

The Benign and the Belligerent: Re-Framing Taiwan's Role in Southeast Asia's Stability

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In 1949, the Kuomintang (KMT) forces under Chiang Kai-Shek retreated to Taiwan after they were defeated by the Chinese Communist Party (CCP) under Mao Zedong—this watershed event effectively marked the start of the Cold War in Asia. During the Cold War, the prospect of Communist expansion, as evidenced by the domino theory was deemed to pose the most serious threat to Southeast Asia's political stability. By extension therefore, China was viewed as a political threat as well by Southeast Asian countries.

In order to deal with the Chinese threat, Southeast Asian states, in alliance with Western states like the United States, formed the Southeast Asia Treaty Organisation (SEATO) that was later replaced by the Association of Southeast Asian Nations (ASEAN) in 1967. The commonality between these two organisations was that both of them were anti-Communist in nature. The existence of strong anti-Communist sentiments in Southeast Asia made it logical to then assume that these states would find a natural ally in Taiwan. Yet, bilateral relations between Taiwan and Southeast Asian states were neither mature nor entrenched during this period when they shared a common cause.

With the end of the Cold War, Communism no longer poses an imminent political threat to Southeast Asian states. Furthermore, China under Deng Xiaoping not only underwent economic liberalization and adopted capitalist measures, but also ceased support for Communist parties in Southeast Asia. Communist China, therefore, is no longer the

bogeyman—as it was once perceived. As a result of these developments, it may appear that Taiwan’s window of opportunity to improve its functional working ties with Southeast Asian states appear to be closing, or has already closed, as its anti-Communist credentials cease to have any contemporary relevance or significance. However, this paper argues that it is still possible for Taiwan to play a significant role as it can still exercise a degree of ideational influence in maintaining stability in Southeast Asia. Firstly, the paper will establish how Taiwan’s localization (*bentuhua*, 本土化) policy helps to alleviate the ethnic tension Singapore faces from Malaysia and Indonesia, and in so doing, indirectly contributes to regional stability. Secondly, Taiwan, by establishing its own identity that is distinct from China allows it to emerge from the mainland’s political shadow and to take on a more active role in international society. Given the inherent antagonism between China and Taiwan, the latter’s emergence from China’s political shadows makes the former an ideal candidate as the counter-weight in developing a balance of power in Southeast Asia designed to check the growing Chinese political influence there.

I. Colonial Legacy, Contemporary Repercussions: Relevance of Taiwan’s *Bentuhua* to Singapore

From Singapore’s perspective, Taiwan’s localization (*bentuhua*) policy has much relevance and significance for it. This Taiwanese policy provides the evidence that strongly vindicates Singapore’s continual struggle to convince both Malaysia and Indonesia that ethnic identity and political identity need not be congruent, thereby reducing the ethnic tension that has been a blight on Singapore’s relations with these two states since its independence in 1965.

Sir Thomas Stamford Raffles founded modern Singapore in 1819. Prior to the British presence, mostly Malays inhabited the island. The British establishment of a free port in Singapore created increased economic opportunities that attracted many migrants, most of them ethnic Chinese

from China, to the island. As a result of this development, Singapore underwent a major demographic transformation; ethnic Chinese soon displaced the indigenous Malays to become the dominant ethnic group. This trend continues to present-day Singapore. As Mauzy and Milne point out, Singapore suffers from a “double minority” setting: the Chinese are a majority in Singapore, but a minority in the region; the Malays are a minority in Singapore but a strong majority in the immediate region (Mauzy and Milne 2002: 99-100).

Singapore's reputation as a regional outsider has also been in part encouraged by the actions of its policymakers who generally acknowledge the year 1819 as the starting point of Singapore's founding history. As an ethnic anomaly with a large Chinese majority in the region, it might be possible for Singapore to moderate its image as an outsider by emphasising its pre-colonial Malay heritage. However, as Rahim correctly points out, Singapore's political leadership has a policy of downplaying its Malay heritage and history (Rahim 1999). Her argument is directly supported by Rajaratnam, Singapore's first Foreign Minister, who stated in 1990 that:

*“There is no shared past for us before 1819 when Raffles landed in Singapore and opened the island's doors to people from the four corners of the earth. Our memories before 1819 go back to different lands, different times, different histories and different peoples. These are memories that Singaporeans cannot share collectively. Our common memories are the joys, sorrows, disappointments and achievements since 1819. This is our only and relevant history to shape and guide our future. The history before 1819 is that of ancestral ghosts.”*¹

The repression of the Republic's past Malay heritage indicates that Singapore is not entirely at ease with its pre-colonial history. Focusing on the post-1819 history, Singapore is indirectly playing up its Chinese roots since ethnic Chinese constitute the majority of its population from then on.

¹ “S'pore's Future Depends on Shared Memories, Collective Amnesia,” *Straits Times*, June 20, 1990.

Moreover, Lee Kuan Yew also acknowledged in his memoirs that “No foreign country other than Britain has had a greater influence on Singapore’s political development than China, the ancestral homeland of three-quarters of [Singapore’s population].”(Lee 2000: 573) As a result of the sizeable presence of ethnic Chinese and their dominant culture in Singapore, it has thus been perceived by both Malaysia and Indonesia to be an outsider in Southeast Asia, and this perception has continued to cloud Singapore’s bilateral relationships with them (Singh 1999: 17).

Due to Singapore’s inverse ethnic ratio in relation to the region, Singapore has therefore sought to establish and consolidate an identity that distances it from being viewed as a real or imagined Chinese satellite state by Malaysia and Indonesia. As early as 1966, Lee Kuan Yew warned of the political risks Singapore faced if it was perceived to be a Chinese state by regional states:

“If you want a Chinese chauvinist society, failure is assured. Singapore will surely be isolated. But even if you are not isolated and you extend your chauvinistic influence to our neighbours, they will, if they find no way out, join up with another big neighbour to deal with you.” (Singh 1999: 19)

In order to maintain regional viability and its own regional viability, Singapore therefore sets out to project an identity that is different from China. Likewise, Taiwan, over the past twenty years, has also sought to accomplish this same goal through the policy of *bentuhua*, and its outcome is pertinent to Singapore’s situation.

II. *Bentuhua* Policy in Taiwan

Makeham defined the policy of *bentuhua* to represent “a type of nationalism that champions the legitimacy of a distinct Taiwanese identity, the character and content of which should be determined by the Taiwanese people.”(Makeham and Hsiau 2005: 1) Under the *bentuhua* process, Taiwan strives to achieve its own national and political identities that are separate

from China.

In 1949, the KMT lost the civil war and formed a government-in-exile in Taiwan. The KMT regime then was dominated by mainland elites who perceived the KMT to be the legitimate government of both the Republic of China (ROC) and the People's Republic of China (PRC). However, as more and more Taiwanese were born in Taiwan, this demographic development meant that the islanders became an increasingly significant political force in the ROC. The islanders perceived themselves to be different from the mainland Chinese in Taiwan. As a result of this demographic change, the KMT introduced the *bentuhua* policy to appeal to the increasing number of islanders in Taiwan. This is because they have little to no emotional ties with China, who then perceived the KMT, whose senior ranks were dominated by Mainlanders, to be less representative of the general population. The KMT's fundamental aim of *bentuhua* therefore, was to find common political ground among these two groups (Horowitz, Heo and Tan 2007: 9).

Apart from the increasing numbers of islanders, the growth of the *dangwai* (黨外) movement was also another catalyst that accelerated the pace of democratic reform and reorganisation in Taiwan by the KMT. As a result of the democratisation process, Taiwan began to acquire an overall identity that became increasingly different from China, so much so that "Chineseness" is no longer perceived to be the core element of Taiwanese identity (Wang 2005: 56). Although Taiwanese and mainland Chinese belong to the same ethnic group, the *bentuhua* policy has resulted in these two groups developing significantly divergent political identities over the past 20 years.

In Lee Teng-Hui's commencement address at Cornell in 1995, he described Taiwan's unique political and cultural development over the years as the "Taiwan Experience." He elaborated that:

"By the term Taiwan Experience I mean what the people of Taiwan have accumulated in recent years through successful political reform and economic development. This experience has already gained widespread

recognition by international society and is being taken by many developing nations as a model to emulate. Essentially, the Taiwan Experience constitutes the economic, political and social transformation of my nation over the years; a transformation which I believe has profound implications for the future development of the Asia-Pacific region and world peace.” (Lee 2005)

Politically, Taiwan under the Chiangs was an authoritarian state. Taiwan’s political culture was therefore, largely similar to that of mainland China. Economically though, Taiwan was vastly different from China. Taiwan has always been a capitalist economy whereas China is still officially a socialist economy today. However, with the implementation of *bentuhua*, Taiwan began its democratisation process and its political culture changed accordingly, such that in recent years, democratisation has become the defining trait of *bentuhua*;² economic differences are no longer the defining characteristic which separate Taiwan from China.

III. Congruent Culture, Divergent Destinies

Taiwan’s emphasis on the divergence between ethnic and political identities through *bentuhua* is very pertinent for Singapore. Within Southeast Asia, Malays constitute the ethnic majority. Although there are ethnic Chinese in every state, it is only in Singapore that they constitute the majority in the population. At the same time, Singapore’s political administration is largely dominated by Chinese. As such, the Chinese in Singapore are able to have greater room to express their Chinese identity and culture. Lee Kuan Yew has also gone as far as to argue that Singapore is the only place in Southeast Asia where ethnic Chinese are not discriminated against and can hold their heads up high (George 1974: 169). However, this development does not mean that Singapore is, by default, a Sinic outpost in

² Teng-Hui Lee, “What actually is the goal of Taiwan’s democratization? Speaking simply, it is the ‘Taiwanization of Taiwan’ (台灣的本土化).” (Jacobs 2005: 17)

Southeast Asia, or a “kinsman country” of China.³ This potential for ethnic identity and political identity to be perceived as congruent by regional states is the predicament confronting Singapore. From Singapore’s perspective, cultivating closer relations with Taiwan can play a part in serving as a buffer for such misperceptions. This is because, Taiwan, by continuing to champion for its own individual political identity that is distinct from China, emphasises that even though both Taiwan and China do share a common ethnic identity, this development does not necessarily mean that both entities are, in fact, the same.

To complicate matters further, China has a history of using the term “Overseas Chinese” in a general and ambiguous manner to refer to both Chinese citizens residing overseas and ethnic Chinese who are citizens of other countries (Suryadinata 1985). Fitzgerald writes that one of the ways the CCP in the past uses the term “Overseas Chinese” is to denote “mainly Chinese nationals but also including all those who still maintained some attachment to the Chinese homeland.”(Fitzgerald 1972) These perceived linkages that were thought to exist between ethnic Southeast Asian Chinese and mainland Chinese in the 1960s when many of the Southeast Asian states gained their independence were very strong. Rosenau posited that the key explanation was because:

“For various reasons the Chinese in Southeast Asia have become leading merchants of these countries and in turn, are subject to oppressive taxation and discrimination in many ways. They naturally turn to China for protection [...]. Hence, this minority group becomes involved in the eyes of the dominant majority in these countries, a potential fifth column, to which is added the problem of whether or not the Communist Party will succeed in organizing these Chinese minorities.” (Rosenau 1967: 42-43)

A consequence of the Chinese government’s loose usage of this term

³ This term is used repeatedly in the chapter “China: The Dragon with a Long Tail” of Lee Kuan Yew’s memoirs (Lee 2000).

was that the Malay majority then viewed ethnic Chinese in Southeast Asia with distrust. The Southeast Asian governments therefore, were worried about the political loyalties of their ethnic Chinese. More recently, the Chinese government has also at times referred to overseas ethnic Chinese as "diaspora." The term "diaspora" has specific connotations that are at odds with the present geopolitical realities of nationhood and sovereignty in Southeast Asia. By referring to the overseas Chinese as "diaspora," it suggests that the ethnic Chinese regard China, and not the present states they inhabit in, as their "homeland". The Chinese government has chosen terms that indicate that they perceive these overseas Chinese as pseudo-Chinese nationals who are merely based overseas.

Even though the vast majority of ethnic Chinese in Southeast Asia are now citizens of the various Southeast Asian states, mistrust by the Malay majority towards the Chinese minority has not been completely eradicated. Historically, the overseas Chinese were more attached to China. They went overseas to regions like Southeast Asia just to seek better employment opportunities and still considered mainland China to be their homeland. As such, these ethnic Chinese who were based overseas were still deeply involved with China's political developments. Hence, they contributed financial and material resources towards Sun Yat-sen's efforts during the 1911 Revolution in China.

This historically based national inclination of the overseas Chinese is no longer applicable now. However, this outdated perspective has yet to be completely eradicated even in the contemporary context. This is because this notion provides the [flawed] legitimacy for the various regional governments to continually discriminate against the ethnic Chinese based on their potentially suspect political inclinations and allegiances. In a similar vein, older ethnic Chinese who had received a Chinese education and therefore have a stronger Chinese cultural background in Singapore are still sometimes regarded by regional states to be Chinese nationals rather than Singaporeans (Suryadinata 1985: 18-19). This development is very real. For

instance, Lee Kuan Yew did not mince his words and described the suspicions regional state have towards Singapore as “visceral,” (Lee 2000: 599) because the indigenous peoples of Southeast Asia will always distrust the ethnic Chinese among them (Lee 2000: 600).

The real or perceived existence of pan-Chinese sentiments under China's aegis give the Malaysian and Indonesian governments due cause to question the political loyalties of their ethnic Chinese populations. A corollary development would be for these two states to view Singapore to be potentially politically suspect since ethnic Chinese constitute the majority of its population.

IV. Perceptions and Misperceptions

The image of ethnic Chinese in Singapore and in the region described above is an outmoded one that is not accurate.⁴ However, it must be acknowledged that “It is an undeniable privilege of every man to prove himself right in the thesis that the world is his enemy; for if he reiterates it frequently enough and makes it the background of his conduct, he is bound eventually to be right.” (X 1947) Hence, if Malaysia and Indonesia both have a pre-conception of Singapore as a Sinic outpost, Singapore would be perceived as one and fall victim to this confirmation bias. As a result, the Republic must then go the extra mile to falsify this hypothesis. However, Jervis rightly argues that this objective is difficult to achieve since “[accurate] images are not automatically accepted, especially when the perceiver has reason to believe a state would like an image accepted whether it is accurate or not.” (Jervis 1970: 11) Boulding supports Jervis' stance by arguing that political elites generally interpret and perceive political developments in a haphazard manner, as the process of reality formation is based largely on “a

⁴ Lee Kuan Yew asked Vietnamese Prime Minister Pham Van Dong why he had problems with the ethnic Chinese in Vietnam. Pham Van Dong's “blunt answer was that, as an ethnic Chinese, [Lee] should know that ethnic Chinese would always support China all the time, just as Vietnamese would support Vietnam, wherever they might be.” See Lee (2000: 599).

melange of narrative history, memories of past events, stories and conversations, plus an enormous amount of usually ill-digested and carelessly collected current information." (Boulding 1968: 9)

Goh Chok Tong, speaking on Singapore's need for a credible defence force, made some comments that could easily be misinterpreted by political elites in the region to mean that nationality is not a durable identity, which provides a possible explanation that is highly applicable to explaining why Malaysia and Indonesia's continually distrust Singapore:

"I was born a British subject. Before I could even walk, the Japanese dropped their bombs on Singapore. Soon Singapore fell, and I became, I suppose a Japanese subject. The Japanese lost the war in 1945. Singapore was returned to the British, and I became a British subject again. In 1959, when I was still in school, I became a Singaporean citizen. In 1963, when I was in the university, I became a Malaysian when Singapore became part of Malaysia. Two years later, soon after I started work, I reverted to Singapore citizenship. So, all in all, I have changed nationality five times!" (Goh 1986)

Even though Goh's nationality has changed many times before, his ethnicity is permanent and has not changed. The permanency of ethnicity, in contrast to the Goh's implied transient nationality, is the crux of the issue that sullies Singapore's bilateral relations with both Malaysia and Indonesia. Singapore is unable to obscure its Chinese ethnicity and so it cannot afford to acquire the reputation of being under China's political sway, which would prove detrimental to the former's regional well-being. However, what Singapore can do is to emphasize the distinction between its political identity and ethnic identity. This is the area where closer relations with Taiwan can play an important role.

With the *bentuhua* policy, Taiwan has managed to successfully establish and consolidate its own unique identity that is different from China. This development has the potential to reduce the structural tension Singapore faces in the region because of historical misperceptions over the political

allegiances of the ethnic Chinese there. As Schelling rightly argues, “words are cheap [and] not inherently credible ... actions ... prove something; significant actions usually incur some cost or risk, and carry some evidence of their credibility.”(Schelling, 1966: 150) Thus, even though closer relations with Taiwan will elicit significant opposition from China, it is still important for Singapore to persist in this course of action.

V. China: View from the South

Historically, Southeast Asian states were generally wary of China. Prior to the Republican revolution, relations between imperial China and the various Southeast Asian countries were based on a “tribute system.” The fundamental characteristic of the tribute system is the explicit acknowledgment of the various Southeast Asian countries’ acceptance of China as the hegemonic power in the region. With the growing military and economic strengths of the European states during the last years of the Qing dynasty, China’s influence in the region declined accordingly. With decolonisation and the subsequent independence of Southeast Asian states after World War II (WWII), their relations with China remained uneasy. Although China no longer claimed to their overlord, its Communist political system and its support for Communist parties resulted in the perpetuation in the perception by Southeast Asian states that China continues to be a political threat.

In order to confront the Communist problem, regional states formed ASEAN. It was founded in 1967 and this regional organisation has entered into its fourth decade of existence today. However, ASEAN was not the first multilateral organisation in the region. SEATO was the first such organisation in the region. However, both organisations were anti-Communist in nature as they were founded on the express aim of containing the growth and spread of Communism from China to Southeast Asia during the 1950s and 1960s. This was because even though China—with the exception of its explicit support for its North Vietnamese Communist

counterpart during the Indochina conflict—did not offer much concrete and substantial material support for Communist parties in Southeast Asia, such as the Communist Party of Indonesia (PKI) and the Malayan Communist Party (MCP). China did still maintain organisational and symbolic links with its Communist counterparts in Southeast Asia (Suryadinata 1985: 126-131). Due to China's continued support for these Communist parties, Chinese actions were interpreted by Southeast Asian states to be an act of interference in their domestic politics, which prevented the establishment of normal ties with China. However, since the late 1970s, China under Deng Xiaoping's economic liberalisation policy has remained socialist in name only, and not in its deeds; more significantly, China under Deng has also ceased support for Communist parties in Asia.

Although China is no longer an overt political threat, its growing influence in the region has been a cause of concern for Southeast Asian states. According to Singapore's elder statesman Lee Kuan Yew, he said in a recent interview with the *International Herald Tribune* that China's growing influence in Southeast Asia is made more pressing given the United States' current preoccupation in the Middle East, which may cause the United States to possibly neglect developments in Southeast Asia (Mydans and Arnold 2007). In the same interview, Lee also talks candidly about the Sultan of Brunei's visit to China approximately 10 years ago. The Chinese officials took the Sultan to visit his great-great-grand father's mausoleum in Nanjing, who died while presenting tribute to China. To Lee, the Chinese action was an explicit way of reminding Brunei of both China and Brunei's place within the Asian hierarchy of states in the past respectively (Apcar, Arnold and Mydans 2007). The pressing issue confronting Southeast Asian states now is that with the rapidly growing Chinese economic might, the Middle Kingdom may yet re-assert its previous dominance in the region in the not too distant future.

VI. Regional Balance of Power

It may be possible for Taiwan to exploit China's expanding influence in Southeast Asia to increase its own interaction with the region. This is because Taiwan is in a good position to potentially serve as an ideational variable for Southeast Asian states to test China's claim of its peaceful rise, and in so doing, to also become a counterweight in the regional balance of power. This is because Taiwan's *bentuhua* policy has allowed the latter to cultivate its own identity, thereby making it possible for it to play a more pronounced role in international society. Firstly, the fundamental reason for Taiwan to undertake *bentuhua* arose from the need to distance itself from Chinese influence. Furthermore, Taiwan's inherent antagonism towards China makes it a natural candidate to want to have a balance of power relationship, which might serve as a check on China. Secondly, this Taiwanese-centric balance of power policy in Southeast Asia against China might be possible to realise because this region does not pose a serious and direct threat to China politically, economically or strategically. Southeast Asia therefore, provides a "safe" environment for the potential falsification of the Chinese hypothesis of a peaceful rise. For instance, Japan is not a good candidate as its action in this aspect is very likely to upset the present status quo, which would have serious geopolitical ramifications for the region as a whole.

Although Southeast Asian states do not perceive China as an expansionist power currently, there are concerns that China may adopt an increasingly assertive foreign policy that may upset the prevailing regional political status quo in the future (Whiting 1997: 299).⁵ Thus, even though China's rise has thus far been a peaceful one, the events in 1995-6, namely that of Chinese military activities in the Taiwan Straits and the occupation of Mischief Reef served to remind Southeast Asian states that China still poses

⁵ For instance, China's increased activism in the international system can be seen by its efforts in the Six-Party talks with North Korea and Chinese pressure on Burma over its recent crackdown on protestors.

a potential security threat to regional stability. There are therefore, potential political benefits for Southeast Asia to contemplate initiating a regional balance of power involving Taiwan through establishing closer relation with the latter. Moreover, this theoretical development is also plausible given that historically, Southeast Asian states' relations with China have been antagonistic. As Whiting observes, from the Southeast Asian states' perspective:

"...the negative record of past relations [...] reduces confidence in present PRC protestations of peaceful intent. Successive "memory layers" laid down over centuries of interactions with this powerful neighbour converge, particularly among the South China Sea states, so as to prejudice the credibility of declared Chinese positions on mutual cooperation. Thus past attempts at hegemony, real or recalled, cast a shadow of potential Chinese domination in the future." (Whiting 1997: 302)

With the next Olympics set to be held in China less than a year to go, it may now be an opportune time for Taiwan to begin its charm offensive in Southeast Asia, and convince them to balance against China, rather than to bandwagon with the latter. China wants to minimise any negative publicity during this period, which presents Taiwan with more political and diplomatic leeway to court Southeast Asian states. The last Olympics held in South Korea in 1988 helped to escalate the democratisation process that ushered in the end of authoritarian rule there. Although it is extremely unlikely for the same development to take place in China, the Olympics may yet bring about minute changes that would make China become slightly more politically liberal (Yardley 2007). For example, there appears to be a casual link between increased negative international glare transfixed on China with the publications of articles like "The 'Genocide Olympics'" (R. Farrow and M. Farrow 2007) in the *Wall Street Journal* and China's subsequent support for the United Nations (UN) resolution for the deployment of peacekeepers to Darfur in Sudan. Hence, this theoretical

scenario could potentially increase the likelihood of Taiwanese success in bolstering ties with Southeast Asian states as China in this context is less likely to pursue overly punitive actions to check Taiwan's advance in this area at this time.

In recent years, Southeast Asia has increased its interaction and engagement with China, a development which has also coincided with the latter's more active foreign policy in Asia (Medeiros and Fravel 2003), through various ASEAN-centric multilateral institutions such as the East Asian Summit (EAS) the ASEAN Regional Forum (ARF), and the ASEAN + 3 grouping. As the largest and most populous state in East Asia, it is important for Southeast Asian states to institutionalise diplomatic channels that are available to interact with China (Ba 2003: 629). Conversely, as an aspiring, and rising power, it is detrimental for China to be perceived by regional states as a revisionist state that seeks to impose hegemonic control in the region. As such, continual participation in these organisations is also very important to China as well. This is because as an aspiring superpower, China seeks international legitimacy within the international community. Since Southeast Asian states do not pose any direct political or military threat to China, its reaction to Southeast Asian states' closer alignment with Taiwan therefore, has to be a measured one. If China's actions against Southeast Asian states are deemed by the international community to be too forceful, China would acquire an image of being "destabilizing and aggressive," thereby "justifying discrimination and motivating hostile balancing" by other states (Deng 2006: 187).

In order for this Taiwanese scheme of balancing against China to be successful, it is necessary for ASEAN to act collectively, and there are signs that it is indeed possible for ASEAN to act uniformly. For instance, in the recent unrest in Burma, Lee Hsien Loong, Singapore's Prime Minister urged ASEAN leaders to issue a joint statement condemning the Burmese military junta's actions, which they did soon after (Aziz 2007). Even though ASEAN operates on the basis of consensus and non-interference, and was formerly

described as a “gentlemen’s club,”⁶ the organisation is now gradually becoming more politically assertive. Hence, ASEAN’s image of increasing assertiveness makes it possible to contemplate that the organisation may be able to play, or at least be seen to play, a more active political role in the future.

VII. Images: Integrity and Illusion

Image is an important concept in foreign policy analysis. In the simplest terms, a state’s (or a group of states like ASEAN) image is how other states perceive it to be. In other words, a state’s image signals a behaviour that allows other states to be aware of its intention. The main use of image, as Jervis puts it, is to shape and inform beliefs about a state, and in so doing, influences other states to act in a certain way that allows that particular state to accomplish its objectives without incurring high opportunity costs (Jervis 1970: 3-4). A positive image, therefore, is a conduit that allows states to pursue and reach their goals “on the cheap.” (Jervis 1970: 4) States, therefore, can be expected to endow much importance and significance to the conclusions and perceptions that another state may draw from how they are expected to resolve and handle a particular issue, rather than the intrinsic value of that specific issue itself (Jervis 1970: 4). This observation provides a possible explanation as to why it is possible for Taiwan to convince Southeast Asian states to establish closer ties although such action may initially appear to be contrary to their collective interests.

China’s political and economic strengths are growing very rapidly and Taiwan is in no position to match China’s influence in the international system. As such, it does appear that ASEAN is paying a high price just to secure a minor symbolic victory. However, rather than jumping to the conclusion that states, which are party to these behaviours, are not fully aware of the role of power and behaving irrationally. It may be more accurate to characterise Southeast Asian states as being able to make the

⁶ “Budget Aims to Push Economy Forward: PM”, *Straits Times*, January 16, 2006.

distinction between short-term losses and long-term gains. This is because closer alignment with Taiwan can be interpreted as a tool for maintaining their international image, which might help them to pursue other more important and long-term goals. From the perspective of the Southeast Asian states, closer alignment with Taiwan signals their intention not to be drawn into China's growing orbit. However, it must be acknowledged that China's rapidly growing economic strength and political influence makes it increasingly difficult for Southeast Asian states to maintain their distance in the future. Therefore, it is advisable for them and Taiwan to start this process earlier as opposed to later when China becomes even stronger, which would make this scheme even more difficult to achieve.

VIII. Taiwan and Southeast Asia: Economically Symbiotic Relationship

Despite China's growing strength, there is still much Taiwan can do to strengthen its existing ties with Southeast Asian states. For instance, although China's economic indices are very strong now, too many volatile variables are involved and so it not quite possible for any analysts or commentators to confidently predict that China's strong current economic growth will necessarily persist into the future at the same rate. On the other hand, Taiwan's economy is on a more stable footing and has demonstrated a relatively positive track record in weathering various international economic crises generally better than the Southeast Asian states. For instance, Taiwan's economy was generally insulated from the financial troubles that plagued Southeast Asia in the mid 1980s and late 1990s. From this perspective, Taiwan's economic management and governance standards are higher and more developed than those existing in most of the Southeast Asian states, which provides an opportunity for Taiwan to provide economic management assistance to these states.

Taiwan is able to do so because even though it has limited participation in international institutions like the United Nations and various

ASEAN-driven organisations, Taiwan is a member of the Asian Development Bank (ADB), World Trade Organisation (WTO) and the Asian-Pacific Economic Cooperation (APEC). These are arguably the most significant international groupings within the global economic realm from Southeast Asia's perspective. Memberships in these multilateral institutions provide Taiwan with a ready platform to bolster its quest to gain international diplomatic space and exposure. Taiwan must then strive to make the best use of these existing opportunities available to it to at least cement, if not institutionalise relations with Southeast Asian states.

Thus far, Taiwan has not been able to participate in any of the ASEAN-driven organisations. This is because these organisations do not want to risk the incurring the displeasure and causing China's subsequent absence from any of these summits since the primary objective of establishing these summits is to provide more channels to engage China in the first place. However, if Taiwan can increase its economic presence in ASEAN states, this development could allow Taiwan to partly circumvent the difficulties the latter has experienced in multilateral diplomacy. This is because if Taiwan is able to play a major economic role in the region through bilateral arrangements, even though it may not be able to participate in these multilateral institutions directly, Taiwan could still potentially stay engaged through "proxy diplomacy." For instance, Taiwan is the largest foreign investor in Vietnam. As such both countries are expected to have established close economic relations. Thus, given Taiwan's sizeable economic investment in Vietnam, it could be reasonably expected that Vietnam would directly look after Taiwanese interests and serve as a surrogate vehicle for the voicing of Taiwanese concerns. This is because if Taiwan's economic interests were to be prejudiced against, it would be expected that Vietnam's would be indirectly affected as well.

This economically symbiotic relationship between the investor and recipient countries provide an indirect platform for Taiwan to stay engaged with the various ASEAN-centric multilateral institutions. Although it must

be admitted that “proxy diplomacy” is not the most effective way for Taiwan to maintain its involvement in the region (Leifer 2001), nevertheless, it is arguably the most workable solution that is acceptable to China in the near future. From this perspective, it is vital for Taiwan to both broaden and deepen economic relations with Southeast Asian states because the more economically dependent Southeast Asian states become on Taiwan, the greater leverage Taiwan has over them (Chen 2002: 89).⁷

Despite China's recent meteoric economic rise, Taiwan has a substantial head start over China in terms of economic investment in these states. Moreover, in terms of official diplomatic recognition, China's overall diplomatic relations are also not as entrenched and developed since it was only in the early 1990s that the ASEAN-5 officially recognised China. Even though these five states are not likely to switch official diplomatic recognition from China to Taiwan, it is still possible for Taiwan to stay engaged with the region by exploiting and inhabiting the interstices that exist most notably in the realm of low politics-such as in the economic sector.

IX. Maintaining the Symbiotic Relationship

Although Taiwan has traditionally been, and continues to be a major investor in Southeast Asia, Taiwan has been channelling more capital, in terms of both relative and absolute amounts, to China than to Southeast Asia since 1991, with 1997 being the sole exception to this trend (Chen 2003: 83-84). In order to make the Southeast Asian states want to forge closer links with Taiwan, it must provide substantial economic incentives to entice these states. Hsueh notes that currently “there are few economic and political incentives” present to cause some Southeast Asian states to rethink (Hsueh,

⁷ This stand is supported by Leifer's argument that senior Southeast Asian politicians' visits to Taiwan “in the face of Beijing's objections, have been driven by economic considerations. Such was the case, for example, in November 1997 when Malaysia's prime minister, Dr. Mahathir Mohamad, and Singapore's prime minister Goh Chok Tong, made successive visits within 24 hours to Taipei to meet the prime minister, Vincent Siew.” (Leifer 2001: 182)

2006: 179).

The most effective way at Taiwan's disposal to accomplish this objective is through increasing its investment in Southeast Asia; Taiwanese investment ought to not only "Go West, but also Go South." (Chen 1996) Incidentally, this is also the view of Wu Rong-I, president of Taiwan Institute of Economic Research (TIER), who strongly advocates such an approach to reduce Taiwan's dependence on the mainland (Hsueh 2006: 170). China attracts a lot of Taiwanese capital because China has a vast supply of cheap labour and a large domestic market. At the same time, Taiwanese investors do not encounter any language or cultural barriers in China when they operate in China. More importantly, investing in China allows Taiwanese enterprises to achieve comparative economic advantages that may not be fully realised in Southeast Asia. This is because Taiwanese firms can shift the labour intensive sectors to China and concentrate on the research and development aspects in Taiwan whereas Southeast Asian states are now increasingly focusing on capital-intensive rather than labour-intensive industries. As a result, the current economic conditions in Southeast Asia are perceived to be less attractive for Taiwanese investment to those available in China.

Even though economic liberalisation in the past two decades have made it easier and more attractive for Taiwanese firms to invest in China, it is still in Taiwan's interests to continue its strong economic relationship with Southeast Asia through continued investment in the region. This is because the over-concentration of investment in the Chinese market may expose Taiwan to increased risks; diverting investment to Southeast Asia is a way for Taiwan to spread and reduce the risks that range from cross-Strait issues to health concerns such as SARS, and to product safety concerns that could turn volatile very rapidly that Taiwan faces currently (Berger and Lester 2005: 27).

Despite the increased economic interdependence between Taiwan and China, this development has not necessarily ameliorated the cross-Strait

tensions. For instance, President Chen Shui-bian's approval for Taiwanese semiconductor manufacturing firms to relocate to the mainland has encouraged closer and more entrenched economic integration between China and Taiwan. Yet, closer economic links have thus far failed to noticeably reduce the cross-Strait political tension. For example, direct postal, flight and shipping links between Taiwan and China still remain restricted; economic imperative has yet to overcome the inherent political differences associated with the problematic cross-Strait ties. Despite the high degree of economic interdependence, disagreements over the meaning of "one China" and China's recent diplomatic offensive to win back states that recognise Taiwan in the South Pacific and Africa have caused Chen to not only assert Taiwan's de facto independence, but also move towards declaring de jure independence, since he has on various occasions said that Taiwan would "go its own way" and that there is "a country of each side" of the Taiwan straits (Associated Press 2007). These examples show that it is both politically and economically risky for Taiwan to continually invest in China, and thereby opening itself to be potentially held hostage by China, at the expense of neglecting other places like in Southeast Asia. This is because increased economic interdependence may bring about possible increased Chinese influence on Taiwan as opposed to the reduction of cross-strait tensions in the future (Leng 1998: 497-499).

X. Conclusion: Carpe Diem

Taiwan's relations with Southeast Asian states have thus far been hampered by their fear of incurring the Chinese wrath. Geopolitical considerations during the Cold War presented Taiwan with the opportunity to consolidate its ties with these states. Even though Taiwan did not manage to accomplish this objective then, the current rise of China may yet present Taiwan with another opportunity at establishing closer ties with Southeast Asian states. In order to do so, Taiwan has to put forward a value-proposition package, which focuses on the potential roles Taiwan can

play in maintaining regional security that appeal to Southeast Asian states. Taiwan, through the *bentuhua* policy, can present itself as a very concrete example for Singapore to impress upon Malaysia and Indonesia that ethnic identity and political identity need not necessarily dovetail with each other. For the Southeast Asian region as a whole, Taiwan can put forward the counter-argument that cultivating closer ties with it can put in place a regional balance of power, which serves the symbolic purpose of signalling to China that the region is wary of the growing Chinese influence in the region. A corollary development of the above development would be that the region's closer ties with Taiwan, in the face of Chinese opposition, serves as a test to either validate or falsify China's oft-repeated claims to peaceful rise. If the hypothesis is validated, then it could be expected that Taiwan would be able to have improved relations with the region. If the hypothesis is falsified, then it would cast China in a less than favourable light, which would be in both the region's and Taiwan's favour since other states would then be more likely to balance against China's growing influence. In conclusion, international relations theories and their analyses tend to be post-predictive. In order for Taiwan to gain international legitimacy and exposure, it has to remain pragmatic and flexible, always ready to utilise any developments and changes within international society to further its cause. Successes may not come soon or often enough, and as Lee Kuan Yew once said about the constraints Singapore faces in its foreign policy, "In an imperfect world, [a state has] to search for the best accommodation possible. And no accommodation is permanent. If it lasts long enough for progress to be made until the next set of arrangements can be put in place, let us be grateful for it." (Leifer 2000: 162) His sentiments are equally applicable to Taiwan's context.

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