

Chinese and Taiwanese presidents meet for the first time

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The presidents of China and Taiwan met in Singapore last Saturday for the first time since the 1949 Chinese revolution that brought the Chinese Communist Party (CCP) to power in Beijing and compelled the Kuomintang (KMT) to flee to Taiwan. For decades, the CCP and KMT have been bitter rivals, both claiming to represent China as a whole, in the case of the KMT as a government-in-exile.

The reconciliation of the CCP and KMT is a product of the capitalist restoration that has taken place in China since the 1970s. Both parties agree on a unified China and the KMT no longer fears that the CCP will threaten its investments and profits.

China's Xi Jinping and Taiwan's Ma Ying-jeou met under conditions of growing economic interdependence between China and Taiwan, and rising tensions throughout the region produced by Washington's aggressive "pivot to Asia" strategy aimed against Beijing. While no major agreements were reached, the meeting was highly symbolic as a step towards closer political relations.

The encounter was carefully scripted to ensure that nothing could be construed as implying a meeting between leaders of two sovereign countries. China regards Taiwan as a renegade province and has warned that it will use military means to prevent any formal declaration of independence. At the same time, to accommodate Ma's sensibilities, the two leaders had to have the appearance of equal standing.

Ma and the ruling KMT had previously pushed for a meeting with President Xi, including at the 2014 Asia Pacific Economic Cooperation summit in Beijing, but until last week, these overtures had been rejected by Beijing.

Both Xi and Ma reiterated their shared support for the "One-China" policy based on broad outlines

established in the 1992 Consensus, but differed on its interpretation.

Before the start of their meeting, Xi declared: "The strait between us cannot separate brotherly love, it cannot stop compatriots from missing their native land and hoping for family reunion."

Ma struck a similar tone, saying, "I call for [a] reduction of hostility, and for the resolution of disputes with peaceful measures." He added: "I call for enhancement of cross-strait exchange, and reinforcement of win-win." By "win-win," Ma is calling for increased economic cooperation between Beijing and Taipei.

China and Taiwan have developed close economic connections over the past two decades. Ma came to power in 2008 advocating a further deepening of ties with Beijing, falsely claiming it would benefit the Taiwanese people as a whole. The main beneficiaries have been the corporate elite on both sides of the Taiwan Strait.

Since 1991, trade has grown from \$8 billion to approximately \$130 billion annually. China has become Taiwan's largest trading partner, accounting for 40 percent of the island's exports. Taiwan's cumulative investment in China is estimated to be more than \$200 billion. Around 80,000 Taiwanese companies are located in China, accounting for some 70 percent of China's electronics manufacturing.

Ma raised the issue of Taiwan joining Chinese-led economic agreements, including the Asian Infrastructure Investment Bank (AIIB) and the "One Belt, One Road" initiative, designed to expand China's economic influence in Eurasia. Xi expressed support for Taiwanese participation in the AIIB so long as the island used "an appropriate name." Taiwan's formal name is the Republic of China, implying sovereignty

over the mainland as well.

Taiwan's overtures to China are bound up with its deteriorating economy; the KMT hopes that through closer relations with Beijing it can reverse this trend. Economic growth in the third quarter sunk to a six-year low with real GDP falling at a seasonally unadjusted rate of -1.01 percent, the first time Taiwan has recorded negative growth since 2009.

Xi's decision to meet Ma took place under growing US pressure on Beijing. Beijing is determined to block any steps towards a closer integration of Taiwan into the US "pivot to Asia" which has included a military build-up and a strengthening of alliances throughout the region. Taiwan has long relied on the US to provide sophisticated weaponry and to prevent any forcible take-over the island by China.

Following the rapprochement between the US and China that followed the 1972 meeting between Mao Zedong and President Nixon, Washington formally adopted a "One-China" policy while pledging to oppose any forcible reunification of Taiwan. The fear in Beijing is that Taiwan, which is separated from the Chinese mainland by a narrow strait, could become involved either openly or covertly in US war plans.

China maintains a "One Country, Two Systems" policy towards Taiwan, similar to that in Hong Kong. In other words, Taiwan would be integrated into China but would retain a large degree of political autonomy. The KMT represents sections of the Taiwanese ruling class who regard their economic future as bound up with China, but are concerned that integration would mean political subordination to Beijing.

The opposition Democratic Progressive Party (DPP) in Taiwan represents rival sections of the capitalist class who regard Taiwan's indeterminate status as a barrier to their ambitions to expand trade and investment globally, rather than just with China. While wary about provoking Beijing by declaring formal independence, the DPP advocates greater autonomy for the island.

DPP leader Tsai Ing-wen criticized the Xi-Ma meeting, saying: "We had expected President Ma to talk about Taiwan's democracy, freedom and the existence of the Republic of China." Tsai, who is the party's candidate in this January's presidential election, has previously called for maintaining the "status quo" on cross-strait relations.

Amid widespread dissatisfaction over deteriorating living standards, the DPP exploits Taiwanese nationalism to try to garner support by blaming China and Chinese workers for the loss of jobs. The DPP, however, is just as committed as the KMT to ensuring the competitiveness of Taiwanese businesses at the expense of the working people. Between 2000 and 2008, DPP President Chen Shui-bian implemented pro-market restructuring that led to rising unemployment and widening social inequality.

Tsai currently holds a large lead in opinion polls over her KMT opponent, Eric Chu. Chu, the KMT chairman, replaced his party's previous candidate Hung Hsiu-chu in mid-October in a bid to turn around the party's election prospects. He had hoped that the Ma-Xi meeting would help boost the KMT's standing but Tsai continued to hold a lead of more than 2 to 1 in the polls.



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