

Asia-Pacific Security Studies



Taiwan's 2001 Elections: Chen Up, KMT Down, PRC Disappointed

Asia-Pacific Center for Security Studies Volume I - Number 2, March 2002

Conclusions:

Taiwan's legislative elections of December 2001 saw the Democratic Progressive Party (DPP) replace the traditionally-dominant Kuomintang (KMT) as the largest party in Taiwan's legislature. The DPP now holds 87 seats in the legislature compared to the KMT's 68. However, the People's First Party (PFP), ideologically similar to the KMT, has a strong presence with 46 seats. No single party will dominate the legislature. As before the election, compromises will be necessary for the legislature to carry out its business.

The near-term importance of this development is improved domestic political standing for the DPP and for Taiwan's previously embattled president, Chen Shui-bian, whom the DPP supports.

The long-term significance is an additional indication, from a PRC perspective, that Taiwan is drifting toward independence from China. The present leadership of the KMT views Taiwan as part of China, while the DPP holds that Taiwan is a nation distinct from China. Taiwan President Chen Shui-bian's strengthened political position at home disappoints PRC officials who have hoped he would be a weak, one-term president.

The election does not herald a major change in cross-Strait relations. On the PRC side, domestic politics for the next few years will make it difficult for Beijing to exhibit more flexibility than it showed in its Taiwan policy before the elections.

On the Taiwan side, the election was not a referendum on Chen's China policy and Chen has shown no desire to move closer to formal independence. But neither is Taiwan's government likely to make a major political concession in the near future, such as acceptance of the "one-China" principle as a precondition for cross-Strait talks.

Relations between China and Taiwan feature a mix of potentially destabilizing elements, including assertive nationalism in both China and Taiwan, and potentially stabilizing elements, including growing cross-Strait economic interaction, a solid majority of the Taiwanese population opposed to formally declaring independence, and a military balance that presently offers little prospect that the PRC could forcibly reincorporate Taiwan.

While China has a strong interest in peaceful relations with the USA, an advance of pro-independence sentiment in Taiwan would increase the possibility of a conflict between China and the United States.

The United States should continue to play its stabilizing role by discouraging both the use of military force by China and a formal declaration of independence by Taiwan.

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Taiwan Domestic Politics After the Elections

The elections of December 2001 represent another significant milestone in Taiwan's political evolution. Following the presidential election of March 2000 in which the (then) opposition candidate Chen Shui-bian took over Taiwan's highest office from the traditionally dominant Kuomintang (KMT), the December 2001 elections saw Chen's Democratic Progressive Party (DPP) replace the KMT as the largest party in the legislature. This completed a peaceful, institutionalized regime change, Taiwan's first since the KMT-led Republic of China government fled to Taiwan in 1949 after defeat on the mainland by Chinese Communist Party forces. The philosophical aspect of this power shift is as significant as the institutional aspect. The Kuomintang was originally the custodian of dedication to the principle that Taiwan is part of China and should reunite with the mainland. DPP supporters and politicians, by contrast, believe Taiwan's long-established residents are a distinct community from the mainland Chinese and are not committed to unification.

An analysis of the legislative elections must begin by noting that the KMT's defeat was worse than most observers anticipated. Several factors contributed to this outcome. The KMT nominated too many candidates, splitting their votes. A government crackdown greatly reduced the vote-buying that has been a KMT staple in the past. At the same time, the DPP maximized its success by demonstrating an improved mastery of vote allocation: assigning supporters to vote for specific candidates in a multiple-member district so that as many of the party's candidates as possible get enough votes to win a seat. In contrast, the KMT did a poor job of vote allocation in these elections.

The leadership of KMT Chairman Lien Chan turned away some voters. An uninspiring figure to begin with, Lien put off some Taiwan people by appearing too accommodating to China and by regularly blaming others for his party's failures. The expulsion of Lee Teng-hui from the KMT also alienated many of its previous supporters. In the run-up to the elections, Lee had severely criticized the KMT and Lien for allegedly taking a pro-mainland turn and urged KMT politicians with Taiwan First inclinations to join the new Taiwan Solidarity Union (TSU) party, which Lee helped organize.

Another reason for the DPP's victory was its success at limiting the potential political damage from the island's economic woes. Taiwan's economy is undergoing a severe recession. The KMT line during the election campaign was that the Chen administration's incompetence had brought on Taiwan's economic problems. A large proportion of voters apparently rejected that argument in favor of the DPP's line, which was that Chen's political opponents intentionally stymied his efforts to improve the economy and that he needed a more cooperative legislature to succeed.

Taiwan's post-election domestic politics exhibit both continuity and change. First, ethnicity is still a strong factor. Candidates who are members of the majority Hoklo (Fujianese) ethnic group often argue either implicitly or explicitly that common ethnicity is a reason why they deserve the votes of their fellow Hoklos. Observers noted that such racial appeals were at least as common during the 2001 elections as in past elections. Second, Taiwan's people are not yet united on the issue of their own identity. Taiwanese nationalism and cultural pride are ascendant, but Taiwan's people value their strong cultural and ancestral ties with China. The question for the future is whether Taiwan's people believe they can be both Taiwanese and Chinese, or whether one identity excludes the other. In theory, "localization"

(bentuhua) need not imply formal independence from China. In practice, however, "Taiwan First" politicians may choose to frame the issue this way.

Third, Chen's domestic political position is strengthened. Chen started out his presidency with a weak mandate, winning with only 39 percent of the popular vote thanks to the rivalry between KMT candidate Lien Chan and former KMT member James Soong. The continuing strength of the KMT, which remained the largest party in the legislature, plagued the early part of Chen's presidency, as much of his proposed legislation bogged down in partisan trench warfare. The DPP's gains in the new legislature, however, give reason for Chen to hope the lawmakers will be more cooperative in approving his agenda. Chen also appears now to be a more serious contender for a second presidential term.

Fourth, an important feature of Taiwan politics is the conflict between the "Pan-Green" Bloc of Taiwan First parties (the DPP and the TSU) and the "Pan-Blue" Bloc (the KMT, the dwindling New Party and Soong's People First Party [PFP]). Cross-Strait relations are a key differentiating issue. The political spectrum runs from the extreme left of demanding formal independence from China to the extreme right of demanding serious efforts toward reunification. In the middle is the desire to keep the status quo of neither formal independence nor early reunification. The Green Bloc ranges from the middle to the left, while the Blue covers the middle to the right.

The Green Bloc's fortunes have improved, but not dramatically. The Blue Bloc remains strong. Soong's PFP, which is programmatically scarcely distinguishable from the KMT, more than doubled its seats in the legislature from 20 to 46 in 2001. The Blue Bloc now holds 115 seats in the legislature, compared to a total of 100 for the DPP and the TSU. Despite these numbers, defections and political deal-making will probably make the Green Bloc slightly more powerful in the legislature than the Blue Bloc (the KMT still includes many Taiwan First politicians). The Greens, however, are not likely to control a consistent majority.

Post-Election Cross-Strait Relations

From China's perspective, the results of the December 2001 elections fit a disturbing, long-term trend. Until the late 1980s, the KMT controlled Taiwan politics, suppressing Taiwanese nationalism and enforcing an unquestioned state ideology of Taiwan being part of China. Since then the KMT has undergone "Taiwanization" and decline. With the latest election results, the DPP edges out a weakened KMT in the legislature. Some observers are even questioning the continued survival of the KMT. This offers no assurance to Chinese who fear Taiwan is losing its emotional and intellectual attachment to China and is gradually drifting toward independence.

After becoming president, Chen quickly moved to reassure China, promising not to take several key formal steps toward independence. Unfortunately this did not satisfy Beijing, which demanded that Chen reaffirm the "one-China" principle before the resumption of cross-Strait talks. Chen has refused, saying commitment to the one-China principle would concede Taiwan's eventual unification with China. Even moderate DPP members insist options for Taiwan's future should be left open, to be decided ultimately by Taiwan's people.

The weakness of Chen's administration during its first months in office inspired hopes on the other side of the Strait that China could patiently wait out Chen's term and look forward to

dealing with a successor from the Blue camp. China has also welcomed visits by and consultations with KMT and other politicians not considered pro-independence, part of a familiar Chinese united front strategy designed to isolate the separatists.

Chen's policy toward China is unlikely to change significantly as a result of the DPP's improved position in the legislature. Chen has already said publicly he does not interpret the elections as a mandate to take a tougher line on China affairs. Chen's desire for re-election in 2004 gives him a strong incentive to prevent further deterioration of relations with China. The perceived ability to maintain a stable relationship with Beijing is a prerequisite for a successful Chen re-election bid. Consequently, Chen's government presently has no interest in moving toward a formal declaration of independence. On the other hand, if Chen doggedly refused to affirm the one-China principle when his position was weaker during the first part of his term, he would seem to have even less reason to accommodate Beijing now.

A policy breakthrough on the PRC side is also difficult to foresee. The DPP's success in December 2001 perhaps provides a possible impetus, raising the prospect that Chen's leadership stature will grow in the coming months and that he will enjoy a strong chance of winning a second term. This might cause the PRC to conclude an adjustment is necessary. One possibility is that Beijing will decide to back down and deal with Chen, welcoming dialogue and summit meetings even if Chen does not give ground on the one-China principle. A less sanguine possibility is that the Chinese will conclude they have no recourse but to rely more heavily on coercion and military pressure to influence Taiwan.

Stagnation, however, is the more likely outlook for PRC Taiwan policy in the near term. Most Chinese elites feel support for the one-China principle as a minimum precondition for cross-strait dialogue is a bottom line below which Beijing can go no further. Although Taiwan emphasizes that Chen has made important conciliatory gestures, in China's view these are overwhelmed by Chen's refusal to sign on to the one-China principle. Many Chinese believe the PRC has already given Taiwan too much leeway. Furthermore, the next few years will see China in transition to a new set of top leaders. A softening of the Chinese approach toward Taiwan is unlikely because during such periods Chinese leaders feel vulnerable and are careful to avoid policies that might expose them to the charge that they are unpatriotic.

While cross-strait political relations stagnate, Taiwan's economic interdependence with the mainland is growing. Total Taiwan investment in China is estimated at \$60 billion. As many as half a million Taiwan people live in China and up to 50,000 Taiwan businesses are located there. In recent years Taiwan business people have begun to think of China as an appealing place to live, not just a place to make money—an attitude in line with the hopes underlying China's strategy of welcoming Taiwan trade and tourism. WTO membership by both Taiwan and China will deepen the relationship. Chen has offered China economic concessions in lieu of political concessions. His government recently relaxed the restrictions on mainland trade and investment. Economic weakness in Taiwan has been a stabilizing factor in Taiwan-China relations. The need for economic stimulation accelerated the development of cross-strait economic ties, which give the PRC a sense of progress in the relationship. This implies, however, that economic recovery in Taiwan and in the United States (which would benefit Taiwan's economy) might indirectly lead to a rise in cross-strait tension by weakening Taiwan's incentive for more commerce with China.

China's refusal to renounce the right to use force against Taiwan has paradoxical effects. On the one hand, the Chinese threat to attack under certain clearly delineated circumstances

(there is no "strategic ambiguity" on the PRC side) has deterred Taiwan politicians from a formal declaration of independence. On the other hand, this standing threat may ultimately be counterproductive. It has a corrosive effect on the possibility of reunification, impressing upon Taiwanese the image of China as a bully rather than a benevolent mother country. Although Beijing practices a carrot-and-stick policy, the big stick tends to negate the carrots. When cross-strait tensions rise, for example, the percentage of Taiwan people who identify themselves as both Taiwanese and Chinese decreases and the percentage who call themselves Taiwanese alone increases.

Implications for the United States

While the United States applauds indications of maturing democracy in Taiwan, gains by the DPP combined with continued strong American support for Taiwan potentially raises the risk of an eventual U.S. military conflict with China over Taiwan

China has strong interests in maintaining good relations with the USA as well as recovering Taiwan, two potentially contradictory goals. Beijing will pursue both simultaneously while this is possible. Ideally, the PRC would like to separate the United States from Taiwan, but to its disappointment Beijing perceives that an already close U.S.-Taiwan relationship has grown even closer.

Regardless of which party controls Taiwan's government, the Chinese military will continue to develop capabilities to deter Taiwan independence. Beijing views the threat of force as the bedrock of Beijing's influence over Taiwan. Strengthening the PLA is necessary to make this threat credible, even if China hopes to settle the issue peacefully. Actually resorting to military action is an unattractive option for China because of the high economic and political costs that would result. The PLA does not presently have the capabilities that could compel Taiwan to accept Beijing's terms. Furthermore, signals from the Bush administration suggest the United States would assist Taiwan in a scenario where the PRC was judged the aggressor. This realization, combined with negative consequences for China that resulted from previous episodes of attempting to influence Taiwan politics through intensified military threats, may explain Beijing's moderate reaction to the 2001 elections and the general sense in both China and Taiwan that no hostilities are imminent. Jiang's (or any other Chinese) government is subject to domestic pressure to demonstrate resoluteness on the Taiwan issue, but would also stand to lose prestige from making threats it could not back up or, in the most extreme case, unleashing a costly attack that failed to achieve its objective. These factors, along with Beijing's desire for better relations with Washington, compel China to exercise patience in the short term. In the meantime, however, China will seek to improve its military capabilities with a view toward Taiwan contingencies—including area denial against U.S. forces attempting to intervene.

The post-elections political landscape has several implications for U.S. policy in the region. The ascendancy of Taiwan First sentiment represented by the DPP's gains in the legislature potentially makes it easier for Taiwan to move further toward permanent political separation from China. Opinion polls continue to show most people on Taiwan favor the status quo (neither reunification now nor independence now). Nevertheless, because Taiwan generally believes the threat of a PRC military attack in the short-term is minimal (Taiwan's defense spending is remarkably low at about 2.5 percent of GDP), and the probability of American assistance in such an event is high, the USA must avoid emboldening that segment of the Taiwan political spectrum that might push for independence under a perceived guarantee of U.S. military protection. The United States must continue to deter both China (from military action against Taiwan) and Taiwan (from formally declaring independence).

From the U.S. point of view, a resumption of cross-Strait negotiations is desirable. To make this possible, a minor concession on either the Taiwan side or the PRC side would be welcome. Taipei could help begin the thaw by responding positively to PRC Vice Premier Qian Qichen's recent overture. Qian offered a reinterpretation of the one-China principle, saying "China" did not necessarily mean the PRC but could be considered an abstract entity of which the PRC and Taiwan were equal parts. For its part, Beijing could cease insisting that Chen's government accept the one-China principle as a precondition for talks, but instead allow this to be a subject of negotiations, a position Chen has already said he could agree to. The United States should be generally supportive of increased cross-Strait economic ties as well. The potential peril they pose to Taiwan is often exaggerated, and they are a possible disincentive to conflict.

Although speculation about the 2004 presidential election is perhaps premature, the two likely top candidates appear to be the Green Bloc's Chen and the Blue Bloc's Soong. Although many Americans admire Chen's accomplishments and appreciate his moderation, Soong might be the preferable leader of these two from both an American and a mainland Chinese standpoint. Soong is less objectionable to China because his stance toward the mainland is more accommodating than the DPP's, and the United States would be pleased to see an improvement in cross-Strait relations.

In sum, certain important current trends—including gains by the DPP, a steady flow of symbolic acts within Taiwan that the Chinese view as expressions of separatist sentiment, and a buildup of Chinese military forces that could be used against Taiwan—point toward a period of increased likelihood of conflict beginning at the end of this decade. At the same time, several robust countervailing forces currently help maintain peace and stability, including Chen's commitment not to move toward formal independence, the Taiwan public's desire to stick with the status quo, growing economic and social ties between China and Taiwan, China's and America's interest in peace in the Strait, and U.S. willingness to assist in Taiwan's defense while discouraging behavior from Taiwan that could provoke a Chinese attack. Unfortunately, the efficacy of these stabilizing factors beyond the short term is uncertain.



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