

# Bush placates China over Taiwan, for now

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The Bush administration made a significant overture to Beijing during the four-day visit of Chinese Premier Wen Jiabao to Washington from December 8 to 12. Under conditions of heightened tensions between China and Taiwan, Bush publicly criticised Taiwan's president Chen Shui-bian and opposed his plans to hold a referendum that could lead to a declaration that the island is not part of China.

At a White House meeting with Wen on December 9, Bush declared: "We oppose any unilateral decision by either China or Taiwan to change the status quo. And the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally, to change the status quo, which we oppose."

Wen, in turn, declared that China appreciated "the position adopted by the President Bush towards the latest news and developments in Taiwan—that is, the attempt to resort to referenda of various kinds as an excuse to pursue Taiwan independence".

Relations between China and Taiwan have deteriorated into threats and accusations in recent months. Facing an election in March, Chen Shui-bian has sought to galvanise public support by calling for a "national security" referendum that would demand China withdraw its 500 missiles targeted at Taiwan.

China views the holding of any referendum as step toward Taiwan officially declaring itself a separate nation-state from the mainland and repudiating any possibility of the island returning to Chinese sovereignty as Hong Kong did in 1997. Under Taiwan's current constitution, the island is still classified as a "province" of the Republic of China. While declaring it wants a peaceful negotiated reunification, Beijing insists it has the right to "forcibly reunify" Taiwan with China if independence is declared.

Prior to Wen's visit to the US, the Chinese government informed the media that Wen would seek a strong message from Bush that he not only "did not support" Taiwanese independence, but "opposed" it. Bush's statement is a clear indication that his administration is trying to rein in Chen Shui-bian and prevent a serious confrontation developing. At present, Washington appears to want to maintain good

relations with China.

In sharp contrast to his rhetoric during the 2000 election when he branded China a "strategic competitor," Bush declared Washington and Beijing were "working together in the war on terror" and were "partners in diplomacy working to meet the dangers of the 21st century". Significantly, however, Bush did not step back from his statement in April 2001 threatening to use "whatever it took" to defeat any attempt by China to forcibly reunify Taiwan.

Prior to Bush's meeting with Wen, a White House spokesman stressed that the White House position on Taiwan had not fundamentally changed. "What you're seeing here is the dropping of the ambiguity for both sides because we cannot sort of imply to the Taiwan side that we're sort of agnostic towards moves toward Taiwan independence. But at the same time, we've got to make clear to the Chinese that this is not a green light for you to contemplate the use of force or coercion against Taiwan," he said.

In comments to the *New York Times*, Larry M. Wortzel from the right-wing Heritage Foundation bluntly noted that Bush's remarks were based on tactical considerations. "The message to Taiwan had to be that if you are conscious of the commitment of US troops in Iraq, you don't rattle your sabres right now," he said. In other words, with a large section of its military bogged down in Iraq, the US is not in any position to intervene in a conflict in the Taiwan straits.

The US has other short-term concerns. China tacitly supported the US invasion first of Afghanistan, then of Iraq, in the UN. Moreover, there is no doubt that Washington expects Beijing to continue to use its economic and political clout to pressure North Korea to come to the negotiating table on US terms—that is to abandon its nuclear programs.

As a result, Bush is prepared, at present, to maintain warmer relations with China even at the expense of alienating sections of his own right-wing base. Within hours of Bush's comments, the Project for the New American Century, a think-tank closely aligned to the so-called neo-conservatives in the Pentagon, released a statement condemning it as a "mistake".

"Appeasement of a dictatorship simply invites further

attempts at intimidation. Standing with democratic Taiwan would secure stability in East Asia. Seeming to reward Beijing's bullying will not," it declared. Among the statement's signatories were leading right-wing figures such as William Kristol, Robert Kagan and Gary Schmitt, who have long argued that the US must take aggressive measures, including war if necessary, against China.

The Project for the New American Century exerts considerable influence within Bush administration. It counts Vice President Dick Cheney and Defense Secretary Donald Rumsfeld among its members, both of whom were instrumental in the invasions of Afghanistan and Iraq.

In April 2001, the think tank fiercely denounced Secretary of State Colin Powell for insisting that the US solve the crisis caused by a crash of a US spy plane and a Chinese jet fighter through diplomatic means. Advocating a confrontation with China, it described the negotiated release of the US crew detained in China as a "national humiliation".

Bush's statement on Taiwan, however, reflects the broader contradictions of US relations with Beijing. While some sections of the US ruling elite view China as a potential obstacle to establishing untrammelled American dominance in the Asia Pacific, many US corporations see no reason to disrupt a very profitable economic relationship with China.

Since President Richard Nixon established formal diplomatic relations with China and formed a de-facto anti-Soviet alliance in 1973, a complex interdependence has developed. China has not only become a base for low cost manufacturing, but a financier of the US budget and trade deficits. In the past five years in particular, the Chinese central bank has become a major buyer of US debt, holding an estimated \$US120 billion worth of treasury bonds.

Beijing's relations with the US elite are evident within Bush's family itself. In a recent divorce proceeding in Texas, the US president's brother, Neil Bush, admitted that he received \$400,000 in stock annually over the past five years from a Shanghai-based semiconductor company, without having any practical involvement in its operations. The head of the company is the son of former Chinese president Jiang Zemin.

Prior to Wen's meeting in the White House, the Chinese Premier was welcomed onto Wall Street to call on corporate America to continue opposing demands in the US for protectionist measures against Chinese imports.

To the applause of the American Bankers Association, he said the US should not "politicise economic and trade issues" as China's \$120 billion trade surplus with the US had brought "huge increased benefits" to major American corporations. "Of the top 500 US companies, more than 400 have come to China, and most of them are making a

handsome profit," he said.

Wen also announced that the Chinese government was reviving its previously cancelled plans to buy a new fleet of Boeing airliners, as well as resuming major wheat and soybean purchases that had been suspended in retaliation for the imposition of US sanctions on Chinese textile and television imports in November.

Bush's direct warning to Taiwan and his declaration that China was "a partner" were seen in Beijing as a major victory for Wen Jiabao's diplomacy. Bush's statement has even been interpreted in Beijing as meaning the US would not intervene to prevent a forced reunification of Taiwan with China.

A senior source in the powerful Politburo of the Chinese Communist Party told CNN on December 16: "If Chen Shui-bian were to disturb the status quo via holding referenda and other means, and we were to respond militarily, the US can't raise objections, let alone interfere. After all, Bush has already indicated unambiguous opposition to attempts by Taipei to change the status quo."

Taiwan has assumed increasing importance as a symbol of Chinese nationalism. China's integration into the global capitalist market has produced enormous social inequality and tensions. Lacking any significant base of support, Beijing seeks to rally the support of a middle-class elite by making patriotic appeals. On December 3, the Chinese military even warned that it was prepared to sacrifice economic growth and risk a boycott of the 2008 Olympic Games to prevent Taiwan declaring independence.

Bush's statement during Wen's visit has done nothing to alter the underlying conflict of interests. With the US and Taiwan elections due to be held in the coming year, the volatile relations between the US, China and Taiwan could abruptly change for the worse. As well as the Project for the New American Century ideologues, a number of US politicians—Republican and Democrat—have already seized on China's trade surplus as a convenient scapegoat for the lack of jobs and poor working conditions in the US.

If Taiwanese president Chen Shui-bian, for his own electoral purposes, presses ahead with a referendum next year, the pleasantries exchanged between Bush and Wen in Washington this month could be pushed aside rapidly.



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