THE MAGIC OF THE “1992 CONSENSUS”: As Seen from the Legal & Political Standpoints
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Abstract
The epithet “magic,” in the narrow sense, refers to a crucial factor in securing President Ma Ying-jeou a second term in Taiwan’s January 2012 election, despite scattered doubts beforehand about his chances of winning. This paper explores how, and why, his masterful use of the 1992 Consensus (between Taiwan and the mainland) as a campaign issue (nay, stratagem) helped in defeating an opponent who denounced the cross-Strait oral agreement and its strategic value for Taiwan in dealings with the mainland. It begins by examining the three legal questions bedeviling Taiwan’s relations with the mainland that the 1992 Consensus purports to resolve (or put aside). In doing so, it also takes note of Ma’s track record, during his first term in office, in turning a new page of cross-Strait relations by cashing in on the options made possible under the said Consensus. What made this accomplishment possible bespeaks the “magic” of the 1992 Consensus in a broader sense.

Introduction
By its outcome, the 2012 Presidential Election in Taiwan was considered by many commentators as a referendum on the 1992 Consensus, an oral agreement reached under an earlier KMT administration with the mainland. To be more exact, the election result represented voters’ recognition of what President Ma Ying-jeou (Yingjiu) was able to accomplish during his first term, in cashing in on the potentials made possible under the 1992 oral agreement. To fully appreciate this point, we need to recall the wretched state of the cross-Strait relations that characterized the eight year presidency (2000-2008) of Chen Shui-bian, Ma’s predecessor. Chen’s (and his DPP party’s) espousal of Taiwan as a separate sovereign entity spelled a blatant denial of the One China principle. It called for the overt advocacy of “one (sovereign) state on each side” of the Taiwan Strait (in effect a “two states theory”), a total anathema to Beijing. His bold move provoked harsh reactions from the mainland as well as reservations from Washington.¹ As a result of mainland China’s counter-maneuvering in retaliation, the island experienced a frustrating period of decline in economic growth and discomfiture in diplomacy.

¹ Secretary of State Colin Powell was prompted to reiterate the U.S.’s “One China” policy, and President Bush even called Mr. Chen a “trouble maker,” when welcoming PRC Premier Wen Jiabao at a joint press conference on the White House lawn, in December 2003.
Whereas Taiwan used to be at the forefront of the bubbling economies of the Four Asian Tigers, it began to slip until it fell well behind all others in the group, in terms of economic vitality and growth. The plight precipitated by Chen’s venture bespeaks the intricate tangle surrounding Taiwan’s legal status vis-à-vis the mainland and the conflict it spawned since 1949. The tangle encompasses three inter-related legal issues, namely: (a) the island’s legal status (i.e., whether it was legally returned to China by Japan after the end of World War II); (b) the specific meaning of the One China principle (i.e., which of the two rival regimes represents the One China); and (c) the legality of the island’s relationship with the mainland. The tangle is hard to crack, first, because both sides across the Taiwan Strait – i.e., the Republic of China (ROC) that relocated to Taiwan after losing the civil war, and the People’s Republic of China (PRC) that won the civil war in 1949 — claimed their respective right to represent the whole of China. Secondly, unless this question is settled, the legal status of the cross-Strait relationship between the two sides remains in a limbo. And, thirdly, the tangle was made more complicated by the claim of the Taiwan separatists, who argued that the island was not legally “returned” to China, since under relevant international instruments (including the 1951 San Francisco Peace Treaty) Japan merely “surrendered” all territories it occupied other than its four principal islands (plus other surrounding smaller islands), but to no specified recipient state.

In the discussions of almost all commentators, the 1992 Consensus recognized that there is One China, but it left for either side – between Taiwan and the mainland -- to verbally express the meaning of that One China according to its own individual definition. Hence, the gist of the oral agreement is often described, in short, as “one China, but with different interpretations.”2 This is not wrong. But, the trouble is: rarely is the true essence of the oral agreement clearly explained, for example: How does the Consensus resolve or tackle the above legal tangle? More important, what practical difference does it make, with or without the Consensus? While the section below will attempt to provide an answer, a brief review of the background on the making of the 1992 Consensus, I think, is in order.

2 Su Chi, a former KMT official, who coined the term “1992 Consensus” as a short-hand label, even used the phrase “one China with varying interpretations” in the title of his book The Historical Record of the Consensus of “One China, Different Interpretations” (Taipei: National Policy Foundation, 2002).
The Making of the 1992 Consensus

The legal tangle noted above, to reiterate, emanates from the competing claims by the ROC and the PRC that they each represent the whole of China in their own right, although based on different grounds. For the ROC, its prevailing Constitution, enacted in 1946 in Nanjing (Nanking, then the national capital of China), still defines the land mass represented by the maple-leave shape on the Chinese map, plus Taiwan and Penghu, as falling under ROC’s sovereignty, even though its jurisdiction is, after 1949, limited only to Taiwan and Penghu. Top officials in Taipei may even verbalize this view on occasion.3

Although its government seat is now relocated in Taipei, the ROC, in its view, is the same entity that was established in 1912, following the overthrow of the Manchu Dynasty the year before. The latter event resulted from a revolution executed by Sun Yat-sen’s Koumintang (KMT) Party, which founded the ROC. On the other hand, the PRC, seated in Beijing, denounced the ROC claim and considered itself the repository of sovereignty over the whole of China, being the successor to the erstwhile ROC that lost the civil war in 1949 and hence, in its view, ceased to exist.

In November 1992, with the specific goal of finding a solution to the legal tangle, representatives from the two sides met in Hong Kong (then still a British colony, hence a neutral territory to both sides), to conduct negotiations. In name, they were “semi-official” representatives, since they were, respectively, from Taiwan’s Straits Exchange Foundation (SEF), a nominally private organization though under close government supervision, and its counterpart on the mainland, the Association for Relations Across the Taiwan Strait (ARATS).

Three months prior to the Hong Kong meeting, in fact, Taiwan’s Mainland Affairs Council under the Executive Yuan (the Cabinet), on 1 August 1992, published a statement that enunciated the ROC’s official position on the One China question in the above legal tangle, as follows:

Both sides of the Taiwan Strait agree that there is only one China. However, the two sides of the Strait have different opinions as to the meaning of “one China.” To Peking, “one China” means the “People’s

Republic of China,” with Taiwan to become a “Special Administrative Region” after unification. Taipei, on the other hand, considers “one China” to mean the Republic of China (ROC), founded in 1911 [sic] and with de jure sovereignty over all of China. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen, and Matsu. Taiwan is part of China, and the Chinese mainland is part of China as well.4

Following the Hong Kong meeting, a press release by the SEF in Taipei reported the following result as the consensus that emerged:

On November 3 [1992], a responsible person of the Communist ARATS said that it is willing to “respect and accept” SEF’s proposal that each side “verbally states” its respective principles on “one China.”5

The mainland’s ARATS, for its part, also issued the following statement on the consensus reached at the 1992 meeting in Hong Kong, between ARATS and SEF representatives:

At this working-level consultation in Hong Kong, SEF representative suggested that each side use respective verbal announcements to state the one China principle. On November 3rd, SEF sent a letter, formally notifying that “each side will make respective statements through verbal announcements.” ARATS fully respects and accepts the suggestion.6

Thus, the ARATS statement confirms the report in the SEF press release above.

The Way the 1992 Consensus Tackles the Legal Tangle Between the Two Sides

*First of all, the 1992 Consensus does not touch on the legal status of Taiwan (i.e., whether the island was legally returned to China by Japan after World War II), the first of the three intertwined questions in the legal tangle noted above. The reason is two fold: (a) the question is an issue only for the Taiwan separatists, whose rationale for a legally independent Taiwan detached from China rests on the premise of the “undetermined

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4 The statement, known as “The Meaning of ‘One China’: Consensus Formed at the National Development Conference on Cross-Strait Relations,” was adopted by the ROC’s (now defunct) National Unification Council. For a discussion of the U.S.’s “one China” policy and key official statements of the parties, see Shirley A. Kan, “China/Taiwan: Evolution of the “one China” Policy --Key Statements from Washington, Beijing, and Taipei,” (U.S.) Congressional Research Service 7-5700; www.crs.gov; RL30341.

5 “Strait Group Agrees to State Positions ‘Orally’,” Central News Agency (Taipei) dispatch, 18 November 1992; also reproduced in the book by Su Chi, n. 2 above.

6 Reproduced in Shirley Kan, op. cit., n. 4 above.
status of Taiwan,” namely that the island was not legally “returned” to China, hence eligible to a separate legal independent existence; and (b) both ROC and PRC recognize the historical fact that the island was returned to China (then under Chiang Kai-shek’s government in Nanjing, in 1945). If there is any lingering doubt, the ROC, as a last resort, can point to a 1952 bilateral peace treaty signed with Japan in Taipei, the seat of the ROC government representing the Chinese nation (which Japan recognized diplomatically as such).7 Article IV of the Treaty, which entered into force on 5 August 1952 following the exchange of ratifications, states:

   It is recognized that all treaties, conventions and agreements concluded before December 9, 1941, between China and Japan have become null and void as a consequence of the war” (emphasis added).

In plain English, all treaties concluded and in existence between China (in the generic sense) and Japan, prior to the given date of December 9, 1941, were ipso facto nullified by the war of 1937-1945 between the two countries. The list would include the Shimoneseki Treaty of 1895, under which Taiwan was formally ceded to Japan. With the nullification of the Shimoneseki Treaty, the legal effect is that Taiwan’s cession to Japan was likewise nullified. In the legal sense it was as though Taiwan had never left China. Under the circumstances, it is only logical that Taiwan need NOT be “returned” to China, since in the legal sense it was never ceded to Japan, and Japan legally did not have Taiwan in its possession to return to China.

(To take care of the legal niceties, Article V of the 1952 ROC-Japan peace treaty acknowledges that the blanket nullification of the bilateral treaties under its Art. IV is consistent with Article 10 of the 1951 Peace Treaty that Japan had signed, in San Francisco, with the United States and 47 others among those at war with Japan during World War II. This takes care of the lack of representation of China at the San Francisco Peace Conference. The ROC was not invited, nor was the PRC, to the 1951 Conference

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because the United States, as the host, and other participating states could not agree which Chinese regime should be invited to duly represent China at the Conference.)

Secondly, as we noted above, the usual attribution is that the 1992 Consensus is an oral agreement for the two sides to disagree on the meaning of the One China precept. It goes without saying that the agreement to disagree is based on the premise of there being One China that both sides accept. Nevertheless, we are not apprized of one crucial point, namely: What is that in the 1992 Consensus which makes a difference in Taiwan’s relations with the mainland? To fully comprehend the implications (and subtleties) of all this, we need to ascertain the legal division across the Taiwan Strait since 1949 from the standpoint of international law.

Earlier, we noted the irreconcilable competing claims between Taipei and Beijing over the meaning of the One China principle and over the attendant sovereignty issue. Let us recall that the PRC claims that it has succeeded to China’s sovereignty after the ROC went “extinct” following its defeat in the civil war in 1949; and, furthermore, that sovereignty is indivisible. The ROC, on its part, claims it is a continuation of the same post-dynastic Chinese regime established in 1912, only with its government seat relocated to Taiwan after 1949. Hence, each side claims that it represents China (the whole of China), despite the change-over in 1949.

Strictly speaking, from the standpoint of international law on state and government succession, the picture is not so clear-cut. While sovereignty is indivisible, we need to take cognizance of two crucial points: One, sovereignty resides in the people (nation), not with any government. Second, while sovereignty is indivisible, jurisdiction is defined by the extent of each side’s effective territorial control. And, both sovereignty and jurisdiction have to be taken into account in any attempt to decipher the legal disputes between the two political entities that together make up the whole of the One China.

Thus, from the point of view of international law, the whole dispute subsumes two parts: (a) a partial loss of sovereignty (in the case of ROC), and (b) an incomplete

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8 The full text of the 1952 ROC-Japan Peace Treaty is also reproduced with commentaries in Yin-ching Chen, Treaties & Agreements Between the Republic of China and Other Powers, 1929-1954 (Washington, D.C.: Sino-American Publishing Service, 1957). In fact, in its 1952 Peace Treaty with the ROC, Japan relinquished its control and surrendered not only Taiwan and Penghu (the Pescadores), but also the Paracels and Spratlys island groups in the South China Sea.
succession to sovereignty (in the case of PRC). To be more specific, the ROC has since 1949 lost its control of China’s sovereignty over the mainland, but retains its hold on the nation’s sovereignty (and jurisdiction) over Taiwan and Penghu, which are nonetheless part of territorial China. On the other hand, as a successor regime, the PRC has taken control of China’s sovereignty over all of the nation’s territories under its effective jurisdiction (the mainland), with the exception of Taiwan and Penghu, over which it has never exercised jurisdiction. It is obvious that until this “split” is taken into account, there is no satisfactory way to define the legal status of Taiwan’s relationship with the mainland: Is it a relationship between two equal parts (in the juridical sense) of the same China, as ROC claims (hence, “One country, two regions”)? or rather between a runaway province and China proper, as PRC views it? or, in still another interpretation, between two separate but equal “states,” as the Taiwan separatists like to call it?

The secret is: from the legal standpoint, all these complications are taken care of under the 1992 Consensus, which has a hidden mutual commitment to accept two propositions that can be simplified as: (a) a “dual non-recognition”; and (b) a “dual non-denial,” as I will explain below.

In plain language, it means that henceforth each side will acknowledge (and live with) the other side’s refusal to recognize its own claim regarding China’s sovereignty (hence, a mutual non-recognition). Furthermore, neither side will repudiate the other side’s claim as to its own legal status as defined by international law on regime succession, as laid out above. In other words, under the 1992 Consensus, there is a mutual tacit agreement by the two sides to refrain from denying that the PRC’s succession to Chinese sovereignty and the ROC’s loss of sovereignty are, for respective reasons, incomplete and partial. The upshot of this mutual non-denial is that it makes it possible to maintain that Taiwan plus the mainland constitute the One China considered sacrosanct in the 1992 Consensus.⁹

Although the agreement was oral, yet to the extent both sides accept it in good faith, as has proven to be true ever since, it was nevertheless a deal -- just like in the traditional Chinese way of sealing a business deal by a hand shake. The legal end effect was, most important of all, the cessation of the lingering state of belligerency between the

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⁹ I had a thorough discussion in 2007 on this with Ma Ying-jeou, himself a legal scholar (Harvard JSD).
two sides, thus officially ending the Chinese civil war of the 1940’s, so that relations between Taiwan and the mainland can be normalized, and peaceful cooperation can begin, like never before, notwithstanding the ill-wishes of the Taiwan separatists.

The Magic Spell of the 1992 Consensus

Most analysts commenting on the beneficial effects of the 1992 Consensus for Taiwan have fixated on the sleuth of 16 agreements that have been reached with the mainland since President Ma took office in 2008. But, these agreements are on practical mundane matters only, such as the “three links” (free direct flows of mail, air traffic, and exchange of visitors), although they are important in their own right. What is more important, and much more so, however, is the “diplomatic truce” (外交休兵) he was able to achieve with Beijing. For the uninitiated, “diplomatic truce” means that Beijing would cease to apply its diplomatic strangulation pressures to isolate Taiwan, by luring, or otherwise coercing, some of the remaining 21 states that still recognize the ROC regime to shift their recognition to PRC. A reciprocal restraint for Taiwan, under the diplomatic truce, is that it would desist from likewise “digging the ramparts” of PRC’s diplomatic support and, more important, from earlier initiatives -- mounted by Ma’s two predecessors, Lee Teng-hui and Chen Shui-bian -- to seek Taiwan’s membership in the United Nations. The bid, if successful, would result in creating two Chinas (or one Taiwanese state by the side of China, in the U.N.).

In the formal (and psychological) sense, diplomatic truce as such is possible only after the prior cessation of the state of belligerency between Taiwan and the mainland, a feat that was accomplished under the 1992 Consensus, as noted above.

One example to show that Beijing did its part in upholding the diplomatic truce initiated by Ma is the case of Paraguay, which is the last holdout among the “southern cone” states in Latin America that still recognizes the ROC. In the weeks before Ma’s trip to Paraguay to attend the inauguration of its President-elect Fernando Lugo in August 2008, some media reports confided that Lugo had let it be known that unless Ma brought a $71 million bailout, he would switch his country’s diplomatic recognition from the

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10 This is the reason why under Ma’s presidency, Taiwan would seek opportunities to become an “observer” only, such as before the World Health Organization (WHO).
ROC to the PRC after he took office. Other reports said that Lugo were putting out feelers to Beijing about a potential switchover. Ma was momentarily caught in a bind: if he did not capitulate to Lugo’s demand, ROC would lose one more country from the shortening list of countries that maintained diplomatic relations with it. But, if he did, he would, among other things, have opened a floodgate to possible more diplomatic blackmails of a similar nature. Finally, it was Beijing that came to Ma’s rescue as it rejected Lugo’s feelers outright. Hence, when meeting Ma Ying-jeou face-to-face at the inauguration, Lugo assured his visitor that Paraguay would remain Taiwan’s loyal supporter as long as he (Lugo) was the President.\footnote{I dealt with this episode in my article (in Chinese) “Ma Ying-jeou’s Philosophy of Governance, the Diplomatic Truce with Beijing, & the Future Directions in Cross-Strait Relations,” *Haixa Pinglun* (Strait Monthly) (Taipei), No. 213, September 2008.}

As we noted above, when Ma Ying-jeou took over in 2008, Taiwan’s economy was in shambles, dragged down to the mud by Chen Shui-bian’s eight-year messy rule, during which his pursuit of a separatist agenda poisoned Taiwan’s relations with the mainland, which hit the bottom. Ma won a landslide victory, with 59% of the vote in 2008 for his first term, largely because he ran on promises to revive the island’s sagging economy by lifting cross-Strait relations out of the abyss it had sunk into. In addition to the diplomatic truce he worked out with Beijing, he saw to the inauguration of direct flights between any two points in Taiwan and on the mainland. Businessmen from the island could, thereby, fly to Shanghai in the morning, for example, and, after conducting business transactions, fly back home for dinner on the same day. The old rules that were ended under Ma would have required midway transfer stops at a “neutral” third-party point, which would take much longer time and cost more, hence a hindrance to cross-Strait business.

Furthermore, taking advantage of the new euphoria created by the diplomatic truce and increased mutual trust, Ma negotiated with Beijing an agreement for economic cooperation, known as Economic Cooperation Framework Agreement (ECFA), which was signed on June 29, 2010. Because of the preferential tariffs granted to each other’s exports plus other measures designed to expedite economic cooperation, trade flows and investments saw immediate boosts. The ECFA bailed out Taiwan’s economy at a time
when the global economy was hit by the financial tsunami spawned by the melt-down of Wall Street in 2009, the year before ECFA.

In the few months after the ECFA came in force, Taiwan was able to draw as much as $400 billion in foreign investments from various sources. With the ECFA in place, foreign investors in Taiwan would have an added advantage of an ever-ready access to mainland Chinese markets. According to a September 19, 2010 report of BERI, a business risk-rating firm, post-ECFA Taiwan now ranked No. 4 on the list of best trade- and investment-friendly places in Asia. As such, Taiwan beat Japan, mainland China, and South Korea, which ranked Nos. 6, 15, and 18, respectively.12

People in Taiwan were aware of the fact that the economic returns from closer ties with the mainland were direct results from Ma’s new cross-Strait policy conceived in the same conciliatory spirit as is generated in the 1992 Consensus. In public opinion polls, 70% of the people supported ECFA; and 73% said they would like to move to the mainland in search of jobs.13

The 1992 Consensus in the 2012 Presidential Election 14

Many political analysts and some pollsters had almost written off Ma Ying-jeou months before the 14 January 2012 joint elections for the President and members of the Legislative Yuan. Amidst the global economic slow-down triggered by the financial tsunami following the 2008-2009 Wall Street collapse, Taiwan’s economy suffered severely. So did Ma’s prestige among the island’s constituency. There were other scattered grievances against Ma’s leadership, other than in his handling of mainland relations. But, the main reason for the low expectations among media gurus for Ma’s chances of re-election was his (and his KMT’s) known tendency to opt for a passive strategy in previous elections (e.g., for mayors and legislators). By default, the opposition DPP was always able to seize the initiative in fixing the debate issues to their advantage,

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13 These polls were conducted by the Yuan Jian (Foresight) magazine’s polling center. I wish to express my thanks to Dr. Li-an Tai, the center’s director for making them available to me.
14 In this section, I am relying on my own article (in Chinese) “Lessons from Taiwan’s 2012 Election, and the KMT’s Future Commanding Heights,” Haxia pinglun (Straits Monthly) (Taipei), No. 254, February 2012, pp. 39-44.
and to launch preemptive crippling attacks on KMT candidates in each campaign. While this view was largely correct, these pundits failed to take into account the enormous good will and latent support that had been building up because of Ma’s successful mainland policy, which had opened up business opportunities and new sources of income for a cross-section of the people, including the fruit and vegetable farmers in southern Taiwan, whose products found an enormous outlet in mainland markets. And, southern Taiwan traditionally was in the DPP column. Hence, even among the so-called “pan-Green” (pro-DPP) camp, one-firth were in support of Ma’s mainland policy.

Nevertheless, few media pundits anticipated that in a reversal of previous passive campaign strategies, Ma would call the shots on debate issues early on and would mount relentless attacks that put his DDP opponent, Ms. Tsai Ing-wen (Ying-wen), on the defensive, catching her off-balance.

In previous elections, the DPP would seize upon any KMT move toward the mainland, including the signing of the ECFA, as a “sale-out” of Taiwan, whereupon the KMT or Ma as the party’s chair (hence the ultimate manager of its campaign) would put up an apologetic defense for whatever was under DPP attack. In reaction to DPP’s accusation that Ma, being a mainlander (he is a Hunanese by ancestry), was not “loyal” to Taiwan, Ma Ying-jeou would then do everything to prove that the opposite was true. In the 2012 Presidential campaign, however, Ma did more than maximizing his policy accomplishments during the previous three and a half years. He zeroed in on his opponent’s weak spots, like her earlier opposition to ECFA and her persistent repudiation of the 1992 Consensus. These two issues he made into the core of the debates of the campaign.

Back in 2010, during a televised debate on the wisdom of the signing of the pending ECFA, Tsai Ing-wen speaking as the DPP’s chairperson lashed out against the agreement as a Trojan Horse that would jeopardize Taiwan’s interests. She portrayed Ma, ECFA’s architect and advocate, as a traitor selling out Taiwan to the mainland. Later, when the substantive benefits of ECFA became obvious and undeniable, Tsai had to recant her earlier opposition. In the 2012 campaign, Ma made this recanting episode an evidence of Tsai’s lack of judgment on what would be in Taiwan’s interest vis-a-vis the mainland, reflecting on her ability to handle cross-Strait relations competently.
The fatal coup came when Ma pinned Tsai down on the 1992 Consensus, which Tsai defiled as something non-existent and worthless. Instead, Tsai running as Ma’s opponent suggested an alternative as a better guide for Taiwan’s mainland policy, which she called the “Taiwan Consensus.” But when pressed to spell out the “Taiwan Consensus,” she was blank and could only murmur that it was a consensus to be reached with the Taiwan constituency when she became President.

In the end, the 1992 Consensus issue proved Tsai’s Waterloo. The reason for it, to reiterate, was that Taiwan’s voters were fully aware of ECFA’s proven benefits and, moreover, they knew that its signing was made possible only because the 1992 Consensus had ended the state of belligerency between the two sides across the Taiwan Strait. Tsai’s (and her DPP’s) separatist agenda prevented her from accepting this very fact. Likewise, by her personal conviction and her DPP party’s separatist platform, she was obliged to disparage the merits of ECFA, out of a fear that if Taiwan gets too close to the mainland it would make separatism an improbable dream to come true. To sum up, her defeat was an unavoidable outcome because she was so much out of step with the wishes and sentiments of the majority of Taiwan’s constituency.

The final coup for her defeat was when business tycoons such as Chang Yung-fa (shipping magnate, founder of the Evergreen Group), Kuo Tai-ming (head of the sprawling Foxcom empire), and Cher (Hsueh-hung) Wang (founder and president of the smart phone company HTC), all emerged to speak out in support of the 1992 Consensus. Dramatically, on the day before the vote, Ms. Wang, daughter of the late Y.C. Wang, the widely revered business mogul, held a press conference, stressing the importance of continuity in cross-Strait ties conducted in accordance with the spirit of the 1992 oral agreement. This groundswell of high-profile support obviously helped sway many last-minute undecided voters to the Ma Ying-jeou column. Against all odds, Ma defeated Tsai with a 797,561-vote margin, thanks to the aid and rallying power of the 1992 Consensus.

After all, the 1992 Consensus proved capable of packing power with magic. Q.E.D.