taiwan, footnote 33, p. 33.

91 Goldstein, “Terms of Engagement – Taiwan’s Mainland Policy,” p. 68.

92 All trade and investment data in this essay are extracted from International Trade Board, Ministry of Economic Affairs, Republic of China (ROC Annual Report of International Trade 2000). Estimates of Taiwan’s export to, and import from, China include indirect trade via Hong Kong.
matters such as direct shipping, while trying to expand the number of topics relating to trade and investment.93 Furthermore, both sides remained divided over the issue of what constitutes “One China.” While the mainland meant it to relegate Taiwan to a subordinate, albeit special, status within a China ruled from Beijing, Taiwan insisted on recognition of its own sovereignty and equality vis-à-vis the mainland.94

From the time Lee Teng-hui became Taiwan’s first popularly elected president in 1996 till his “state-to-state” comment in 1999, PRC leaders have, it seems, come to the conclusion that a more politically-confident and increasingly pro-independence Lee was merely using trade as a means to stave off mainland demands for greater contact, and give the chimera of substance to what was, in the mainland leadership’s view, empty talk about unification. Beijing saw Taipei as using trade and investment, and partial opening of the “three small contacts” through Kinmen and Matsu in January 2001, as a ruse to achieve economic gains while maintaining the island’s political status quo and avoiding mainland demands for political talks. Beijing’s insistence after 1996 that acceptance of its “One China” principle – that there is only one China and Taiwan is part of China – be the virtual precondition for cross-Strait negotiations was intended to put an end to what Beijing was undoubtedly beginning to regard as a bogus engagement show. In response to Taiwan’s overtures to establish direct cross-strait trade, postal and transport links in August 2001, the Taiwan Affairs Office of China’s State Council said that Taiwan’s acceptance of the “One China” principle must be forthcoming before such exchanges can take place.95 Meanwhile, all Taiwanese direct investments on the mainland are still subjected to a ceiling of $50 million per project, and investments in infrastructure, petrochemicals and high-technology capital are still banned. However, Beijing and Taipei may have to remove all these restrictions once both join the World Trade Organization.

Since the election of Chen Shui-bian as Taiwan’s president in March 2000, Beijing has apparently considered the institutions and practices initiated in the early 1990s to be of little value anymore. Beijing is working to broaden its influence over Taiwan by cultivating

93 Ibid., p. 70.
95 Straits Times (Singapore), August 31, 2001.
contacts outside of the SEF, which it considers to be as good as defunct, now that an anti-
unification party with a powerful pro-independence wing is in power. Besides business
leaders, delegations from the island including opposition legislators, county and city officials
(such as Taipei mayor Ma Ying-jeou), and more unification-orientated political figures were
all welcomed in Beijing. The success of this strategy, designed to circumvent Chen’s DPP in
soliciting support for the PRC’s “One-China” position on the island, is yet to be seen. A lot
depends on whether the DPP or other more pro-unification parties can put together a working
majority in the legislature after the December 2001 legislative election, which will in large part
determine the political forces on Taiwan that Beijing will have to deal with.96

Conclusion

On the field of study relating regime changes to changes in foreign policy behaviour,
the current state of analysis has yet to yield any meaningful general theory for testing across
countries that have experience democratisation.97 There is an even greater paucity of research
literature on comparing the effects of social cleavages on cross-Strait and inter-Korean
relations arising from the process of democratisation in Taiwan and South Korea
respectively.98 Still, some tentative findings can be drawn from the two cases that were
examined here, that would give support to the proposition that democratisation exacerbates
social division within a country, as a result of which relations with foreign countries get
ameliorated or aggravated, depending on the revealed preference of the median voter. This

96 The DPP became the largest party in the legislature by capturing 87 of 225 seats up for election. The pro-
unification People’s First Party captured 46 seats, with the KMT taking 68 seats. The anti-unification Taiwan
Solidarity Union, set up by Lee Teng-hui on leaving the KMT, took 13 seats.

97 Perhaps the most thorough analysis of the effect of domestic political regime change on foreign policy
alteration for the purpose of deriving a theoretical framework were the attempts by Hagan to relate foreign policy
realignment to regime fragmentation and orientation of the new leadership, among other factors. Although it
represents the most current strain of inquiry in this field, Hagan’s framework appears to require further refinement
and simplification for a comprehensive analysis of the relationship between the regime and foreign policy change
to emerge. See Joe D. Hagan, “Domestic Political Regime Change and Foreign Policy Restructuring,” in Foreign
Policy Restructuring – How Governments Respond to Global Change, ed. Jerel A. Rosati, Joe D. Hagan, and
Martin W. Sampson III (Columbia, SC: University of South Carolina Press, 1994), pp. 138-63; and “Domestic
Political Explanations in the Analysis of Foreign Policy,” in Foreign Policy Analysis – Continuity and Change in
Its Second Generation, Laura Neack, Jeanne A.K. Hey, and Patrick J. Haney (Englewood Cliffs, NJ: Prentice-
Hall, 1995), 117-44.

98 To the best of the author’s knowledge, the current state of the literature on this topic, at least in the English and
Chinese languages, has been fully surveyed and, where relevant, quoted in this essay.
essay engaged the debate on democratic peace a little, if only to qualify the Mansfield – Snyder proposition by showing that, depending on the particular type of ideological / nationalist stances connecting the elites to the masses, democratising states need not provoke conflict. However, more research to investigate this link is warranted, to find out if there is indeed such an argument. Democratic transition and consolidation in South Korea and Taiwan have undoubtedly furthered the politicisation of foreign and security issues, by opening up the political space that allows for their articulation. Democratic changes have also widened the spectrum of ideological diversity to include “ethnic” and “class” issues, such that anti-communism, ultra-nationalism, and the slogan of “rich nation and strong army,” all of which embodied the dominant state security ideology during the Cold War era, have since been on the defensive.

Although there were ups and downs in inter-Korean and cross-Strait relations for the past decade-and-a-half, on the whole, the major foreign policy repercussions of democratisation in South Korea and Taiwan has been such that relations between the two Koreas improved, while relations between Taiwan and China worsened. With intellectuals, student groups, and labour organizations in South Korea of social-democratic or socialistic persuasions embodying the traditional spirit of nationalist activism, and Taiwanese nationalism being born out of confrontation by pro-independence forces against the KMT regime, perhaps the divergent trend in inter-Korean and cross-Strait is to be expected. In any case, participation by supposed “leftist” forces in the political process of South Korea has legitimised and popularised the hitherto suppressed or muted calls for better relations with the North, and even led to a change in the security thinking of the government in Seoul, from equating state security with regime security, to identifying it with the security of all Koreans, wherever they are. This led to the adoption of a more accommodating stance by Seoul toward the North. In the case of Taiwan, localization or “Taiwanization” of politics on the island has resulted in the heightening of the consciousness of a distinct local Fujianese-speaking Taiwanese identity separate from “people from other provinces”, which has, by extension, accentuated differences at the governmental level between the local Taiwanese and the Chinese on the mainland. One may say that Taipei’s relations with China has moved from “pro-unification in form, status-quo in substance” during the era of the two Chiangs, to “status-quo in form, pro-independence in substance” in the Lee Teng-hui years and after, with the defensive security posture of the island such that even the rhetoric of the eventual recovery of the Chinese mainland has been
abandoned. One unqualified positive aspect of democratisation though, is that trade and contact with the erstwhile “enemy” can now take place because the existence of the regimes in Seoul and Taipei need no longer be defined or justified with reference to the presence of, or threat from, the “Other”. Another achievement of democratisation, as Roh Tae-woo said in his inaugural presidential address, and he could have been speaking for both South Korea and Taiwan, was that “the days when freedoms and human rights could be slighted in the name of economic growth and national security have ended.”

In assessing the impact of democratisation in South Korea and Taiwan on inter-Korean and cross-Strait relations, we are not arguing that strategic factors and the world political environment are less important than the will and skill of leaders in changing their countries’ political system or diplomatic posture, just that they are more like constraints on the actions of leaders that may be tighter or looser at different periods of time. A political leader like Roh Tae Woo or Lee Teng-hui could hardly have made so much headway in effecting changes as they did, if the external environment had not been as favourable as, say, the ending of the Cold War, which showed that democratic changes could result even in totalitarian regimes. However, leaders pushing for democratisation are usually not passive, so at critical moments, we see them use these external factors in skilful ways to achieve their political and diplomatic objectives, albeit with occasional unintended consequences, which is an inherent result of the democratisation process itself.

The successful transition to democracy in Korea was the result of a revival of civil organizations largely emasculated but not destroyed by the authoritarian regime, strong memories of the student uprisings of 1960 and 1980, the election as president of a retired general, Roh Tae-woo, which precluded the military from having a pretext to intervene again, and broad recognition of the need to prevent civil unrest which might disrupt the Olympic Games, the centrepiece of South Korea’s quarter century of economic achievement. Although we have said at the beginning that the South Korean example of democratisation contradicted the O’Donnell and Schmitter thesis of pacted transition, it nonetheless satisfied the conditions the two political scientists have pointed out that are, at least in their opinion, necessary for a successful and complete democratic transition and consolidation to occur – survival and

revitalization of civic groups, and absence of a post-transition coup.\textsuperscript{100} James Cotton would add that the key to South Korea’s success in its democratic transition lies very much in the willingness of its leaders like Chun Doo Hwan and Roh Tae Woo to recognize political participation as unavoidable consequences of socio-economic modernization,\textsuperscript{101} and this is indeed so. Of course, achieving democracy does not mean that Seoul’s foreign policy direction toward Pyongyang is hereby settled.

Leftist groups in South Korea, such as the Association of Families of Political Prisoners and the Korean Council for Reconciliation and Cooperation, are still calling for the repeal of the National Security Law, which allows for detention without trial for persons deemed to exhibit any view or act sympathetic to North Korea.\textsuperscript{102} Indeed, perception of a thaw between North and South Korea in the wake of the June 2000 summit has encouraged those who have always opposed the U.S. troop presence to promote their cause more fervently among the broad spectrum of the South Korean public.\textsuperscript{103} On the other hand, rightist forces would very much like to shut down the engagement process with Pyongyang, believing that so doing would force the collapse of a bankrupt North Korea. This conservative social mood within the country has been maintained by rightist forces within the community of refugees from North Korea,\textsuperscript{104} the mass media and government agencies such as the Ministry of National Defence and the Agency for National Security Planning, formerly the Korean Central Intelligence Agency, which tends to come alive in response to provocative acts from the North.\textsuperscript{105} Although the mood in the country for the past fifteen years has been more in favour of engaging North Korea diplomatically and economically than ever before, opinion on how to deal with the North has been very much split since the advent of democratisation in South

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\textsuperscript{101} James Cotton, “From Authoritarian to Democracy in South Korea,” \textit{Political Studies}, vol. 37, 1989, pp. 244-59.

\textsuperscript{102} Macdonald and Clark, \textit{The Koreans – Contemporary Politics and Society}, p. 138.

\textsuperscript{103} KOREA Now, August 12, 2000, p. 10.


\textsuperscript{105} Chung-in Moon, \textit{Arms Control on the Korean Peninsula: International Penetration, Regional Dynamics, and Domestic Structure} (Seoul: Yonsei University Press, 1996), chapter 5.
\end{flushright}
Korea. There is a danger that an oscillation between a hard-line and moderate policy toward
the North, depending on which president or party is in power, would be all sound and fury,
signifying no lasting accomplishments for Seoul aside from some general relaxation of tension
on the Korean peninsula. Stochastic personality-based Northern policy-making reflecting to a
certain extent the prevailing mood of the country may be a regular feature of South Korean
politics; however, it might well confuse the North as to what the South may be trying to do. In
that part of the world where so much uncertainty prevails, this would be wholly unnecessary
and unwelcome.

As to the future of North-South relations, without strong external support for his
“Sunshine Policy”, particularly from the Bush administration in Washington, D.J. Kim will
find it increasingly difficult to defend it at home. External and internal concerns about Kim’s
North Korean policy are exacerbated by Pyongyang’s re-emerging stonewalling, itself a
response to Washington’s less accommodating and more suspicious attitude. With the South
Korean economy on shaky grounds again, the thought that Seoul may be giving handouts to
Pyongyang for nothing in return is weakening public support for Kim’s policies, which
opposition politicians are only too happy to attack in the run-up to the 2002 presidential
election.106

If and when reunification comes about, the huge military establishments and security
apparatuses on both sides of the DMZ would lose their respective raisons d’etre, while new
military and security considerations would have to be agreed upon for a unified national
defence. Neither aspect would be easy for a future unified government of Korea to deal with,
and resistance can be expected.

Meanwhile, South Korea’s “Sunshine Policy” combines military vigilance with active
encouragement of inter-Korean contacts by businesses and civilians. A precedent here is how
Taiwan can do business with China despite political acrimony. A lesson from the “Sunshine
Policy” for Taiwan, on the other hand, would be how to maintain alertness against both
external invasion and internal subversion while permitting closer cross-Strait ties with China.
The democratisation of politics in South Korea and Taiwan also holds valuable lessons for

106 Hong Nack Kim, “The 2000 Parliamentary Election in South Korea,” in Asian Survey, Vol. XL, No. 6,
North Korea and China in dealing with the voters’ emotions of their opponents. While North Korean incursions across the DMZ might have consolidated support for anti-Pyongyang candidates in the 1996 South Korean National Assembly elections, loud warnings from Beijing against voting for a candidate from a pro-independence party most likely made enough people on Taiwan want to stand up to China such that they cast their ballots for Chen Shui-bian in the presidential elections of 2000. Also, just as North Korea had to take into account in its dealings with South Korea the fact that democratisation had accelerated the establishment of relationship between Seoul and the Eastern European countries that were reforming in the late 1980s and 1990s, and which were favourably impressed with South Korea’s success in its democratic transition, so China in its calculations toward Taiwan will have to consider the fact that political liberalization had not only worked to strengthen Taipei’s sense of distinctiveness, but also the greater affinity felt for it by the U.S. as a country sharing similar democratic values. Ultimately, perhaps what decides if the Chinese nation becomes one again, and whether the Korean peninsula achieves reunification, will be if or when the process of democratisation takes place on the Chinese mainland and in North Korea, which would make it politically attractive for Taiwan to join up with China, and South Korea to unite with the North.

The legacy of the civil war fought between the KMT and the CCP on the mainland from 1946-1949 remains a powerful influence on the perceptions of both sides. The circumstances and results of Taiwan’s post-1987 engagement of the mainland have intensified rather than ameliorate the tensions of the past. In the period before democratisation, the connection between regime legitimacy on Taiwan and the right to rule the mainland was a major obstacle in dealing with China. Anti-Communist intransigence was required if the KMT’s authoritarian rule was to be maintained on Taiwan. However, although domestic politics remain at the core of the island’s mainland policy, democratisation has changed the fundamental nature of this linkage. With elections offering genuine alternatives, the basis of legitimacy has changed from the KMT’s claim to rule the mainland, to its responsiveness to the views of the island's electorate, which seem to favour a centrist status quo position of neither independence nor unification. Since 1996, both ends of Taiwan’s political spectrum have shifted toward this centrist position. Democratisation has steadily weakened the
influence of those who support reunification with China. However, the PRC’s missile tests of March 1996 provided a dose of reality for those on the island who approached the rhetoric and reality of autonomy with little concern for Beijing’s sensibilities. Specifically, many in the powerful independence-oriented factions of the DPP have since reconsidered their positions,\textsuperscript{107} to the extent that Chen Shui-bian could proclaim in his inaugural presidential address that he would not declare independence for Taiwan.

Unfortunately, Taiwan’s status quo stance runs headlong into Beijing’s increasing desire to render a final resolution to this decades-old political stalemate with Taipei. As the CCP has repeatedly made the unification of Taiwan with the mainland an issue of its own nationalistic credential and legitimacy to rule, Beijing’s room for flexibility has so far been linked to Deng Xiaoping’s formula of “one country, two system.” Although this represents significant concessions to Taiwan, particularly by allowing the island to keep its own political set-up and armed forces, the people of Taiwan are waiting for a signal that the new generation of leaders in Beijing can take this a step further. Most welcome of all would be some movement toward allowing Taiwan to have a more secure international status and room for diplomatic manoeuvre. Beijing must be aware that increasing its diplomatic stranglehold over Taiwan, especially in these times of economic difficulties for the island, could fuel the kind of anti-China resentment that would only breath more life into a Taiwanese nationalism that has so far not been able to gain mass support throughout the island. This is an increasingly salient point as young generations come to maturity whose main experience of China is the threat posed by the missile build-ups and military exercises in the vicinity of the Taiwan Strait from a regime that is abhorrent of human rights and democracy. Thus, on winning the hearts and minds of the young people of Taiwan would rest the ultimate success or failure of the PRC’s “One-China” policy.

\textsuperscript{107} Goldstein, “Terms of Engagement – Taiwan’s Mainland Policy,” p. 76.
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