

# China: Parliament approves Taiwan anti-secession law

Thursday 18 January 2007, by [CHENG Eva](#) (Date first published: 23 March 2005).

**Just as China completed its top leadership transition during the 10-day annual parliamentary session which ended on March 14, it upped the ante with Taiwan, seeking to intimidate any future efforts by the island to seek formal independence from China.**

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An anti-secession law that authorises the Chinese government to use force to stop any attempt by Taiwan to formally secede from China was approved on March 14 by the National People's Congress (NPC), China's rubber-stamp parliament, and immediately promulgated by Chinese President Hu Jintao.

Two delegates abstained from the proposal, which was supported by 2896 NPC delegates. There was no official report of opposing votes, but according to the official People's Net, of the total of 2980 registered delegates, 2901 delegates showed up for the vote — thus leaving left three votes unaccounted for.

The text of the new law fails to recognise the right to self-determination of Taiwan's 22 million inhabitants. It is premised on the assertion that "there is only one China", and that the island of Taiwan is part of it. "The state", the law declares, "shall never allow the 'Taiwan independence' secessionist forces to make Taiwan secede from China under any name or by any means".

According to the official English translation of the law, it states: "In the event the 'Taiwan independence' secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state should employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity."

## Chinese province?

Aside from a tiny fraction of indigenous people, most of Taiwan's population is made up of the descendants of settlers from China over the last few centuries. The Chinese imperial rulers, however, only declared Taiwan a province of China in 1887.

Eight years later, Imperial China was forced to cede control over Taiwan to capitalist Japan, after the China's Manchu rulers were defeated in the 1895 Sino-Japanese war.

Japan maintained its colonial rule over Taiwan until Tokyo was defeated by the combined forces of the United States and the Soviet Union in 1945. Taiwan was then occupied by the Chinese army under the command of the Kuomintang, China's corrupt capitalist ruling party. Following its defeat by the Chinese Communist Party-led People's Liberation Army in 1949, the Kuomintang regime maintained itself in power in Taiwan with the backing of the US, claiming to be the legitimate government of China.

In 1972, the US recognised the CCP-led regime in Beijing as the legitimate government of China, and Taiwan as a province of the People's Republic of China.

Taiwan officials and elected representatives immediately denounced the newly-passed anti-secession law. An aide to Taiwanese President Chen Shui-bian, cabinet spokesperson Cho Jung-tai, called the new law "tantamount to an authorisation of war".

The NPC approved an increase in China's military spending of 12.6% over last year's 211.7 billion yuan (US\$25.8 billion). In response to Western allegations that China's growing military power represents a major military threat, foreign minister Li Zhaoxing pointed out during the NPC that the 2004 US military budget of US\$455.9 billion was 17.8 times that of China's in absolute terms and 77 times on a per capita basis.

Jiang Zemin, who took over the triple top posts as CCP general secretary, China's president and Central Military Commission (CMC) chief soon after the 1989 Tiananmen Square massacre, formally gave up the top military post — his last key position — during the NPC.

Hu Jintao, who assumed the CCP's top post in November 2002 and the country's presidency a few months later, replaced Jiang as CMC chief at the NPC.

The state-controlled Chinese media bills Hu as a central figure of the so-called fourth generation of leaders since the 1949 revolution while Jiang was "the core" of the third generation. Wen Jiabao, who took over the premiership two years ago, belongs to the fourth generation.

### **Privatisation push**

Though not on the formal NPC agenda, privatisation was reportedly heatedly debated among the delegates. A seminar was held during the NPC to examine the impact of the new measures, dubbed Decree No. 36, announced on February 24 by the State Council, China's cabinet, on further "encouraging, supporting and guiding ... the non-public economic sectors".

When Beijing was seeking to privatise state firms in a big way in 1997, it stated that strategic and essential sectors of the economy would remain in public hands. This vaguely defined promise has been eroded since then. According to Decree No. 36, private capital, with government approval, can now invest in new sectors such as "monopoly industries, public utilities and infrastructures, social undertakings, financial services and national defence science and technology industries".

In a non-exhaustive elaboration of the actual industries in question, the decree lists electric power, telecommunications, railways, civil aviation, petroleum, exploration, mining of mineral resources, the supply of urban water, gas and heat, sewage treatment, garbage and other municipal works, public utilities, infrastructures, banking, securities, and insurance and other financial institutions.

The decree further points out that "increasing financial, taxation and financial support" will be extended to the private sector, in addition to other institutional support.

According to a March 12 official Xinhua news agency report, the State-owned Assets Supervision and Administration Commission (SASAC) conducted a review recently and concluded that the central government now aims to reduce the number of state enterprises under its control to 80-100, adding that it also plans to turn 30-50 of them into “big corporations with international competitiveness”.

Xinhua quoted SASAC minister Li Rongrong as saying that state ownership of these enterprises should be further reduced, if necessary to below 51% control of a firm.

The number of central government-controlled state firms has declined from hundreds in the late 1990s to 186 in December 2004 and 179 this month.

There are 150,000 firms with full or partial state ownership (238,000 in 1998), according to Xinhua. In the first 11 months of 2004 these firms, it reported, achieved an aggregate sales income of 9160 billion yuan (US\$1117 billion). The central government-controlled firms accounted for 4960 billion yuan of this sum.

According to the March 7 People’s Daily, “non-public” economic activity now accounts for about one-third of China’s gross domestic product, up from less than 1% in 1979.

In his report to the NPC on behalf of the central government, Premier Wen revealed that Beijing seeks in 2005 to reverse its post-1998 pump-priming deficit spending policy, enacted to counter the Asian economic crisis.

From 319.28 billion yuan in 2004, the central government’s budget deficit is projected to be reduced to 300 billion yuan in 2005.

There have been many negative side effects of this policy, including the fact that fixed asset investments ballooned out of control, straining resources and the overall economy. Such investments, many overlapping and not economically or socially useful, grew by 25.8% in 2004. Beijing will seek to dampen this trend by tightening the approval of land sales and credit. China’s GDP grew 9.5% in 2004, but the target for 2005 is 8%.

China’s statistics must be taken with a grain of salt, however, especially that of the non-central governments. The head of the Bureau of Statistics, Li Deshui, revealed during the NPC that the massaging of figures by various provincial governments had resulted in a GDP figure 3.9 percentage points higher than the bureau’s calculations. The bureau also revealed that between 2001-03 it launched investigations into 59,200 cases of suspected statistical fraud.

The public prosecutor told the NPC that his department investigated 10,407 individuals last year for suspected embezzling of state assets during the course of “enterprise reform” — a euphemism for privatisation. State enterprise personnel, the prosecutor added, also accounted for 41.5% of the corruption cases, most of which were associated with “enterprise reform”.

No monetary amount was given for the national scale of such embezzlement. But in Beijing city alone, corruption cases involving state enterprises amounted to 470 million yuan last year, according to the Beijing prosecuting authority.

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