

**Notes for the Conference on
Taiwan and US Policy: Toward Stability or Crisis?
The Role of Domestic Politics: Taiwan**

Shelley Rigger, Davidson College

After the inauguration of Chen Shui-bian as Taiwan's president in May 2000, some observers spoke of a "window of opportunity" in cross-strait relations. After Chen renounced Taiwan independence in his inaugural address and PRC leaders promised to "listen to his words and watch his actions," it seemed that for a few months, at least, leaders in Beijing and Taipei might view the change in Taiwan's leadership as an opportunity to open new channels of communication. Although both sides made efforts in this direction, progress was minimal. Then, in July 2002, the window of opportunity appeared to close for good.

Even before his election, Chen Shui-bian's actions and statements reveal that he recognized his strong interest in showing progress on cross-strait relations. His biggest political liability was voters' fear that electing Chen – a member of Taiwan's oldest opposition party, the Democratic Progressive Party (DPP) – would lead to conflict with the PRC. Thus, throughout his campaign, Chen distanced himself from a controversial plank in his party's platform calling for a referendum on Taiwan independence. He also supported economic policies aimed at promoting cross-strait trade and investment, including direct trade and transportation links. After the election, Chen continued this approach. His victory and inaugural speeches both were decidedly conciliatory in tone. In the inaugural address, he pledged to take no action toward independence so long as the PRC refrained from a military assault against the island. He also distanced himself from his party and described himself as a "president for all the people." He offered to meet with PRC leaders without preconditions, and in a speech delivered on December 31, 2000, he described "political integration" with the mainland as one of his policy goals.

President Chen's administration also undertook a series of concrete measures aimed at improving cross-strait relations. He scrapped his predecessor's policy of discouraging Taiwanese investment in the PRC in favor of the slogan "active opening with effective management." His government opened the "Three Mini-Links" – direct trade, transport and postal services between Mainland China and two Taiwan-controlled islands near the PRC coast. In addition, he eased restrictions on PRC tourists, journalists and spouses of Taiwanese; increased the role of offshore shipping centers (which are located in Taiwan); permitted Taiwanese financial institutions to open branch offices in the mainland; allowed high tech manufacturers to move production to the mainland and liberalized the rules on PRC imports. He also expressed his willingness to permit non-governmental organizations to negotiate with mainland counterparts on behalf of the government.

In short, from Chen's perspective, both his words and his actions in the first half of his term demonstrated a willingness to move beyond his party's Sinophobic inclinations to pursue better substantive relations with the PRC. Unfortunately, his interlocutors in Beijing interpreted these events differently. Even as they gladly accepted the concessions he granted – many of which are likely to increase Taiwan's vulnerability

to Beijing's economic and political pressure – Chinese leaders rejected the notion that Chen might be sincerely interested in improved relations. Instead, they dismissed his gestures as tactical maneuvers. As proof, they offered Chen's dogged refusal to accede to their preconditions for negotiations – including accepting their “one China principle.” Even when Beijing offered “lighter” versions of this formula – such as restatements of the one China principle that did not require Taiwan to accept the PRC as the “one China” in question – Chen did not budge, thereby reinforcing Beijing's suspicion and distrust.

For two years, Beijing and Taipei bided their time, neither directly engaging one another nor definitively disengaging. So it came as a surprise to many, both in Taiwan and in the US, when President Chen interrupted the stalemate with a series of public statements he knew would infuriate leaders in Beijing. On July 21, Chen assumed the chairmanship of the Democratic Progressive Party. In his first speech as chairman, Chen said that if Beijing continued to reject overtures from the Taiwan side, Taiwan would have to “walk its own road.” Although he later clarified his remarks to say that the road in question was the road to “democracy, freedom, human rights, and peace,” many listeners interpreted the comment as a nod toward Taiwan independence. On August 3, speaking to the World Federation of Taiwanese Associations in Japan, Chen intensified the controversy when he used the phrase “one country on each side” (*yibian, yiguo*) to describe the situation in the Taiwan Strait. He also urged Taiwanese to consider establishing the legal mechanism for a referendum on Taiwan's status. Although Chen described referendum as a tool for ensuring popular consent to an externally-imposed change in Taiwan's status, the remark met with strong criticism from Beijing, which has long seen referendum as a tool of Taiwan independence.

President Chen's statements surprised many observers of Taiwan politics – including this author. After more than two years of conciliation, why did Chen Shui-bian change direction in July? The answer lies in the complex interaction between Taiwan's domestic political environment and Beijing's Taiwan policy over the first two years of the Chen presidency.

Taiwan's democracy has not yet reached the island's legal voting age, so it is not surprising that the island's politics still suffers from weaknesses and inefficiencies typical of new democracies. Opposition political parties have been legal only since 1987, and the island held its first direct presidential election only six years ago. The new system is not fully institutionalized; neither the formal rules nor the informal practices of politics are yet settled. Politicians are still feeling their way, trying to figure out how the political system will respond to various stimuli. Within this context, four factors make Taiwan's political arena especially volatile:

- Taiwanese politics is hypercompetitive. No party or coalition holds a clear majority; no leader or group of leaders feels secure. With elections at some level held nearly every year, all politicians are in a constant state of alert; they are extremely sensitive to political pressure.
- Cleavages among political parties and coalitions are largely arbitrary. There is little ideological or programmatic coherence in the various parties' positions. As one legislator told me in August, “Our party does not have a comprehensive logic.” Winning is an end in itself;

- cooperation in pursuit of shared goals is all but impossible, because the parties have very few goals to which they are strongly attached.
- Competition for power is extraordinarily intense; bipartisan behavior is almost unheard of – even when national security is at stake. During fifty years of single-party authoritarian rule in Taiwan, winning public office guaranteed an individual or group's financial and social advancement. The ruling party, the Kuomintang (KMT), controlled a vast array of political and financial resources. Politicians today are fighting on this same landscape; no one is willing to cede ground to his opponents because politicians believe – rightly or wrongly – that defeat is not a temporary set-back but a permanent disaster.
 - Cross-strait relations plays an enormous role in Taiwan's domestic political combat, largely because it is the only issue on which the parties can easily distinguish themselves. (Even on this issue, the distinctions are more negative – each criticizing the others' policies – than constructive – each presenting an alternative vision for how Taiwan should interact with the PRC.) Because the issue is so politicized and preferences so polarized, it is difficult for Taiwan's leaders to maintain a consistent, moderate policy direction. There are strong voices at the extremes, but few are willing to defend a centrist approach, if doing so will strengthen a political opponent.

Hypercompetition, ideological incoherence, zero-sum politicking, polarization and institutional immaturity: these are the features of the political system in which Chen Shui-bian fought his battle for what he and his advisors, at least, believed was a moderate cross-strait policy. His remarks in July and August must be interpreted against this background. Most analyses of Chen's recent comments mentioned mayoral elections in Taipei and Kaohsiung, scheduled for December 2002, as a partial explanation. Indeed, it is likely that Chen's remarks will help to energize the DPP faithful in the run-up to those tough electoral battles. However, Chen's references to "Taiwan walking its own road" and "one country on each side" were not merely bones tossed to DPP extremists; nor, as polls clearly showed, were they aimed at telling the electorate as a whole what it wanted to hear. The genesis of Chen's remarks is considerably more complex than these explanations suggest.

Perhaps we should not have been surprised by Chen's remarks in July and August. After all, they are consistent with positions he has taken throughout his political career, and they are entirely in keeping with the views of his party. Nor, for that matter, are they much different from the positions President Lee Teng-hui took in the late 1990s. If there was discontinuity here, it was Chen's policy in the first two years of his presidency. In a sense, Chen climbed out on a limb at the beginning of his presidency, taking positions well beyond the existing consensus within his party. He managed to hang on for more than 24 months, convincing many DPP leaders that his concessions to Beijing would ultimately strengthen their party. But moderation did not pay off, and by mid-2002, the limb was giving way beneath him. Chen's remarks can be seen as his effort to move toward a safer position. The decision to make that move had several motivations.

To members of the DPP, President Chen's goodwill gestures were more than generous, but Beijing, along with Taiwan's other leading political parties (the KMT and People First Party, or PFP), refused to recognize Chen's concessions. Beijing held out for acceptance of the one China principle; the KMT and PFP insisted that Chen embrace a cross-strait negotiating framework called the "1992 consensus." Chen refused to acquiesce to either of these demands. The "one China principle" would be difficult for any Taiwanese leader to swallow, since the version of the principle that China uses in the international arena (and which Taipei believes is Beijing's true bottom line) establishes the PRC as the official voice of "one China."

The 1992 consensus is less controversial, and there is evidence that Chen at one time toyed with the idea of accepting it as a basis for reopening negotiations with Beijing. Chen's repudiation of the '92 consensus was, in large part, the result of two factors: the uneasiness of China skeptics within the DPP and the outright opposition of policy advisors Chen retained from the Lee Teng-hui administration. It was Tsai Ying-wen, a Lee administration hold-over who heads the Mainland Affairs Council (MAC) in the Chen administration, who retracted Chen's statements implying he might accept the '92 consensus. Likewise, while DPP leaders are in agreement that the government should seek to open the Three Links, officials in Tsai's MAC seem less convinced. Perhaps most telling is the widely-held view – which I heard from DPP politicians as well as right-wing political analysts – that another Lee administration hold-over, presidential advisor Chang Jung-feng, was the architect of President Chen's "one country on each side" statement.

With two important groups pushing Chen toward a hardline position on cross-strait relations, the conciliatory gestures of his first two years in office were politically costly. To counter balance the hardliners, Chen needed the support of moderates. Above all, he needed to show that his approach was working to solidify his political position and relieve the tension between Taiwan and the mainland.

When Chen Shui-bian first took office, the public did not expect cross-strait relations to improve under his leadership; on the contrary, many Taiwanese believed a DPP presidency would spark a sharp deterioration in cross-strait ties. So when the situation did not noticeably worsen after his election, the Taiwanese public was relieved. For several months, Chen found himself enjoying a grace period. However, two factors conspired to bring the honeymoon to an end, ultimately forcing Chen to sharpen his position.

Domestically, the KMT and PFP refused to lend their support to Chen's concessions. Instead of encouraging Chen's moderation, the KMT and PFP labeled Chen's goodwill gestures insincere. Both parties insisted that only they were capable of moving forward the cross-strait relationship. Their relentless attacks on Chen's positions – not only on the cross-strait issue but on virtually all aspects of public policy – helped to erode public confidence in the president. Ironically, the president's resulting weakness strengthened the Sinophobic faction in his party and administration.

Meanwhile, Beijing helped to undercut Chen's moderate policy direction by refusing to acknowledge what Taiwanese saw as concessions on Chen's part – at least not in a way that could be recognized in Taiwan. (Gestures that US observers pointed to as signs of goodwill on Beijing's part – including restatements of the one China principle by Qian Qichen and others – had little impact in Taiwan, where PRC rhetoric enjoys little confidence.) To hardliners in the DPP and in his administration, Chen was giving away

too much, for little or no return. To make matters worse, politicians from the KMT, PFP and New Party conducted free-lance “diplomatic missions” to Beijing, undercutting the Chen administration’s authority and credibility with the PRC. These activities reinforced Beijing’s conviction that the best course of action was to weaken Chen politically by denying him successes in cross-strait relations, and wait for the conservative parties to regain control of the government.

Over time, then, the limb on which Chen Shui-bian was perched grew brittle and weak. In the spring of 2002, Chen and his party began looking for ways to retrench and consolidate their position. One important step in this direction was to reorganize the DPP, with President Chen at its head. A second step was to reconstitute the party’s position on independence. At the DPP congress in July, the party voted to make its 1999 “Resolution Regarding Taiwan’s Future” equivalent to a platform plank. In doing so, the Democratic Progressives signaled their intention to put aside the quest for formal independence in favor of a position recognizing the island’s *de facto* independence under the moniker “Republic of China.”

The third step in Chen’s retrenchment was to convey to Beijing, Washington and the Taiwanese people that there was a limit to his goodwill. His statements in July and August made it clear that he would not extend further concessions to the PRC without evidence of reciprocation. For its part, Beijing lubricated Chen’s path by handing him two excuses for the new line. On July 21, the day Chen took over as DPP chair, Beijing and the Republic of Nauru announced their intention to establish diplomatic relations. Taipei, which had counted Nauru among its handful of diplomatic partners, was taken by surprise. Taiwanese officials interpreted the move – which they claim cost the PRC US\$100 million in foreign aid (to a nation of only 10,000 residents) – as a calculated insult to President Chen, deliberately timed to coincide with his installation as DPP chair. Then, on August 1, PRC Defense Minister Chi Haotian reiterated the People’s Liberation Army’s resolve to use force against Taiwan “if necessary.” While these events alone do not explain Chen’s adoption of a harder line on cross-strait issues, they made it easier for Chen to act because they highlighted Beijing’s animus toward the island.

Chen’s “one country on each side” comment met with sharp criticism in Beijing and Washington, and it also had its critics in Taiwan. If, in fact, the statement was intended to win political support for the DPP, it was a miscalculation. As with Lee Teng-hui’s controversial characterization of Taiwan-PRC relations as a “special state-to-state relationship” three years ago, public opinion polls suggested that while Taiwanese had little quarrel with the substances of Chen’s remarks, they questioned the wisdom of making such statements openly. This raises the question of how the Taiwanese public views Chen and his domestic adversaries, and what we might expect in the near future.

In Taiwan’s domestic political arena, three scenarios appear most likely. First, the DPP may continue to strengthen its grip on the resources and prerogatives of government. If the DPP performs well in year-end mayoral elections in Taipei and Kaohsiung (that is, if it wins one or both positions), some KMT legislators may lose confidence in their party and defect to the DPP. Enough defections could allow the DPP and its ally, the Taiwan Solidarity Union (TSU) to command a working majority in the legislature. In that case, President Chen will be greatly strengthened. In contrast, if the DPP loses both seats, the

KMT and PFP will likely continue to hold a thin majority in the legislature, and the executive-legislative stalemate will continue. The KMT/PFP alliance seems well situated to win in Taipei, where a popular incumbent, Ma Ying-jeou, enjoys the support of the both parties. In Kaohsiung, the KMT/PFP alliance is in tatters, offering a more promising outlook for the DPP candidate, incumbent mayor Hsieh Chang-ting.

The third possibility is that the KMT and PFP will strengthen their position. They could do so in the short term by winning both mayoral seats, thereby solidifying their alliance and their position in the legislature. In the long term, the KMT and PFP both hope to capture the presidency in 2004. (The difficulty of coordinating their efforts gives DPP leaders hope for a second Chen Shui-bian administration.) As far as Beijing is concerned, either a KMT or a PFP president would be an improvement, as both parties' leaders have taken positions far more congenial to Beijing's own preferences than those adopted by the DPP. After much equivocation, the KMT even expelled its former chair, ex-president Lee Teng-hui. Lee's expulsion signaled the party's determination to follow the Sinophilic approach articulated after the 2000 presidential election by the party's new leader, Lien Chan.

Even if the conservative parties capture a both the legislative and executive branches of government, however, Beijing will not find its wishes easily fulfilled. No president will be able to escape entirely the domestic political constraints that have hamstrung Chen Shui-bian. A KMT or PFP president will need to proceed very carefully in cross-strait relations to avoid appearing to sell out Taiwan's interests. If Beijing continues to insist on its "one country, two systems" formula for unification, it may find even the most eager interlocutor unable to concede. One country two systems has little support, and much strong opposition, among Taiwan's voters. Beijing will need to give a KMT or PFP president considerable leeway in the negotiating process; otherwise, the situation may deteriorate further. Dashed hopes in Beijing are a distinct danger in the event the conservative parties recover Taiwan's presidential office in 2004.

Crafting a workable Taiwan policy is extraordinarily vexing for the United States, not least because issues related to Taiwan and China stimulates strong reactions domestically, both in the US and in Taiwan and the PRC. US policy makers need to respond to constituents concerned about Taiwan's security, but they also need to be able to deter Taiwan from making provocative – and unilateral – changes to the status quo. It is especially important that the US avoid being drawn into Taiwan's domestic political struggles. Taiwan's politicians have a long history of using statements by US leaders to strengthen their hands domestically; our leaders need to guard against this strategy. On the other hand, the US may, at times, find it advantageous to intervene in Taiwan politics to stabilize a troubling situation, so long as we can do so in a way that does not create an unacceptable conflict with Beijing. For example, Chen Shui-bian's transit visit in the summer of 2001 helped to alleviate the gridlock in Taiwan's domestic politics, but it did not provoke an extreme response from Beijing. On the other hand, Taipei's current efforts to arrange an official visit for Chen Shui-bian should be resisted, since the PRC would react far more strongly, and in any case the political gain to Chen would be symbolic and ephemeral.

A second priority for the US should be to urge Chen Shui-bian to return to the conciliatory mode that characterized the first half of his presidency. While we cannot

compel his domestic opponents or his interlocutors in Beijing to recognize or reward a moderate policy, we can reassure him that his efforts are noticed in Washington. In fact, US officials worked hard to convey just such a message between March 2000 and July 2002. Unfortunately, positive reinforcement from the US was not enough to keep Chen on a moderate track, given the determination of his adversaries in Taipei and Beijing to stonewall. Above all, we should not encourage PRC leaders to hope that a restoration of conservative leadership in Taipei will be a panacea for the problems in the Taiwan Strait. Stagnation is problematic, but unrealistic expectations and frustrated hopes may well pose an even greater danger.