

Two Chinas? Why Not More?

ROWAN CALLICK

AS every worldly wise Australian knows, over the last 60 years our international relations have moved through four broad stages: distant British nephew, remote American cousin, then the 1980s and 1990s as the uncle eagerly strived to be accepted as 'Asian'. Now, following an early White Paper that deceptively—and lazily—proffered continuity via a focus on the Four Pillars of China, Indonesia, Japan and the US, we are moving on under the Coalition.

The 'Old Asia Hands'—the group of academics, diplomats and politicians who seized the foreign policy initiative ten to fifteen years ago—see this as heresy.

The Old Asia Hands deserve our thanks for steering us towards a greater interest and involvement in the region we inhabit, but time has moved on. Inevitably, some of them have not. Their contacts in Asian elites have in some cases been demonstrated to be unacceptably authoritarian and corrupt, administratively incompetent, economically inept, or have simply been turfed out.

Yet our own international effectiveness continues to be measured substantially against our relations with our policy-making elite's long-term peer contacts. Belligerent comments from individuals who have lost status are perceived as tantamount to national rejection; yet in many cases the 'old friends' of the Old Asia Hands are less popular with their own people than are their Australian neighbours.

The Timor involvement appeared to embolden the Howard Government to start to distance itself from the former concept of 'special relationships' earlier endorsed by its own White Paper. Most strikingly

from my perspective as a China correspondent, Howard laid out the differences with Beijing as well as the points of contact in his welcoming speech to Jiang Zemin in Canberra seven months ago.

Many warnings have been issued over the last year about the danger perceived by the Old Asia Hands of detouring in any respect from the path ordained by Beijing with respect to Taipei. Of this group, perhaps the most vigorously and consistently anti-American, and the most respectful towards authoritarian re-

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gimes in Asia, has been Malcolm Fraser. 'We have to look at' the relationship between China and Taiwan 'in a historical context', he says as he compares the situation to that of the US Civil War and, by implication, Jiang Zemin to Abraham Lincoln.

Encouraging an independent Taiwan, he asserts, will mean 'heading for a disaster of incomparable proportions'. (Although it is unclear to me just what independence means if it

does not encompass an independent judiciary, an elected parliament and president, a constitution, currency and defence force.)

This is the same figure—fêted on visits to Beijing, just as are other former Western leaders such as Ted Heath (29 visits since being removed as Tory leader)—who also attacked belated moves towards greater democracy in Hong Kong because they were opposed by Beijing and 'would be damaging to Hong Kong's continued economic success'.

We have seen Taiwan emerge through the Asian economic crisis without losing a month's positive growth—while Hong Kong, where democracy has been wound back since the handover, suffered grievously.

We have seen Taiwan's people—it is slightly more populous than Malaysia, significantly larger than Australia—reject their governing party of 50 years to elect a president, Chen Shui-bian, in defiance again of the express wishes of its powerful and aggressive neighbour. We have seen its remarkable resilience in overcoming the horrific earthquake of eight months ago, its high-tech industry centred on Hsinchu eclipsing its regional rivals.

A threat to that industry is also a threat to push the world into recession, so significant has it become as a manufacturer of components, as a researcher, and as a key collaborator with Silicon Valley where, as my colleague Brian Toohey recently related, the initials IT are known to stand for Indians and Taiwanese. David Hale has pointed out that Taiwanese companies in 1997 had the world's largest semiconductor foundries, and produced 62 per cent of keyboards, 61 per cent of mainboards, 54 per cent of monitors, 32

REVIEW

per cent of notebooks and 20 per cent of PCs. And the proportions are higher today.

In recent years, although the figures naturally fluctuate, Taiwan has tended to buy more exports from Australia than has mainland China. This position will be reinforced when—in a couple of years, we may confidently expect—Taipower starts buying LNG from Australia, several years before China's planned reception plant at Shenzhen is ready.

Yet the Old Asia Hands have reacted strongly against US support for democratic Taiwan, portraying America's urging of Australia to commit itself to offering assistance in case of military attack from the mainland as akin to drawing us in to a second, even more disastrous, Vietnam.

The situations, though, are utterly different. Taiwan is already effectively independent, a political and economic model for Asia, a successful blend of Confucian discipline with North American creativity. If Taiwan were in Africa or Europe, its independent status—105 years after last being ruled, effectively, by the power that claims it as an integral province—would never have been seriously reviewed.

Maurice Newman, the chairman of the Australian Stock Exchange, who was also chairman of the Australia–Taiwan Business Council for four years until last November, told me at the handover meeting in Taipei (Ian Sinclair is his successor) that mainland China's propaganda had been very successful in Australia, where the impression formerly given by the Government had been 'ingratiation at almost any cost'.

He said: 'What has happened through the power of the ballot box has changed the consciousness and identity of the Taiwanese for ever. But the continuing ambiguity in their status runs the risk, in the long run, of creating political instability. The opportunity costs of Australia deferring too much to China are considerable, in economic growth and

jobs, while there has been no reciprocation I can see.'

Newman said Australia and Taiwan were 'natural partners' in regional development, especially between each other's small and medium business sectors. 'Taiwan has emerged through the Asian economic crisis as a place with new dimensions, offering a sound entrée to mainland China too.'

Australian investors in the mainland, when asked about profits, tend to say: 'We're here for the long term', as they gaze into the middle distance like nostalgic curators of a Middle Kingdom palace.

Dr Joseph Wu, of National Chengchi University, told me on a visit to Taipei: 'We need to think of the entire area in a more progressive way, beyond that of Dr Kissinger in 1972' when the US began to shift its diplomatic recognition from Taiwan to China. He said that the major emerging source of regional instability was China's economic problems, and especially its growing army of unemployed, breeding 'the next round of Asia's financial crisis' and pushing the Government to become more nationalistic in response. 'Australia can play a leading role' with other countries in the region, to support China's economy and develop a new role for Taiwan, he said.

Greg Austin, of the ANU, said: 'Taiwan is lost to China, and the international community must now find a way to reconcile China to that, without war.'

Canberra, now risking a few awkward steps beyond the Old Hands' corral, is starting to attempt a redefinition of the 'one China' policy itself, rather than let Beijing's astute and aggressive diplomats make the definitions.

Most official statements start: 'There is but one China in the world'. But most people who live in Taiwan view themselves as Taiwanese first, Chinese second. Consistently, 70–80 per cent of those polled say that the Hong Kong, Macau one country/two systems formula is irrel-

evant. China has recently done little to win over those who hold such opinions; indeed, the opposite.

There are many nuanced ways in which Taiwan and China can come closer together without recently democratic Taiwan handing sovereignty back to an authoritarian one-party state. But imagination, lateral thinking and subtlety are not at a premium in party HQ in Beijing. Perhaps it will pick up again swiftly with WTO deals with the US and Europe, perhaps the party has reached the limits of its capacity to effect change without risking undermining its own rule—an unaccountable, opaque rule that is itself the chief source of the country's pandemic corruption.

But in the meantime, Ross Maddock, who runs the Australia–Taiwan Business Council, wonders why, with Taiwan and Australia both 'islands of democracy, stability and prosperity' in the region, so few Australian company chairmen and executives visit Taiwan compared with China, and why so little Taiwanese investment has been attracted to Australia—half a billion Australian dollars compared with 40 billion in China and 30 billion in South-East Asia, pointing to uncertainty about Australian attitudes.

Taiwan's *de facto* consul in Melbourne knows something about that. He told me, somewhat mournfully, that whenever he was invited to an official occasion, it appeared that the People's Republic consulate found out, called the organizers, and succeeded in having him either demoted to the lowest status table or bounced altogether. Does that mean the Old Asia Hands didn't do a good enough job—or did they do it only too well?

Rowan Callick recently returned to Melbourne after almost four years as Greater China Correspondent for The Australian Financial Review. This article is an edited version of a speech he delivered to the Institute of Public Affairs on 3 May 2000.

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