



NAVAL
POSTGRADUATE
SCHOOL

MONTEREY, CALIFORNIA

THESIS

DEMOCRATIC CHAOS: HOW TAIWANESE
DEMOCRACY DESTABILIZED CROSS-STRAIT
RELATIONS

by

David A. Newberry

March 2005

Thesis Co-Advisors:

Lyman Miller
John Leslie

THIS PAGE INTENTIONALLY LEFT BLANK

REPORT DOCUMENTATION PAGE			Form Approved OMB No. 0704-0188
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.			
1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE March 2005	3. REPORT TYPE AND DATES COVERED Master's Thesis	
4. TITLE AND SUBTITLE: Title (Mix case letters) Democratic Chaos: How Taiwanese Democracy Destabilized Cross-Strait Relations		5. FUNDING NUMBERS	
6. AUTHOR(S) David A Newberry			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000		8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A		10. SPONSORING/MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES: The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.			
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release; distribution is unlimited.		12b. DISTRIBUTION CODE	
13. ABSTRACT (maximum 200 words) Since 1988, democracy in Taiwan has evolved and developed a great deal. Experts argue whether this growth constitutes "democratic consolidation" but there is no contention of the idea that the ROC is more democratic now versus pre-1988. In addition, public opinion polls show that the populace view themselves very differently in 2004 than they did in 1988 in terms of their national identity and their preferences for mainland relations. Finally, the democratic period in Taiwan witnessed greater hostility between the PRC and ROC than in the preceding thirty years combined. This heightened level of belligerence has subsided in recent years, but still remains a Sword of Damocles hanging over each step of Taiwan's democratic process. With these facts in mind, it is clear that the addition of ROC democratization has destabilized relations between the China and Taiwan. One should note that Taiwan's political liberalization has not <i>damned</i> cross-strait relations to a cataclysmic fate. As noted many times in this essay there are prospects for hope and increased cooperation. However, with the advent of democracy for the first time in an ethnically Chinese society, relations moved from a fairly stable equilibrium to a somewhat chaotic new reality resplendent with uncertainty and ripe for catastrophic miscalculation.			
14. SUBJECT TERMS China, Taiwan, PRC, ROC, Cross-Strait Relations		15. NUMBER OF PAGES 83	16. PRICE CODE
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL

THIS PAGE INTENTIONALLY LEFT BLANK

Approved for public release; distribution is unlimited.

DEMOCRATIC CHAOS: HOW TAIWANESE DEMOCRACY DESTABILIZED
CROSS-STRAIT RELATIONS

David A. Newberry
Captain, United States Air Force
B.A, University of Michigan, 1997

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

from the

NAVAL POSTGRADUATE SCHOOL
March 2005

Author: David A. Newberry

Approved by: Lyman Miller
Thesis Co-Advisor

John Leslie
Thesis Co-Advisor

Douglas Porch
Chairman, Department of National Security Affairs

THIS PAGE INTENTIONALLY LEFT BLANK

ABSTRACT

Since 1988, democracy in Taiwan has evolved and developed a great deal. Experts argue whether this growth constitutes “democratic consolidation” but there is no contention of the idea that the ROC is more democratic now versus pre-1988. In addition, public opinion polls show that the populace view themselves very differently in 2004 than they did in 1988 in terms of their national identity and their preferences for mainland relations. Finally, the democratic period in Taiwan witnessed greater hostility between the PRC and ROC than in the preceding thirty years combined. This heightened level of belligerence has subsided in recent years, but still remains a Sword of Damocles hanging over each step of Taiwan’s democratic process. With these facts in mind, it is clear that the addition of ROC democratization has destabilized relations between the China and Taiwan. One should note that Taiwan’s political liberalization has not *damned* cross-strait relations to a cataclysmic fate. As noted many times in this essay there are prospects for hope and increased cooperation. However, with the advent of democracy for the first time in an ethnically Chinese society, relations moved from a fairly stable equilibrium to a somewhat chaotic new reality resplendent with uncertainty and ripe for catastrophic miscalculation.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	HISTORY AND STRUCTURE.....	7
	A. POLITICAL HISTORY.....	7
	B. ROC POLITICAL STRUCTURE.....	12
III.	THE 1996 PRESIDENTIAL ELECTION.....	15
	A. INTRODUCTION.....	15
	B. POLITICAL PARTIES.....	16
	C. SYSTEMIC CHANGE.....	19
	D. THE TAIWAN ELEMENT.....	21
	E. EXTERNAL FACTORS.....	25
	F. THE ISSUES.....	29
	G. THE ELECTION.....	30
	H. THE RESULTS.....	31
IV.	THE 2000 PRESIDENTIAL ELECTION.....	35
	A. INTRODUCTION.....	35
	B. THE INTER-ELECTION PERIOD (1996-1999).....	36
	C. POLITICAL PARTIES.....	37
	D. THE HONG KONG FACTOR.....	39
	E. SYSTEMIC CHANGE.....	40
	F. CROSS-STRAIT RELATIONS.....	41
	G. THE ELECTION.....	43
	H. THE RESULTS.....	46
	I. THE CHEN ERA.....	49
	J. 2004 PRESIDENTIAL ELECTION.....	52
V.	CONCLUSION.....	57
	A. TRENDS.....	57
	B. IMPLICATIONS FOR U.S. POLICY.....	63
	BIBLIOGRAPHY.....	69
	INITIAL DISTRIBUTION LIST.....	73

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

On May 11, 2005, after a referendum passes calling for a new Taiwanese constitution, the People's Republic of China (PRC) launches a surprise invasion of Taiwan. The attack is a multidimensional strike meant to cripple the Republic of China's (ROC)¹ ability to defend itself as well to as keep U.S. forces at bay. Though such an extreme scenario may seem far fetched, it is precisely what is at stake in the conflict between the PRC and ROC. The National People's Congress of the PRC which would mandate military action should Taiwan take any measures it defines as "separatist."² In response, ROC president Chen Shui-bian has said that this measure may cause Taiwan to pass a referendum in opposition.³ One can imagine the spiraling of events that this could touch off, leading to the events sketched above.

This thesis assesses how has democratization in the ROC has changed the dynamic of the Taiwan Straits conflict? To address this topic, it examines the history of cross-strait relations and focuses on two major periods--the 1996 and 2000 presidential elections in Taiwan. This thesis asserts that the advent of democracy has destabilized PRC-ROC relations. Put another way, cross-strait relations have grown increasingly unpredictable and tense since the democratization of the ROC.

In a broader conceptual sense, this thesis shows that democratization let loose forces that have destabilized the ROC relationship with the mainland. As we see in both Chapters III and IV, the onset of democracy brought about a great shift in how the people of Taiwan might express their views of themselves. They express and develop a new Taiwanese identity distinct from the official ROC position that Taiwan is part of China. It was this that caused a major schism, since such an identity challenges the idea of reunification. As the people began to emphasize the differences between themselves and the PRC, they began to question why they would join with the mainland and at what cost.

¹ For the remainder of this paper, the PRC will sometimes be referred to as China or Beijing. The ROC will sometimes be referred to as Taiwan or Taipei. This is not meant to imply any political affiliation or preference by the author but rather aid conceptual simplicity.

² "China Lawmakers Make Taiwan Law Priority", Associated Press, December 30, 2004.

³ "Taiwan May Be Forced to Use Referendum to Counter China's Anti-Secession Legislation", Associated Press, Jan. 21, 2005.

What emerged has been overwhelming support for the status quo, with no push for reunification anytime in the near future.

Concurrent with the fluctuation of cultural identity, there have also been great changes in the political structure of the ROC. Beginning with democratization and continuing with various constitutional revisions, the ROC went from a party-state system like the PRC is to a maturing democratic system. With this change came an even deeper chasm between Taipei and Beijing since they no longer possessed similar governmental norms or structures. As we shall see, throughout the democratic period the PRC and ROC drifted apart culturally and politically making any type of unification extremely difficult since the ties binding them grew continually weaker. The reality of the democratic politics on Taiwan is one in which the electorate has become very comfortable. Its votes and stated opinions continually supported the status quo and its perpetuation in the foreseeable future.

At the same time, no such transformation took place in the PRC during this era. Instead, Beijing has maintained its disdain for the continued de facto independence of Taiwan and continued its efforts to bring the island back into the fold. These efforts ranged from overt military shows of force to more subtle political initiatives. This political position led the PRC to miscalculate the effect of its policies vis-à-vis the ROC electorate on more than one occasion. As a result of these policy errors, the two sides have drifted farther apart and the people of Taiwan have solidified their support for the status quo of de facto independence. While Taiwan's democratization muddied the waters for Chinese policymakers, it had a similar effect in the United States. Democratization brought about the 1996 presidential election and the subsequent cross-strait crisis, in which American military forces were deployed to the region. Washington found itself in a position in which it had to balance growing trade interests in the PRC with its historical and legislative ties to the ROC. In addition, American policymakers were also given to miscalculations in terms of how their initiatives would affect the voters of Taiwan. They needed to show support but at the same time not embolden the electorate to the point where it would believe it is safe or preferable to declare independence. This led to a U.S. policy that walks a tightrope of heavily supporting

Taiwanese self-defense while at the same time warning the ROC not to make any moves toward overt independence from the mainland. Finally, this thesis shows that trends in U.S. policy are likely to continue to take this middle ground while ultimately promoting peaceful resolution of cross-strait issues.

To establish this underlying hypothesis, this thesis examines the ways in which the post-1987 political order in Taiwan has both brought both sides closer to war in some cases and contributed to a more stable political equilibrium in others. The first task of this analysis involves building a historical foundation on which to lay the balance of the argument. To accomplish this, the second chapter will focus on the political history and structures of Taiwan. This chapter shows the evolution of ROC politics and relates this evolution to the changing state of PRC-ROC relations. This chapter, explains who the main political actors were within the pre-democratic ROC and to what extent they influenced cross-strait relations. Finally, this chapter explores the present day political structure of the ROC. Specifically, it gives the reader a firm grasp of the institutions that compose Taiwan's political power structure. This information is instrumental in understanding the political climate within Taiwan and the environment in which the story unfolds.

The focus of Chapter III is the presidential election of 1996 and the myriad events that led up to it. After democratization and the legalization of opposition political parties, the domestic political situation in Taiwan underwent a massive transformation. With this increase in actors has come a concurrent increase in the complexity of political authority. The muddied waters of the ROC's domestic politics have thus greatly complicated the calculations that Beijing makes with respect to its stance vis-à-vis Taiwan. In pre-democratic Taiwan, the PRC could negotiate with known KMT actors but Beijing now had to take opposition parties into consideration. In addition, it would have to make calculations of how its policies would influence public opinion and consequently, political outcomes. As this chapter suggests, such uncertainty led to miscalculation in PRC policy toward Taiwan and a stand-off with the United States, as well as political victory for Beijing's nemesis, ROC President Lee Teng-hui. While these political fluctuations were going on, there were also changes with respect to Taiwanese cultural

identity and perceptions of cross-strait relations. This chapter shows that in this period, some people of Taiwan were with increasing openness identifying themselves more as Taiwanese than Chinese and asking questions about the status quo with respect to mainland relations. The role of external actors, the United States in particular, also plays an important part in this chapter. It examines how Beijing and Washington viewed the cross-strait situation and how their actions in the 1995-6 crisis affected the Presidential election. This chapter concludes that PRC belligerence did little to deter the people and resulted in Lee Teng-hui's election as the first popularly elected President of the ROC. Of course, the strong show of force by the United States in the face of PRC military demonstrations had a large effect in the Taiwan electorate's actions as well. Finally, Chapter III breaks down the main issues of the election and how the Lee Teng-hui victory came to pass.

Chapter IV begins with an examination of the inter-election period, covering the period from Lee Teng-hui's inauguration through the beginning of the 2000 presidential campaign. During this time, there was continued reshuffling among political actors and parties. The KMT became an alternative voice for independence under the strong leadership of Lee. The DPP became fragmented and split between its moderate and radical elements while the NP sputtered into irrelevance. With the beginning of the 2000 election, the three main candidates positioned themselves with respect to the cross-strait issue and what role that played in the election. The chapter shows that the national identity issue took a backseat to issues of political corruption and other domestic concerns. In addition, a split in the KMT power base between Lien Chan and former KMT vice-chairman James Soong gave the DPP candidate Chen Shui-bian the opportunity he needed to win the presidency.

This chapter also shows how the actions and policies of the PRC and the United States affected the environment in which the presidential election took place. Once again Beijing struck a threatening pose, the United States showed its support, and the candidate the PRC least wanted elected was victorious. This chapter goes on to analyze what happened after Chen's election and the trends that developed as a result. Specifically, coalitions began to form among the chief ROC political parties such as the pan-blue and

pan-green. In addition, PRC and U.S. policies fluctuated to adjust to the new political reality of having the DPP in the highest position of power in the ROC. The PRC began taking a more circumspect route, attempting to influence political outcomes using constituencies within Taiwan such as business interests and opposition political parties. The United States continued its trend of both aiding Taiwan's self-defense while staunchly backing a peaceful equilibrium in the Taiwan Strait and discouraging any moves toward ROC independence. This discussion builds to the 2004 presidential election and the eventual re-election of Chen Shui-bian, once again against the evident wishes of the PRC.

This thesis concludes by assessing the overall net effect of ROC domestic politics on Cross-Strait relations as a whole. This summarizes the history and political structures outlined in Chapter II, the events leading up to the presidential election of 1996, and two subsequent presidential elections in which the opposition became the incumbent. Given these different ingredients, this chapter focuses on where PRC-ROC relations maybe headed in the foreseeable future. Certainly such prognostication is founded on unknowns, but this thesis argues that democratic processes will continue to make Beijing-Taipei interaction chaotic and given to significant fluctuations. Finally, some consideration is given to how U.S. policy can shape Taiwan politics in the most positive way with respect to cross-strait relations.

Ultimately, all the trends discussed in this thesis point to an inescapable set of conclusions:

- 1) Democratization in Taiwan has led to overwhelming support for the status quo enjoyed by the island's population;
- 2) This status quo represents a de facto independence that is completely unacceptable to the PRC;
- 3) The ROC will not allow negotiations to move forward until the PRC recognizes the fact of this state of equality between the two parties;
- 4) The United States is committed to maintaining peace in the region and is willing to use military force to make it remain so; and

- 5) All the above represent an extremely unstable and possibly untenable state of affairs for which the democratic transformation of Taiwan was the most influential force.

II. HISTORY AND STRUCTURE

A. POLITICAL HISTORY

In order to understand the cross-strait debate as it stands today, it is essential that one grasp the historical processes that brought about such a state of affairs. As a means to this end, this chapter provides a historical framework on which the main focus of this paper is built. The island of Taiwan has a long history filled with a multitude of influential actors and traditions. In addition, political control over the island has historically been much more complicated than one nation claiming Taiwan as territory or a group of nations agreeing upon it as such. Not only have political claims on Taiwan been in flux but also the governing structures as well. Through analysis of political outcomes and initiatives later in this work, we will firmly grasp the evolution of cross-strait relations. However, this chapter provides the institutional and underpinnings of the political system in which these outcomes are produced.

Since 1945, the island of Taiwan has experienced a great metamorphosis in its political institutions. This change has been the direct result of exposure to massive political and military influx from mainland China. These immigrants were not the first inhabitants of the island, or the first to implement a political system. However, it is the descendants of these newcomers (or migrants depending on which vision of Taiwan one believes in) who are the predominant actors in Taiwan politics today. In addition, it is with the cultural roots of these individuals that the island as a whole must contend in the present day. Their historical ties to the mainland have embroiled this island in political and sometimes military struggle for the past fifty years. Certainly the historical claims of the mainland on Taiwan go back farther than fifty years. However, the political impasse that has led to the heightened state of hostilities between the two parties sees its root with the arrival of the ROC on Taiwan. It is its assumption of political rule that begins the chain of events and leads to the contentious relationship one can observe today.

The history of Taiwan begins with the arrival of several distinct groups of people who are now referred to as simply the “aborigines.” They are composed of several different tribes the three largest of which, the Ami, Paiwan, and Atayal, account for 85

percent of all aboriginal people on Taiwan.⁴ These groups are indeed important as they continue to play a role in Taiwan's political climate today. They live in conditions similar to those of Native Americans in the United States, commonly in small rural areas with very little economic prosperity or hope for the future. The largest population group in Taiwan today is ethnically Chinese from the Fujian province. They make up roughly 70 percent of the current population and came in the largest numbers during the fourteenth through seventeenth centuries.⁵ The other main ethnic group that is important to Taiwan politics today is the Hakka. Their largest migration to the island occurred after the Hakka-led Taiping Rebellion on the mainland was put down. Today they currently make up 10-15 percent of the Taiwanese population.⁶ The balance of Taiwan residents are those who immigrated to the island from the mainland after the end of World War II. These people form the elite classes that have controlled the government, military, and economy of Taiwan since their arrival. This listing of ethnic roots becomes important as there is a definite cultural aspect to present day Taiwan politics. In many cases, as will be shown later, political affiliations occur more by cultural and ethnic lines than on economic class lines. Of course, one can see that social classes follow ethnic lines in some cases, as with the people who came from the mainland after WWII. However, allegiance to political parties is not quite so neat.

Historically, the political control of Taiwan has been defined several times over. This is an extremely important point in the current debate, because the PRC claims that Taiwan has been a part of China throughout all recent history. The evidence suggests that this is not necessarily the case and that PRC historical claims may not be fully supported by fact. Imperial dynasties have claimed sovereignty over Taiwan though had very little day to day control of the island. In the seventeenth century, the Dutch established the colony of "Formosa" and proceeded to set up a base to extract resources for the motherland.⁷ After only 39 years, the Dutch were overthrown by Zheng Chenggong, who was engaged in a struggle to overthrow the current Manchu forces on

⁴ Denny Roy, *Taiwan: A Political History* (Ithaca: Cornell University Press, 2003), p. 3.

⁵ *Ibid.*, p. 4.

⁶ Shelley Rigger, *From Opposition to Power: Taiwan's Democratic Progressive Party* (Lynne Rienner: London, 2001), p. 4.

⁷ "Motherland" refers to the Netherlands.

the mainland. Eventually, the Manchu Qing dynasty established control over the island, which lasted for the next two centuries. In 1895, the Qing ceded control of Taiwan to Japan in the Treaty of Shimonoseki. It remained under Japanese control until 1945 and their surrender after WWII. It should be noted that this is a major historical claim for Chinese control of Taiwan. Beijing believes that after the Japanese left, Taiwan once again became part of China.⁸

The surrender of Japanese control led to a power vacuum that was quickly filled by the Kuomintang. There is disagreement over the reaction of the Taiwanese at this time over “return” to Chinese rule. Nevertheless, KMT troops arrived in October 1945 and Taiwan has been under Republic of China governance ever since. Taiwan was quickly put under military governorship. It was at this time that mainland KMT supporters were put into the highest positions of authority on the island. This state of affairs would continue until 2000 and the presidential victory of Chen Shui-bian of the Democratic Progressive Party (DPP). On February 28, 1947, there was a mass protest against KMT policies that escalated widely, leaving an estimated 1,000 KMT supporters either killed or injured.⁹ The resultant backlash from this incident left Taiwan under a state of martial law until 1987.

Chiang Kai-shek was the leader of the KMT at this time and continued to rule the ROC until his death in 1975. The stated philosophy of the KMT was to follow Sun Yat-sen’s Three People’s Principles,¹⁰ though actual policy implementation proved quite different, especially with respect to the principle of democracy. Interestingly enough, the KMT structure appeared very similar to that of the Chinese Communist Party (CCP). This is because both were organized on the model of the Soviet Communist Party. The chain of command ran from the National Party Congress to the party chairman to the Central Standing Committee, and so on down the line. There was party control at every level. In fact, it was stated in the plans for organization that, “The KMT would maintain strict standards of leadership throughout all sectors of society. All important decisions

⁸ The complexities of the “One China” debate are touched upon in various parts of this paper. However, a full discussion of the issue is quite beyond its scope.

⁹ Roy, p. 68.

¹⁰ These included: nationalism, democracy, and livelihood.

would be made by the party.”¹¹ This structure remained in place until the political reforms of the late 1980’s led to democratization in the 1990s and an end to the KMT’s monopoly of political power. However, the KMT would control the highest level of political office until 2000.

International relations during the era of the KMT focused to a large extent on its relationship with the PRC and the United States. It was this relationship, both politically and physically, that led to a closer relationship between Taiwan and the United States. Throughout the 1950s and 60s, Taiwan was the recipient of large amounts of economic and military assistance from the United States. In addition, the United States was a strong advocate of the Republic of China as the sole legitimate government of all of China. This lasted until 1970, when Washington opened contacts with Beijing. In 1971, PRC received China’s seat in the United Nations. Thus a diplomatic balancing act between the United States, PRC, and ROC began. Throughout the 1970s and early 1980s Sino-American cooperation produced the “three communiqués”. In these agreements, the United States laid out its position on the cross-strait issue: 1) The United States “acknowledged” that Chinese on both sides of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China; 2) the United States recognized the government of the People’s Republic of China as the sole legal government of China, and acknowledged the Chinese position that there is one China and Taiwan is a part of China; 3) both Washington and Beijing stressed non-interference in each others internal affairs, 4) and the United States pledged to gradually reduce arms sales to Taiwan over an unspecified period of time; and that it would not sell more arms to Taiwan than it had in pervious years. While Washington and Beijing explored rapprochement, the United States remained a strong supporter of Taiwan, which was spelled out in the 1979 Taiwan Relations Act (TRA). The main points outlined in The TRA state that: 1) the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means; 2) any effort to determine the future of Taiwan by other than peaceful means a threat to the peace and security of the Western Pacific area and of grave concern to the United

¹¹Steven J. Hood, *The Kuomintang and the Democratization of Taiwan* (WestviewPress: Boulder, CO, 1997), p. 25.

States;3) the United States will provide Taiwan with arms of a defensive character; and 4) the United States maintains the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan. Essentially, the United States supports Taiwan though does not recognize its right as an independent sovereign nation.

Socially, the KMT evolved greatly from its assumption of power until its eventual loss of the executive office. From its roots as an authoritarian system, it evolved into support for democratic institutions. It should be noted that this evolution occurred in the midst of great protest and social unrest. This movement was also behind the lifting of the emergency decree that authorized martial law in 1987. Much of this unrest was fueled by the continuing domination of the KMT by mainland Chinese and the marginalization of native Taiwanese. There was also a great deal of international pressure to accommodate its opposition rather than crack down on it. It was in this environment that the Democratic Progressive Party began to emerge.

The KMT opposition, which became central to the political evolution of Taiwan, originated from a social movement referred to as the “dangwai movement.” At its root was a coalition between local politicians who were opposed to the KMT and dissident intellectuals.¹² The dangwai movement began in its current sense in 1968 through a collection of dissident politicians. Many of these people had their political views shaped in the worst days of martial law on the island, a period known as the “white terror”. During this period tens of thousands of Taiwanese were imprisoned or executed by the KMT police forces. It should be noted that this persecution was not limited to native Taiwanese and included many mainlanders. Throughout its development, the movement was split into several small factions, each with its own agenda. These platforms usually centered on democratization and Taiwan self-determination. Since the first national election law in January 1989, democratization is no longer among their main tenets. However, it is important to note that factional infighting remains to this day in the DPP and its affiliated parties.

¹² Shelley Rigger, *From Opposition to Power: Taiwan's Democratic Progressive Party* (Lynne Rienner: London, 2001), p. 17.

B. ROC POLITICAL STRUCTURE

Understanding the political structure of Taiwan is indispensable for analyzing and understanding the domestic political dynamics that take place there. In this section, we look at the basic design of ROC government and the rules by which it functions. In addition, this section shows how responsibilities are divided within the system and what this means for power relationships within Taiwan.

The government of Taiwan is broken up into five main branches or yuan: the Executive Yuan, the Legislative Yuan (LY), the Judicial Yuan (JY), the Examination Yuan (EY), and the Control Yuan (CY). At the top of all these is the president (see Figure 1). The President is the head of state, responsible for representing Taiwan in foreign relations and at state functions, proposing laws, declaring martial law with the approval of the Legislature, concluding treaties, declaring war and making peace, convening the National Assembly. The president also appoints the president of the Executive Yuan (premier) and, with the consent of the Legislature, appoints the president, vice president, and the grand justices of the Judicial Yuan; the president, vice president, and members of the Examination Yuan; and the president, vice president, auditor-general, and members of the Control Yuan.¹³ As we see, the President of Taiwan has extensive powers in cases of national emergency and other special circumstances. In addition, the President has the right to dissolve the Legislative Yuan if it passes a vote of no confidence on his choice of Premier. The LY may not be dissolved if the government is in a state of emergency. Starting in 1996, the president is elected by popular vote of the ROC citizenry and needs to win a plurality in order to take office.

The Legislative Yuan is the highest legislative body of the state, consisting of popularly elected representatives who serve three year terms. Elections for LY are held every three years. The Legislative Yuan is composed of 225 members, 172 of which are directly by the people. The other 49 members are selected by political parties according to their proportional representation as constructed from the results of the popular vote¹⁴. Thus the most powerful parties gain additional members from their success in a given

¹³ <http://www.gio.gov.tw/taiwan-website/5-gp/yearbook/P045.htm#2>. Last Accessed: 20 March 2005.

¹⁴ Ibid.

election. The LY is responsible for conducting general legislative business, passing budgetary measures, approving Presidential nominations, amending the constitution under certain conditions, and impeaching the President.¹⁵

The Judicial Yuan is the highest judicial organ of the Republic and is charged with interpreting the constitution. The Examination Yuan is in charge of administering the civil service system of the republic. Finally, the Control Yuan is the highest governmental control organization in Taiwan. It is empowered to institute impeachment proceedings against public officials of the central or local government, except for the president and the vice president of the Republic, if that individual is guilty of dereliction of duty or violation of law. The CY is a relic from the old authoritarian single-party structure. It is one of the organizations facing reform if Chen Shui-bian is successful in his proposed constitutional “re-engineering” slated for 2006.

Since 1988, the ROC constitution has been revised six times, adding an average of ten amendments in each round of changes. It is not unusual for the constitution to undergo change in Taiwan, however since the election of Chen Shui-bian it has become an explosive issue. As mentioned above, the ability to amend the constitution is vested in the Legislative Yuan. Current initiatives aimed at altering the ROC constitution have drawn fire from opposition parties as well as both the PRC and United States. Such measures will be examined in greater detail later in this thesis.

One of the most important structural changes in the democratic era was the 2003 passage of a referendum act, providing a legal basis for the nation's citizens to vote on issues of national or local importance. According to the Referendum Act, the executive branch is prohibited from calling a referendum. Only the LY or a citizens' petition drive is allowed to do that under normal circumstances. However, the act stipulates that the president can call a “defensive referendum”, if a foreign threat endangers national

¹⁵ Upon the proposal of one-fourth of the members of the Legislative Yuan and by resolution of three-fourths of the members present at a meeting having a quorum of three-fourths of the members of the Yuan, a bill to amend the Constitution may be submitted to the National Assembly for deliberation. Impeachment of the President or Vice President will be initiated upon the agreement of more than two-thirds of all will be submitted to the National Assembly. Source: ROC Government Information Office.

sovereignty.¹⁶ This practiced is linked in controversy with the topic of constitutional change in the present day as President Chen is pushing for a referendum calling for a round of constitutional revision. In later chapters we will explore what the consequences of such actions could be.

This chapter has provided the reader with a brief synopsis of the history of Taiwan's political system and an outline its structural framework. With this in hand, we now examine the events and actions that this system produced over the past three decades beginning from 1988.

¹⁶ <http://www.gio.gov.tw/taiwan-website/5-gp/yearbook/P073.htm#1>. Last Accessed: 20 March 2005.

III. THE 1996 PRESIDENTIAL ELECTION

A. INTRODUCTION

The 1996 Presidential election in the ROC illustrates the different themes that became apparent with the advent of democratization in the late 1980s. Specifically, this chapter will show how democratic forces lead to a split in the ruling KMT which creates an opportunity for opposition parties to rise in status. These parties, most notably the DPP, will use this opportunity to make significant leaps in political standing. As we will see, this fluctuating dynamic in party politics becomes a common theme in Taiwan politics and leads eventually to the rise of a DPP candidate as the president. During this first period of democratization, there was also a shift taking place both within the political power structure and the society as a whole. Native Taiwanese were assuming more positions of power within the political system. In addition, the people of Taiwan began to view themselves increasingly as Taiwanese and less as Chinese. With respect to the cross-strait debate this was a significant shift because the rationale for unification was greatly weakened. In addition, since democratization empowers the public to have their voices heard, how they viewed themselves and the PRC-ROC struggle took on paramount importance. This chapter shows how Taiwanese public opinion shifted on the unification issue after democratization and began to support what is now the status quo. It is important to note that this desire to maintain the status quo is a constant factor throughout the entire democratic period. The people consistently backed candidates who took a firm line behind the rights of Taiwan while not threatening economic stability on the island. This became a very fine line and ultimately presidential candidates took notice and moderated their stances accordingly during the campaigns. Finally, this chapter illustrates the role of the United States and the PRC in ROC politics. It explores how the ROC attempted to influence the 1996 election through shows of force and how the United States responded in the face of Chinese aggression to maintain peace in the region. This effort by external actors to shape political outcomes in the ROC became a common theme that repeated itself many times in Taiwan's democratic era. Ultimately,

this chapter illustrates how public opinion began to solidify itself behind the status quo in this time period. It also demonstrates that this status quo was unacceptable to the PRC and it was willing to use force to bring Taiwan back into the fold. Finally, it shows that the United States was firmly committed to maintaining a peaceful resolution to cross-strait issues and showed no sign of changing that in the future. At the conclusion of the 1996 Presidential election, the PRC and ROC were clearly on a path to greater disharmony.

B. POLITICAL PARTIES

The most important group in the 1996 Presidential election was certainly the KMT. As the incumbent party, it controlled most of the political power at the time of the election including the executive office. As discussed in Chapter II, the KMT had been the dominant political force on the island since 1947. Such a legacy of political leadership had a significant inertia that could not be underestimated, regardless of the strength of opposition parties. The KMT was not only the overwhelming political force in Taiwan, but had control of vast economic resources as well. As of 1993, the KMT had a budget of NT\$5 billion, more than 50 times that of the DPP.¹⁷ Such a disparity in campaign funds becomes especially important in an increasingly evolved democratic system. The role of media outlets, and consequently advertising, grows larger. Those parties that can control the public relations war will often shape the way the election plays out. The public is voting based on what it considers to be its best information. Since in many cases they receive this education through television and radio, the KMT held a significant advantage. It is also important to recognize that as the incumbent ruling party, it could use its leadership positions to further its political message through official speeches. One must consider that there are disadvantages to such positions as well, since it may be held accountable for its record in office. If the public perceives that its political leadership has not advanced the society's welfare, a candidate's incumbency will not help him. This phenomenon becomes more important when the major issues of this election are discussed. The state of affairs with Mainland China, and the KMT role in it, would be the most talked about issue in the election.

¹⁷ *Liberty Times*, 15 May 1993, p.2 as cited in Jaushieh Joseph Wu, *Taiwan's Democratization: Forces Behind the New Momentum*, (Oxford: Oxford University Press, 1995), p.79.

Though the KMT still held the most political power of any party in the ROC, it is important to look at trends that were evident in its evolution. Despite KMT's position as the most powerful political party on Taiwan, its share of political control had decreased by significant amounts since democratization. In 1989 the KMT controlled 71 percent of the Legislative Yuan while the DPP held 21 percent.¹⁸ By 1995, that ratio had changed significantly. The DPP now held 33 percent of the seats versus 52 percent for the KMT and 12 percent for the New Party (NP).¹⁹ As one can readily see, the KMT was no longer a monolithic entity in the ROC. This is evidenced most clearly by the fact that the NP was composed mostly of former members of the KMT who became disillusioned with the direction of the party. Though slim, the KMT still held a majority within the Legislative Yuan. However, it was losing relative position and this led to changing political reality for the party leadership. It would need to learn to build some consensus in order to get their agenda through the LY rather than putting through whichever policies it preferred at a given time. While the KMT still controlled the Legislative and Executive, their position was evolving into one of leadership rather than command.

The formation of the NP deserves a closer examination if one wishes to gain a deeper understanding of the direction of party politics in Taiwan as the 1996 presidential election campaign began. A schism within the KMT began to form in 1989 when preparations were being made for the 1990 presidential election. At that time, the president was still chosen by the National Assembly. Since it was under the control of the KMT, it was certain that a KMT candidate would win the office. However, there emerged several candidates for president, rather than just one who was arrived upon through party consensus. Ultimately these disputes led to a greater debate over how the ROC President was to be chosen. Two sides formed, the "mainstreamers" and the "non-mainstreamers". The mainstreamers wanted the president to be directly elected by the people of Taiwan and the non-mainstreamers were in support of the status quo. Eventually the mainstreamers won, which led to the central event in this chapter--the 1996 presidential election. However, it was out of these controversies that the non-mainstreamers formed the NP. By the time of the 1996 presidential election, the split

¹⁸ *China News*, 4 December 1989.

¹⁹ *Taiwan Communiqué*, International Edition January, 1996.

between these two parties grew to encompass the question of Taiwanese independence. The NP came out strongly in support of unification with the mainland and the KMT became a champion of Taiwanese nationalism. The other important element of this split was that it provided an opportunity for the DPP to exploit the situation to its advantage. A popular slogan in the 1992 Legislative Yuan election was, “a united DPP against a divided KMT”.²⁰ Ironically, the DPP was holding itself out as the party of stability.

The dynamic introduced by the formation of the NP is interesting because it moved the Taiwan political situation from one of establishment-opposition to one of coalitional politics. In fact, after the 1995 LY elections, there were proposals to form a coalition between the NP and the DPP, an alliance of opposition parties.²¹ As if to prove the adage about politics and bedfellows, the DPP and the NP at this time were almost diametrically opposed in their view of Taiwanese nationhood. However, it shared a common enemy and could find some common ground on domestic issues. While such a coalition never truly took root, the effort and spirit shows just how the system was indeed changing.

While the NP was a relative newcomer to the opposition role, the DPP had been there all along. However, because of the nature of the DPP and its roots, it was in a similar state as the KMT. It was fraught with internal dissention and factionalism. One must remember that the DPP formed as a coalition of protest elements. It was never a monolithic organization but rather a group with the common bond of opposing the KMT. With the advent of democratization, its members were no longer so reliant on group unity for survival. Nevertheless, by the mid 1990s, the DPP was gaining ground in terms of political power, as shown above by the comparison of election results. Of special note, the DPP candidate Chen Shui-bian won the election for mayor of Taipei in 1994, stunning the KMT and much of the island. Though not significant in terms of power considerations, this victory was a huge achievement for a party pushing to gain acceptance as a legitimate force in ROC politics. In addition to this electoral boost, the DPP was also busy exploiting the internal dissention of the KMT, taking advantage of the

²⁰ Jaushieh Joseph Wu. *Taiwan's Democratization: Forces Behind the New Momentum*, (Oxford: Oxford University Press, 1995), p.99.

²¹ Tsai Wen-hui, *Bringing the People Back In: Collected Essays on Major Elections in Taiwan at the Turn of the 21st Century*, (University of Maryland School of Law, 2003), p.59.

finger pointing and name-calling between the other two parties. In some instances, it took the side of the KMT, especially when the issue of independence was in question and at other times it joined forces with the NP. In the run up to the 1996 election, the DPP was struggling to increase its base of support. It was trying to move from a purely opposition party in the eyes of the public to one capable of representing all of the electorate as a national governing organization.

Perhaps the biggest challenge that the DPP faced in this period was one of identity, not so much in terms of its constituency, though as stated above, that was a concern. Rather, the DPP was finding that its agenda was being co-opted by the KMT. As an organization fighting to change the system and reform the ROC, the DPP garnered a lot of its support from those who felt that the political status quo must change. However by the mid-1990s, such a shift had in fact occurred. As this paper will show, the DPP was able to find issue areas it could still campaign on. However, it is important to note that it was forced to alter its platform. This is important because the initiatives it chooses to focus on in the future could have significant consequences for cross-strait relations.

So far this chapter has looked at the state of the political parties on the eve of the election. In the next section, we look at how democratization altered the political outlook of the ROC's leadership and shifted the focus of its relations with the mainland.

C. SYSTEMIC CHANGE

With the advent of democracy in the ROC, a major roadblock to harmonious cross-strait relations was introduced. Specifically, Taiwan was embarking on a revolution of sorts and shaping its political system in such a way as to clearly differentiate itself from the PRC. Until this time, the ROC had a political organization that was in many ways similar to the PRC. However, after democratization the two systems became increasingly disparate. Such a systemic dissonance begged a very serious question; if the two actors had such vastly different political systems, how could they be the same nation? Systemically and ideologically this split took place when martial law was lifted and multiple political parties were legalized in 1988. However, the true conceptual split took place when the ROC declared an end to the war with the CCP. This was accomplished while the National Assembly was making constitutional revisions

in 1991. These were not aimed specifically at some sort of de facto independence from the PRC as much as they were necessary to fully implement a more democratic system on the island.

As outlined above, the political parties in the ROC had been in a state of flux since democratic measures were put in place in 1988. Dissension within parties led to multiple debates and even the formation of new parties. In addition, there was more disagreement than ever about how the new political system should be structured. In 1990, the National Assembly met to discuss necessary constitutional revisions. There were many proposals put forth, and the debates raged for years about how the president should be elected, as well as how different arms of the government should be structured and whether some should be eliminated. However, the most significant event for the purposes of this analysis was a relatively unheralded one. Specifically, during the constitutional revisions, then-President Lee Teng-hui claimed that he had the provisions removed that referred to ROC claims on the mainland.²²

On April 30, 1991, President Lee Teng-hui announced the end of the “Mobilization Period for the Suppression of the Communist Rebellion”.²³ In addition, the “Temporary Provisions Effective During the Period of the Communist Rebellion”²⁴ was repealed, signaling an end to the Civil War and communist threat. In actuality, it was imperative that these provisions be removed because they gave the government far too much power and took away from the establishment of a more free and democratic society. Nevertheless, all these events combined to show an important switch in the mindset of ROC leadership. No longer was it focused on its role as the rightful rulers of the Chinese nation. Rather, it saw itself as a distinct entity.

While the early 1990s were a time for the delineation of boundaries for Taiwan, it could be argued that the seeds of healthier cross-strait relations were also being sown. In response to the non-mainstream faction in the KMT, Lee Teng-hui established the

²² 23 December 1999, United Daily News. Link: <http://www.taiwanheadlines.gov.tw/19991223/19991223p1.html>. Last Accessed: 20 March 2005.

²³ Denny Roy, *Taiwan: A Political History* (Ithaca: Cornell University Press, 2003), p.185.

²⁴ http://cns.miis.edu/straittalk/02a_percent20List_percent20of_percent20Appendixes.htm, Appendix 8. Last Accessed: 20 March 2005.

National Unification Council (NUC)²⁵. This was an organization meant to create a plan for peaceful unification with the mainland. It is very important to note that the name of the organization speaks of “unification” and not “re-unification”. In most public statements the PRC refers to the process of “re-unification” rather than “unification”, as preferred by the ROC. This diplomatic subtlety gives great insight into how each side views the issue. In defining the process in such terms, Taipei shows that it views joining the PRC as a new process, not one that restores a previous state and is simply rectifying an historical hiccup. Even in an effort to promote peaceful relations, there was still the specter of divisiveness. In addition, the first product published by the NUC was the “Guidelines for National Unification”.²⁶ This was three-step outline of how relations would progress to the point where the PRC and ROC would combine to form one state. Among the pre-conditions were: 1) that both sides adopt democracy, rule of law, and further economic reform; 2) that negotiations would take part as relations between equals; and 3) that all disputes would be settled by peaceful means. While such provisions may indeed lead to peaceful unification between Taiwan and the mainland, they were also completely out of touch with reality. It is difficult to believe that those responsible for these guidelines could see them as conditions that would be acceptable to Beijing. One can see that even in the guise of bridge-building, political realities brought on by democratization led to further exacerbation of cross-strait hostilities.

D. THE TAIWAN ELEMENT

The political events that took place in 1991 showed that the ROC was headed on a new and distinct path from that of the PRC. It was becoming more “Taiwan” and less the “Republic of China” in fact if not in name. This change in direction was further evidenced by, and perhaps a consequence of, the evolving nature of political power on Taiwan. As Chapter II points out, the political and economic elite of the ROC had historically been composed of mainlanders. This had a specific impact on policies since these actors had strong historical and familial ties to what was now the PRC. However, the composition of the KMT gradually changed through the years, with more and more

²⁵ Jaushieh Joseph Wu, *Taiwan's Democratization: Forces Behind the New Momentum*, (Oxford: Oxford University Press, 1995), p.147.

²⁶ <http://www.wulaw.wustl.edu/chinalaw/twguide.html>. Last Accessed: 20 March 2005.

positions being filled by people born on Taiwan. It is in this environment that Lee Teng-hui and his supporters gained power and eventually the presidency in 1988. In terms of political elite composition, the process received a huge boost in 1990, when the Council of Grand Justices ordered all members of representative assemblies elected before 1949 to give up their seats.²⁷ Not only was this move necessary in the further democratic legitimization of political institutions, but it also made a clear statement about the origins of leadership. Henceforth, the people of Taiwan would be represented by people who had assumed their positions only after the political structures had been established on Taiwan itself. While not cleansing the representative assemblies of officials who were of mainland roots, it was symbolic of the ROC progression. In addition, it left open a number of seats in several elections, some of which would be filled by non-mainlander candidates.

In any transition from an authoritarian single party system to a multi-party democracy, there will be an attendant shift in power from the political elites to the will of the masses. Certainly, there will still be political elites. However, in order to maintain their powerful status they will be accountable to public opinion. We have already seen that the major political parties evolved both their policies as well as their composition in the years between democratization and the 1996 presidential election. In these same years, the populace was also changing. They were grasping for the first time the power they held in the new system. With the ending of martial law, there was a growing movement of civil society and Taiwan-based interest groups. While there had always been interest groups on Taiwan, their number and level of political action experienced tremendous increases in this era. Mass protest rallies were legally held for the first time, totaling just five in 1986. That number grew by more than triple to eighteen by 1989.²⁸ The people were anxious for their voices to be heard and they could now do it legally. The voicing of these public interests would forever alter the landscape of ROC politics.

Public opinion polls demonstrate that while people were becoming more politically active, the way that they viewed themselves was changing as well. Whether it

²⁷Francoise Mengin, "State and Identity" in *Democratization in China*, (New York: St Martin's Press Inc., 1999), p. 121.

²⁸Chu Yun-han, *Crafting Democracy in Taiwan*, (Taipei: The Institute for National Policy Research, 1992), p. 105.

was because of the initiatives outlined above or merely a sentiment that had lain dormant under the thumb of KMT oppression, more residents of Taiwan were viewing themselves as ethnically separate from the mainland. In 1992, 19.3 percent of citizens identified themselves as Taiwanese, 46.4 percent as both Taiwanese and Chinese, and 30.2 percent as Chinese. However, by the time of the 1996 election those numbers had changed significantly. In 1996, 32.3 percent identified themselves as Taiwanese, 46.4 percent as both Taiwanese and Chinese, and only 17.3 percent as Chinese.²⁹ As one can see, the amount of increase in those who consider themselves as Taiwanese is almost exactly the same as the decrease in the percentage of those who identify as Chinese. It is also fascinating to note that the percentage of those who identify with both ethnicities remained the same in 1996, though it did fluctuate in the interim years. Within the KMT itself, there was an increase of 20 percent in those who called themselves Taiwanese. This shifting of identity is likely to cause a change in their perceptions of the debate about whether they really are part of China or not. Should voters' opinions on this issue shift, it is likely that their behavior at the polls will as well. In noting the changes in terms of the identity of the electorate, it is important for the purposes of this essay to also examine the corresponding public opinion with respect to cross-strait relations. The Election Study Center at National Chengchi University conducted surveys to gauge voter's positions on Taiwan-Mainland relations.³⁰ They presented six options and asked the respondents to choose the one they preferred most.

- Option 1: "Taiwan unifies with China as soon as possible".
- Option 2: "Taiwan maintains the status quo, then unifies with China in the future".
- Option 3: Taiwan maintains the status quo". Independence or Unification will depend on conditions in the future".

²⁹ Surveys of the 1992 Legislative Yuan election, the 1994 mayoral and gubernatorial election, the 1995 Legislative Yuan election, and the 1996 presidential election. Surveys were conducted by The Election Study Center, National Chengchi University. Note: Numbers do not add up to 100 percent because some respondents did not identify with any of the broader categories listed.

³⁰ Surveys of the 1993 County Magistrate election, the 1994 mayoral and gubernatorial election, the 1995 Legislative Yuan election, and the 1996 presidential election. Surveys were conducted by The Election Study Center, National Chengchi University. Note: Numbers do not add up to 100 percent because some respondents did not identify with any of the broader categories listed

- Option 4: “Taiwan maintains the status quo forever”.
- Option 5: “Taiwan maintains the status quo and then becomes independent in the future.
- Option 6: “Taiwan claims its independence as soon as possible”.

The results were interesting given the significant change in claimed national identity outlined above. As of 1996, Option 3 was the overwhelming favorite garnering 36.1 percent of respondents. Option 2 was in second place with 20.3 percent. However, when one looks at these results on a timeline, different lessons can be learned. Between 1993-6, Option 2 decreased the most, losing 4.3 percent of those polled. The plan of action which enjoyed the highest increase, from 7.7 percent to 15.5 percent, was Option 5. This program called for support for the status quo, but ultimately independence for Taiwan. The other options stayed stable in their levels of support.

Change is also apparent in polling data that measured how residents of the ROC viewed cross-strait relations; there was an emerging trend of greater support for independence and less for unification. In addition, if one looks upon the status quo as de facto independence, the numbers are staggering in their support for a separate Taiwan. When compared to the numbers on identity, one can see that there is a greater sense of shift from Chinese to Taiwanese identity than there is for independence over unification. However, the trends in both cases support the idea that in the years immediately preceding the 1996 presidential election, the people of the ROC were becoming more focused on a separate and independent Taiwan.

While the correlation of identity and national status appear to yield results that tend to support a more separate Taiwan, there is certainly another way to interpret them. Although the percentage increase is clearly toward a more independent sentiment, the raw numbers show that the highest level of support is propping up the status quo. In a way, this shows that public opinion is a stabilizing element, since it is not pushing for some sort of radical change. However, as noted above, it is important to note that a stabilization of internal policy around the status quo could act as a destabilizing force with respect to the PRC. Beijing has often stated its displeasure with the status quo and its desire to reunify all Chinese territory, which it considers Taiwan to be. It is interesting

to note in a general way that with the advent and growth of democratic institutions, PRC-ROC relations gained a level of immediacy not seen for decades. Exactly what aspect of Taiwan's domestic political environment facilitated this state of affairs is open to debate. However, one must notice the staggering coincidence of events that transpired in the early 1990s and conclude that ROC democratization did in fact play an integral role.

E. EXTERNAL FACTORS

This work is not meant as an exhaustive analysis of either PRC or American policies on the Taiwan issue. However, it is essential to understand that international actors play a significant role in domestic political outcomes on Taiwan. Since the establishment of the KMT on Taiwan and the PRC on the mainland, there has been what some have called a "strategic triangle"³¹ between the PRC, ROC, and the United States. In the 1950s this relationship was strained to say the least. The PRC and ROC were still in a heated state of civil war and the United States was elaborating its containment policy versus communism. After the onset of the Korean War, President Harry S. Truman ordered naval forces to the Taiwan Strait to prevent Mao Zedong from acting like North Korea and taking advantage of a perceived lack of interest in Taiwan as well as stopping Chiang Kai-shek from attempting to retake the mainland. With this action, a precedent was set that would be repeated in a similar fashion during the 1995-6 Taiwan Strait crisis.

In the early 1990s, it appeared that relations between Taipei and Beijing were undergoing a significant thaw. Both sides formed organizations to facilitate exchanges of ideas, people, trade, and whatever else needed to be communicated. These groups came to be known as the Association for Relations Across the Taiwan Strait (ARATS), which is a quasi-official organization representing the mainland, and the Strait Exchange Foundation (SEF), a similar organization representing Taiwan. It is essential to remember that these organizations were created to work on practical problems of cross-

³¹ For a more in-depth analysis of this "strategic triangle" concept with respect to the Taiwan Strait crisis, see Yu-Shan Wu, "Does Chen's Election Make Any Difference?: Domestic and International Constraints on Taipei, Washington, and Beijing" in Alagappa, Muthiah(ed). *Taiwan's Presidential Politics: Democratization and Cross-Strait Relations in the Twenty-first Century*, (New York: M.E. Sharpe, 2001).

strait relations, such as family visits between the two sides. They were not established to forge policy directions for either party.³²

As much progress as both sides made in normalizing relations in this period, there was a great deal of discord as well. The very organizations that were started to further cross-strait ties have proven to be the vehicles for strained relations and misunderstandings. The divisive issue alluded to above has come to be known as the “1992 consensus”. After meetings in Hong Kong in March 1992, it was reported that among other things, ARATS and SEF had agreed to a consensus on there being “one China, and that Taiwan is part of China.”³³ The PRC contended that while Taiwan and the PRC had expressed different interpretations, both sides had agreed on the central proposition that “There is only one China, and Taiwan is a part of China.”³⁴ However, since this declaration was made, the ROC has vigorously disagreed, claiming that there is misunderstanding and misinterpretation. Meanwhile, the PRC continues to insist that the “1992 Consensus” be reinstated as the basis to begin further negotiations. This issue is problematic because it forces ROC leadership to either agree that there was a consensus or to take a clear position about Taiwan’s status. As we will see in the following chapter, this is exactly what Lee Teng-hui did and it caused a great rift in cross-strait relations.

In the wake of the “1992 consensus”, both the PRC and ROC made significant efforts to clarify their respective positions. In August 1993, the PRC issued a white paper on “The Taiwan Question and Reunification of China,”³⁵ in which it restated its position on the issue of Taiwan and reunification. Its main points were:

- 1) There is one China and its lawful rulers reside in Beijing.
- 2) While they are one country, two systems can co-exist.
- 3) Taiwan will retain a high degree of autonomy including running its own party, political, military, economic and financial affairs.

³² Ralph Clough, *Cooperation or Conflict in the Taiwan Strait?*, (Roman & Littlefield: New York, 1999) p. 34.

³³ See Xu Shiquan, “1992 Consensus: A Review and Assessment of Consultations Between The Association for Relations Across the Taiwan Strait and the Straits Exchange Foundation” in *Breaking the China-Taiwan Impasse*, (Praeger: Westport, CT, 2003). For a deeper exploration of the issue.

³⁴ Julian Jengliang Kuo, “Taiwan’s New Policy Toward Mainland China” in *Breaking the China-Taiwan Impasse*, (Praeger: Westport, CT, 2003), p.76.

³⁵ <http://chineseculture.about.com/library/china/whitepaper/blstaiwan.htm>. Last Accessed: 20 March 2005.

- 4) Negotiations will be run in a peaceful manner. It is difficult to see why the PRC chose to issue such a statement when it did, since there were no major elections scheduled around that time on Taiwan, and there had been no significant provocations from Taipei in recent days.

This statement was an attempt to make clear the Chinese position in light of the controversy over the “1992 consensus”. Nevertheless, the ROC answered the White Paper from Beijing with a declaration of its own. In July, 1994, The ROC Mainland Affairs Council published the “Taiwan White Paper on Relations across the Taiwan Straits.”³⁶ This document refuted many of the statements in the PRC White Paper, and put forth the ROC view on cross-strait relations. Its most important statements included Taiwan’s position that the PRC-ROC relationship was one of, “one China, two political entities” and made mention of Taiwan’s “sovereign independence.” In addition, it is significant to note that in this document there was only talk of “unification.” Not once was the word “reunification” used, except in a general sense when speaking of nations throughout history. Politically, the competing white papers seem to have had little consequence. There were no mass anomalies in public opinion polls in these two years, and no great electoral shifts. However, the statements contained within these two declarations give an extremely clear and authoritative picture of each side’s position in the debate on Taiwan’s political status.

By the middle of the 1990s, the ROC’s relations with the United States were experiencing a resurgence that would lead Taiwanese voters to feel more secure in their relations with the PRC. In 1992, President George H.W. Bush agreed to sell 150 F-16 fighter aircraft to balance the PRC’s acquisition of Su-27 fighters from Russia.³⁷ In addition, President Bill Clinton initiated a review of U.S.-ROC policy in 1994.³⁸ The reasons for such a review were predicated on domestic political conditions in the United States and not necessarily reflective of a specific sympathy for Taiwan. However, the end result was a perception of U.S. support tilting in the direction of the ROC. In

³⁶ http://cns.miis.edu/straittalk/Appendix_percent2073.htm. Last Accessed: 20 March 2005.

³⁷ Robert S. Ross, “The 1995-96 Taiwan Strait Confrontation.” *International Security*, Vol. 25, Issue 2, (Fall 2000), 87-123. (p 87)

³⁸ Wang Mei-ling, *The Dust That Never Settles: The Taiwan Independence Campaign and U.S.-China Relations*, (Lanham, MD: University Press of America, 1999). P. 245.

addition, it was not only policy reappraisal that raised such suspicions. The Clinton administration continued to sell large amounts of modern weaponry to Taiwan, including a new air defense system, Patriot surface-to-air missiles, Stinger man portable air defense systems, and Harpoon anti-ship missiles.³⁹ Regardless of the rationale, Washington sent signals that implied that its relations with the ROC were evolving. This support has clearly made Taiwan feel more secure in the face of PRC shows of force as we will see by their reaction in the voting booth and the post election polls.

It was in this environment that the Taiwan Strait crisis of 1995-96 took place. In 1994, Taiwan's President Lee Teng-hui launched a tour of different nations giving speeches and unofficial visits, in an initiative termed "vacation diplomacy." While on his way to Central American, he needed to stop for fuel in Hawaii. The U.S. officials were not prepared to allow Lee to make a diplomatic visit out of this, so they denied Lee's request for a transit visa. As a compromise they prepared a small reception in an aircraft hanger. Lee learned of this and refused to leave his plane as a protest, leaving him confined to the airfield where he landed and forcing him to spend the night on his plane.⁴⁰ This situation drew great attention to the issue, and it is possible that it predisposed the U.S. congress to advocate the granting Lee's request for a visa to lecture at his alma mater Cornell University in 1995.

As we have seen, there are a large number of factors that have come into play with respect to PRC-ROC relations in the years between Taiwan's democratization and the 1996 Presidential election. These factors all came to a head in 1995 when Lee Teng-hui attended commencement festivities at Cornell University and gave the key-note speech. In it, he did not make any new or bold statements. However, the symbolic nature of the speech pushed the PRC past the tipping point. Both the U.S. Senate and House of Representatives sent resolutions to the President in support of Lee's visa application, the total of their votes on these issues was 487-1. While not legally binding, these resolutions showed that the legislative branch of the United States was firmly behind the visit.⁴¹ What followed was a spiraling of events, beginning with the PRC test-

³⁹ Ibid., p. 244.

⁴⁰ Roy., p.196.

⁴¹ Ibid., p.197.

firing two missiles in the Taiwan Strait in July and planning several amphibious exercises in the area for the remainder of 1995.⁴²

The above-mentioned environment of heightened tensions provides the backdrop for the 1995 Legislative Yuan elections that took place in December of that year. It is interesting to note that in these elections, the pro-unification New Party stood out as the group that gained the most support relative to its position in the last elections.⁴³ One should note that the discussion earlier in this chapter highlighted the state of affairs with the NP, but with respect to cross-strait relations, new light is shed upon their election success. While it could be concluded that the ROC electorate was influenced by PRC brinkmanship, it is also possible that these results represent a single anomaly reflecting a new set of political circumstances. As we have seen, the KMT was undergoing a great deal of transition during this period and the populace was adjusting to new realities in terms of candidates and platforms. The results of the upcoming presidential election in March, 1996 would be the real proving ground on which to judge the opinions of the electorate.

F. THE ISSUES

As one can imagine, the presidential election of 1996 was centered on one main issue: cross-strait relations. As outlined in the preceding section, 1995 ended with bellicose actions from the PRC and a legislative election that yielded significant political gains for the cause of unification. In the words of independent candidate Chen Li-an, “If you vote for Lee Teng-hui, you are choosing war.”⁴⁴ With Taiwan’s national identity as the central issue, one can imagine how complicated the election would become to interpret. While KMT candidate Lee Teng-hui was obviously a force for a more independent Taiwan, the same could also be said for DPP candidate Peng Ming-min. The DPP had built its entire political program around the issues of democratization, political liberalization, and independence for Taiwan. The former two had been achieved at this point for the most part, which left the last point as its keystone issue. The NP actually did not have a specific candidate in this election, but it did endorse former KMT Vice-

⁴² Tsai, p.48.

⁴³ Ibid., p.48.

⁴⁴ Roy, p.199.

Chairman Lin Yang-kang. As could be expected, his stance on the PRC-ROC issue was one of reconciliation and unity with the mainland.

Given the commonality between the KMT and DPP stance on Taiwan independence, the candidates needed to rely on other issues in order to differentiate themselves. Lee put forth a platform based on five developmental goals: 1) liberalization and globalization of the economy; 2) scientific transformation of Taiwan's industry; 3) clarification of the trade between mainland China and Taiwan; 4) effective use of Taiwan's resources; and 5) extending the availability of social welfare to children, youth, women, and the elderly.⁴⁵ Essentially, the KMT was running a very typical campaign to cater to the widest possible spectrum of the electorate.

Faced with co-option of its traditional issues, the DPP focused on attacking the KMT as the party of the mainlanders and representing the interests of the entrenched elites. Peng attempted to put his own spin on the status of Taiwan by taking the line that the ROC was already independent so a specific declaration was not necessary. In addition, he proposed that Taiwanese investment in China cease until the PRC treated the ROC as an equal.⁴⁶

As noted above, Independent candidate Lin Kang-yang ran a platform that focused on strengthening ties with the mainland. His campaign promises included: 1) negotiations with the authority from the mainland and the signing of a peace treaty with the PRC; 2) union of all the ethnic groups residing on Taiwan; 3) direct trade, transportation, and mail service with the mainland; 4) clean-up of air and water pollution and restoration of "Taiwan the beautiful"; and 5) solutions for Taiwan's social problems.⁴⁷ Lin's program showed many similarities to the KMT platform with the exception of its focus on such closer cross-strait relations.

G. THE ELECTION

The 1996 presidential election took place in an environment of international tension and included candidates who were struggling to differentiate themselves. Lee and Peng shared extremely similar positions on the issue of Taiwan independence, the

⁴⁵ Quoted from the KMT pamphlet entitled, "Consensus, Reform, and Grand Development," distributed by the Central Propaganda Department of the KMT in Tsai, p. 65.

⁴⁶ Roy., p.198.

⁴⁷ Tsai., p. 65.

most important single issue facing the electorate. However, Lee and Lin had a shared past in the KMT and would thus be fighting over the same basic pool of voters. In addition, their stated domestic programs showed some basic similarities. Meanwhile, the PRC continued to put forth belligerent statements, test missiles, and run massive military exercises. At the same time, the United States took extraordinary measures to keep the situation from escalating out of control.

In an attempt to send a message and possibly influence the presidential election, the PRC initiated a series of missile tests and live-fire exercises in the vicinity of Taiwan during the first few weeks of March. This is significant because the presidential election was scheduled for March 23rd. In addition, Beijing announced that there would be a simulated amphibious assault from 18-25 March.⁴⁸ At the same time, the United States was taking a very strong line on the issue. After an initially lukewarm response to Chinese hostility, on March 8th American policymakers decided to send two aircraft carrier battle groups to the Taiwan Strait. This was the largest show of military force in the cross-strait conflict since the mid-twentieth century. The question remains, how much did the actions of the United States and China affect the election?

H. THE RESULTS

On the day of the election, over 76 percent of eligible voters cast their ballots.⁴⁹ It should not be surprising that there was such a healthy voter turn-out, this was the first time in ROC history that the highest office in the land would be popularly elected. In addition, as we have seen the election was of even greater importance given the tense cross-strait situation. In the end, the results were an overwhelming victory for Lee Teng-hui. His 54 percent of the vote far outpaced his nearest competitors, Peng with 24 percent and Lin with 15 percent.⁵⁰

The election results have been the subject of extensive analysis and interpretation. There is no certain way to ascertain exactly what they tell us. On the one hand, the election showed that the populace was not intimidated by the threats from China. Lee Teng-hui and his policies initiated the provocative factors that led to the crisis that took

⁴⁸ Roy., p. 200.

⁴⁹ Tsai., p. 68.

⁵⁰ Ibid., p. 68.

place at the time of the elections. However, if the populace wanted to send a message to the PRC about its defiance, Peng Ming-min would have made a much stronger statement. In addition, Peng's party had traditionally been the stronger advocate of Taiwan independence, so the citizens could have more confidence that a strong pro-Taiwan stance would continue. If the electorate was more focused on avoiding war as the most important issue, Lin would have been the easy choice. One must also account for the fact that there are more forces at work during an election than simple rational calculations of individual utility on the part of the voters. As the incumbent power, the KMT had a much larger party apparatus and more deeply engrained support base than any of the other parties. Though the NP was made up mainly of former KMT members, it was a small fraction of the total organization. It was also apparent that vote buying took place on a large scale in most major elections up to this point. Wu writes, "Vote buying is still {as of 1995} the easiest and most effective way for a KMT candidate to get elected in a rural area."⁵¹ While these factors should be taken into account, it is impossible to know just what affect they had on the election, since empirical analysis would be flawed if it could be done at all.

Caveats aside, this election seems to indicate that there was in fact a will of the people that was being expressed. They overwhelmingly chose a candidate who supported the rights of the ROC versus China without going over the top and declaring independence. In addition, Lee had been the leader of Taiwan since the death of Chiang Ching-kuo in 1988 so there was a certain stability that attached to him. Especially in such uncertain times, the power of the incumbent should not be discounted. Going back to the opinion polls outlined in earlier sections, the people of Taiwan were overwhelmingly looking to maintain the status quo in cross strait relations, even as recently as 1996. This fact, more than any other, points to why Lee won such a decisive victory.

Now that we understand just what caused Lee Teng-hui to win re-election, it is critical to analyze what the implications were for cross-strait relations in the future. First, Lee's victory showed that the people of Taiwan were not going to be easily coerced into

⁵¹ Wu., p. 87.

accepting the will of the PRC. Public opinion polls taken after the election showed that, when asked what was the most important issue for the new president to focus on, their responses were somewhat surprising: 29.1 percent voted for stabilizing relations between the PRC and ROC; 22 percent thought economic growth was most important; 16 percent believed he should improve domestic living conditions; 16.7 percent didn't know; and 4.7 percent thought the most important issue was strengthening national defense capability.⁵² While these statistics indicate that security was the most important issue on peoples' minds, it only outweighs economic growth by 7 percent. This difference is hardly what one would expect from voters who have the threat of all-out war hanging over their heads. From these numbers and the eventual result of the election, it seems that either the people of Taiwan were not afraid of the threat from China, or they were very secure in their belief that the United States would come to their aid in the event of open military confrontation with the mainland. In addition, they saw Lee Teng-hui as a leader who could improve the standard of living on the island. Most likely this is because the KMT was still seen as the architects of the Taiwan economic "miracle".

The 1996 presidential election gives some interesting insight into the minds of Taiwan's voters, but there were also implications for both the PRC and the United States. For the PRC, the election results showed that they had miscalculated the effect that their strong show of force would have on political outcomes. With miscalculation comes uncertainty, and with uncertainty often comes fear. This is a significantly destabilizing factor since most conflict resolution relies on confidence-building measures. Chinese strategy and calculations would now have to take into account the public opinion in Taiwan and that is something that even the most expert analysts have trouble predicting.

In the United States, the election meant that American policymakers had made a bold statement of their position in the Taiwan Strait crisis. By electing a pro-independence candidate, the ROC sent notice to the United States that it had better know where it stood on this issue and be prepared to act on this stance. In addition, the United States was also faced with the same prospect as the PRC--attempting to figure out how its actions would affect elections in Taiwan. Since it is possible that American military

⁵² *China Times*, March 25, 1996, p. 5.

intervention greatly influenced ROC voters and their view of Chinese threats, officials in Washington were left wondering if a lack of U.S. military support would make Taiwan more amenable to negotiations with the mainland. Once again, the uncertain outcomes of a democratic system muddy calculations for key actors and lead to less stability in cross-strait relations.

The following chapter will focus on the 2000 presidential election in Taiwan. This election would prove pivotal in the continuing consolidation of democracy in the ROC. In addition, during the run-up to the election, cross-strait relations would come to a defining moment and shape the way in which both sides view each other right up to the present day.

IV. THE 2000 PRESIDENTIAL ELECTION

A. INTRODUCTION

In order to continue this analysis, this chapter details the events that take place following Lee Teng-hui's victory in the 1996 Presidential election. Specifically it covers the following two presidential elections and shows how these events continue the trends set in motion by ROC democratization. While the 1996 presidential election opened the full spectrum of political power in Taiwan to the influence of democratic forces, the 2000 election continued the process by initiating the peaceful change of rule from one party to another. With this growth of democratic processes came a continued evolution among the major political parties. In the inter-election⁵³ years both the KMT and DPP would experience fluctuation with both parties suffering internal split and dissention. In the case of the KMT this split would prove fatal by the time of the presidential election. It is also during 1996-2000 time period that the issue of "black-gold" politics comes to the front line of ROC political debate. The phrase "black-gold" refers to the presence of organized crime (black) and big money political contributors (gold) influence in ROC politics. The effect of "black-gold" was so profound that it may well have decided the 2000 Presidential election.

As mentioned above, the 2000 presidential race was an extremely important moment for ROC democratic development. It set into motion political realities that continued and reinforced themselves in 2004. Political parties continued their evolution and formed coalitions centering on the two major parties; the DPP and KMT. The electorate also continued moving toward a stronger identification of themselves as Taiwanese with only a small minority describing themselves as Chinese. These last two Presidential elections also exhibit that the public coalesced their support firmly behind the status quo in terms of their political status vis-à-vis the PRC. Once again, during these elections the mainland tried to influence the outcome in a variety of ways and both times were unsuccessful in swaying public opinion to their side. In both cases, the

⁵³ This phrase will be used throughout Chapter IV to refer to the time period between Presidential elections. It should be noted that there were other elections that took place in this period, even though they are not the central focus of this chapter.

United States showed support for continued peace in the Taiwan Strait while at the same time trying not to alienate Beijing. As we will see, these trends set the stage for continued tense cross-strait relations into 2005.

B. THE INTER-ELECTION PERIOD (1996-1999)

In the wake of the 1996 presidential election, Taiwan faced a choice. It could continue on its path toward independence and increased friction with the PRC, or it could strike a more conciliatory stance and push to mend fences with the mainland. In a way, President Lee decided on both courses at once. In his inaugural address, Lee stated,

“I am also ready to meet with the top leadership of the Chinese Communists for a direct exchange of views in order to open up a new era of communication and cooperation between the two sides and ensure peace, stability and prosperity in the Asia-Pacific region.”⁵⁴

This was an extremely significant statement because it represented a unilateral peace initiative on the part of the Taiwanese leader. However, like the National Unification Council initiative of 1991, this conciliatory message was mixed with unacceptable terms from Beijing’s perspective. Lee’s speech included, “The Republic of China has always been a sovereign state..... Beginning last year, the Chinese Communists, because of their opposition to democracy, launched against myself a smear campaign using false charges to damage my credibility, but I simply ignore their irrational behavior and remain patient.... Here in this country it is totally unnecessary or impossible to adopt the so-called course of "Taiwan independence." While Lee outwardly offered a unification initiative, he at the same time made strong allusions to the fact that he viewed PRC-ROC relations as negotiations between equals. This sentiment came back again in a very explicit way in 1999 with far-reaching consequences. It is important to remember that Lee won the presidency by an overwhelming margin and as one could expect, he would use this momentum to push a platform of his choosing. Myers, et al. argue that in his second term Lee “used autocratic means to initiate his policies, thus aggravating the other political parties, particularly the New Party, and

⁵⁴ <http://www.taipei.org/whatsnew/0520.htm>. Last Accessed: 20 March 2005.

dividing his own party, the KMT.”⁵⁵ Ultimately, Lee’s inauguration speech set the tone not only for cross-strait relations in the inter-election period, but also for the continuing evolution of political party platforms and affiliation.

C. POLITICAL PARTIES

1996 would prove to be a pivotal year for the DPP. In mid-1996 there was a rift within the party between those who wanted to declare formal independence and those who believed the status quo was independence enough and no formal split necessary. From this internal dissention arose the Taiwan Independence Party (TAIP). In many ways the formation of the TAIP mirrored the KMT/NP split several years before between the radical and moderate elements within a party unable to find a common ground.⁵⁶ The split in the DPP illustrated the point that they were a party in a state of identity crisis. As Chapter III spelled out, many core DPP issues were co-opted by the KMT and put into law. The party needed to find its way and this was reflected internally as much as it was in its public platform. In the midst of the debate between the radicals and moderates, the DPP Information Department put out the “Manifesto for the Taiwan Independence Movement in a New Era”. This document made explicit statements about the commonality of purpose for all Taiwanese, including the KMT and NP.⁵⁷ A major cause for this new trend in DPP organization had to do with different generations of membership. There were those in the party who had lived through the hard early years as an outlaw party fighting for the right to even exist. However, the new generation had a different outlook as reflected once again in the Manifesto of 1996, “Taiwan Independence is not a challenge to the past, but a dream for the future.”⁵⁸ It was this new generation of DPP members that Chen Shui-bian would bring with him in his rise to political prominence. The party factionalism did come with a price for the DPP. In the 1998 Legislative Yuan elections, it won only 30 percent of the vote compared with 33

⁵⁵Ramon H. Meyers, Linda Chao, and Tai-chun Kuo. “Consolidating Democracy in the Republic of China on Taiwan, 1996-2000” in Dickson, Bruce J and Chien-min Chao (eds). *Assessing the Lee Teng-hui Legacy in Taiwan’s Politics: Democratic Consolidation and External Relations*, New York: M.E. Sharpe, 2002).

⁵⁶Roy., p.203.

⁵⁷Shelley Rigger, *From Opposition to Power: Taiwan’s Democratic Progressive Party*, (Lynne Rienner: London, 2001). p 128.

⁵⁸Ibid., p. 87.

percent in 1995.⁵⁹ A great deal of this can be accounted for by the inter-party dissention. It is important to note that in 1998, parties other than the big three (KMT, DPP, and NP) gained 9 percent more of the vote than in 1995. This evolution in party structure played a major role in cross-strait relations as the DPP would come to play an increasingly significant role in ROC policy-making in the second half of the 1990s. In addition, its moderated stance on the PRC-ROC debate would compose a large part of Chen Shui-bian's presidential platform in the 2000 election.

After the election of Lee Teng-hui in 1996, the KMT was a party with a very visible and in many ways unquestioned leader. In September 1996, Lee began his "go slow, be patient" initiative. The foundation of this was a limiting of Taiwanese investment in the mainland to US\$50 million.⁶⁰ This initiative went against the wishes of many in the ROC financial community, a significant part of the KMT support base. In 1996, Minister of Justice Liao Cheng-hao declared that out of 858 city and county councilors across Taiwan, 286 had ties to organized crime.⁶¹ It came as no surprise to many in Taiwan that there were less than honorable political forces at work on the island. The vote-buying mentioned in Chapter III was wide-spread and to a certain extent part of the political culture. However, the announcement of such a staggering figure by the highest law enforcement official in the ROC gave the subject an air of grave importance. This subject of "black & gold"⁶² politics would not go away anytime soon. By 2000, it would be a major issue at the heart of the Presidential campaign. As the main political power, the KMT faced the brunt of "money politics" allegations, and this caused the party a serious image problem in the inter-election period. At the KMT's Fifteenth Party Congress in August 1997, Lee ran unopposed and won 93 percent of the votes for reelection as party chairman.⁶³ This turn of events represents a significant shift from the early part of the decade when party dissention spawned the formation of an entirely new

⁵⁹ Source: <http://www.ifes.org/eguide/resultsum/taiwanres2.htm>. This source was used for all LY 1998 election results quoted in this paper. Last Accessed: 20 March 2005.

⁶⁰ [http://cns.miis.edu/straittalk/08 percent20Chapter percent20Three percent20Text.htm#_Toc36282743](http://cns.miis.edu/straittalk/08%20percent20Chapter%20Three%20Text.htm#_Toc36282743). Last Accessed: 20 March 2005.

⁶¹ Chin Ko-lin, *Heijin: organized crime, business, and politics in Taiwan*, (New York: M.E. Sharpe, 2003), p. 14.

⁶² So-called because "Black" is associated with the world of organized crime and "Gold" represented politics backed by large amounts of money.

⁶³ Roy., p.204.

political party. While this trend may appear to represent a positive development for the KMT, in fact it was a harbinger of future trouble. With Lee as such a monolithic figure in the party, its prospects hinged on his continued popularity. Unfortunately for the KMT, this was not to be. Between 1996 and 1998 Lee's approval rating dropped from more than 80 percent to below 40 percent.⁶⁴ While the KMT was losing ground on an island-wide basis, within individual districts its political organization still had some strength. The 1998 Legislative Yuan elections proved to be a boon for the party as it managed to maintain its 46 percent stake in the body. However, a good deal of this came from disaffected members of the New Party who did not fare as well in this round of LY elections. By the time the 2000 Presidential election began in full swing, the KMT found itself in a rather embattled position and fighting to regain the mass popular support it enjoyed in 1996.

The inter-election years proved to be problematic for the New Party. Its main stance of unification with the mainland was not an extremely popular one in Taiwan and the other elements of its social platform were very similar in nature to those of the KMT. The handwriting may indeed have been on the wall when the NP was not invited to attend the National Development Conference in 1996. The 1998 Legislative Yuan elections bore out the continuing slide of NP popularity, with the party declining from 14 percent of the vote in 1995 to 7 percent in 1998. These results would prove foreboding as the NP failed to field a significant contender in the 2000 presidential campaign and continued to lose voter support.

D. THE HONG KONG FACTOR

On July 1, 1997, the island of Hong Kong officially became once again part of China. This would be an important moment for cross-strait relations because it was a test of the "one country, two systems" approach promoted by Beijing. This was the same philosophy that the PRC promulgated when proposing reunification with Taiwan. If such an approach were successful in Hong Kong it could prove a boon to reunification initiatives. The biggest issue in the case of Hong Kong has to do with democracy. Since its accession to the PRC, protest movements decried the lack of democratic institutions

⁶⁴ Ibid., p.204.

they felt were promised to them under the “one country, two systems” rubric. However, the “Basic Law”⁶⁵ that was the specific blueprint for Hong Kong’s future organization did not mention democratic institutions being maintained on the island. Such promises of democracy are also conspicuously absent from all official PRC statements dealing with ROC reunification.⁶⁶ Essentially, the Hong Kong example showed the people of Taiwan what they could expect from unification with the mainland. If they valued their democratic tradition, they would not support any moves toward the PRC. In this sense, democracy in and of itself is a significant roadblock to more harmonious and closer cross-strait ties.

E. SYSTEMIC CHANGE

The evolution of democracy in the ROC did not end with the constitutional revisions listed in Chapter III. Instead, it continued into the late 1990s with the National Development Conference in December 1996. Lee called this conference with a very specific platform. He wanted the choice of premier left to the president and not subject to a vote of the Legislative Yuan, the right to dissolve the LY in time of emergency, and the abolition of the provincial government.⁶⁷ This program was agreed upon ahead of time by DPP representatives and was adopted formally at the conference. As noted above, the NP was not invited to the conference, and so the actual meetings themselves were a mere formality. The decisions reached at the conference were not legally binding, however, and in 1997 the National Assembly met to debate the issues. This session turned extremely volatile, but eventually the Assembly passed the recommendations of the National Development Conference. Perhaps the most significant outcome of this political evolution had to do with the provincial governor, James Soong. The one-time KMT secretary general and highly popular figure vehemently opposed the measures suggested since they would both put him out of a job as well as weaken any political power base he possessed. However, his protests were in vain and Soong soon found himself

⁶⁵ http://cns.miis.edu/straittalk/10_percent20Chapter_percent20Five.htm. Last Accessed: 20 March 2005.

⁶⁶ See Jiang Zemin’s Eight Points for Peaceful Reunification at http://cns.miis.edu/straittalk/10_percent20Chapter_percent20Five.htm.

⁶⁷ Myers, et al., p. 76.

unemployed. This turn of events proved important when the presidential election campaign began, since Soong would turn out to play a major role in the KMT defeat.

F. CROSS-STRAIT RELATIONS

In terms of the national status issue, cross-strait relations were at a virtual standstill in the inter-election period. After Lee's aggressive inauguration speech, the die was cast from the ROC perspective. The PRC maintained that in order for there to be progress, the ROC must return to the "one-China" concept as outlined in the "1992 consensus". As noted in Chapter III, the validity of such a consensus is open to question, since Lee and SEF representatives have refused to acknowledge that such an agreement was ever reached. Throughout the inter-election period, ARATS and SEF made several attempts to continue their work on facilitating practical processes between the PRC and ROC. However, even though their establishment was meant as a non-political enterprise, they were inevitably linked to their respective governments' positions. Following the 1995-6 crisis, formal talks between the two slowed to an eventual impasse between 1995 and 1997. In 1997, talks were again scheduled and meetings held, though no significant formal agreements were concluded.

As bleak as official cross-strait relations appear in the inter-election period, it is a mistake to believe that there was a complete cessation of integration. Economically speaking, both sides have discussed what is commonly known as the "three links" for a long time. These links refer to direct travel, shipping, and communication between Taiwan and the mainland. This topic has been a major point of contention because the PRC pushed this initiative heavily in the late 1990s, while the ROC insisted that such talks would be premature if the two sides did not agree on the political front. While government agencies traded barbs and stated pre-conditions for resumption of negotiations, semi-official and private organizations were hard at work. For example, direct passenger flights between Taiwan and the mainland were prohibited, so an agreement was forged to get around this semantic problem. Carriers on Hong Kong and Macao worked with Taipei on a deal whereby passengers could fly from Taiwan to Hong Kong or Macao. They must stop there, wait at least a half hour, change flight number,

and then be allowed to go forward to a destination on the mainland.⁶⁸ Such arrangements became the norm with various processes going through intermediary locations and/or parties before reaching one side of the strait from another. While this process was tedious and wasteful, it was the only politically palatable solution for both sides. It is interesting to note that in most cases, the “private” carriers involved actually had at least partial ownership by the governments involved.⁶⁹

Cross-strait relations reached a crucial turning point by way of an interview with Lee Teng-hui over a German radio broadcast on July 9, 1999. According to Lee, ROC constitutional revisions had created a “special state-to-state” relationship between China and Taiwan. This statement was not so different from the words he used in his inaugural address when he claimed that “The ROC has always been a sovereign state”. However, Beijing saw this declaration as unacceptable and called an immediate cessation to the ARATS-SEF negotiations that were restarted in 1997. Whether in answer to Lee’s statement or as a simple attempt to influence the upcoming election, in 2000 the PRC issued another white paper announcing its position on the Taiwan Strait issue.

It is difficult to interpret Lee’s exact motivation for making the statement when and how he did. As stated above, his words did not exactly reflect a shifting of policy, so it is possible this restatement was simply blown out of proportion. However at the time of the interview, the presidential election was less than a year away. It is very possible that Lee was attempting to steal the initiative in the independence debate away from the DPP and claim it for the KMT candidate. What is certain is that the “state-to-state” position would become a benchmark against which all three main presidential candidates compared their stances. As we shall see, this turned out to be a moderating factor because the candidates, especially the eventual winner, sought to show themselves as taking a less inflammatory stance than Lee.

In the wake of the tense events of 1995-6, the United States became very focused on preserving peace in the Taiwan Strait as its most important priority. Traditionally, the United States sought to maintain peace in the conflict by taking a position of “strategic

⁶⁸ Clough, *Cooperation or Conflict in the Taiwan Strait?*, p. 44.

⁶⁹ For instance, Air Macao was 51 percent owned by a subsidiary of the PRC’s Civil Aviation Administration of China. Source: *Free China Journal*, October 20, 1995.

ambiguity”. Washington crafted this policy over a period of time through its agreement on the “3 Communiqués” with the PRC and the Taiwan Relations Act with respect to Taiwan. During the inter-election period, the Clinton Administration continued the balancing act by issuing the “three no’s”⁷⁰ while the House of Representatives passed the Taiwan Security Enhancement Act (TSEA).⁷¹ In essence, these developments made sure that neither side could count on the United States to pick their cause without some extenuating measures from the other side. However, Lee’s announcement caught American policymakers off guard and led to resentment among U.S. elites toward Taiwan.⁷² It is important to remember that the United States support of Taiwan is essential if it wishes to deter military action from the mainland. A position or action that alienates the United States is likely to cause displeasure among the populace and lead to electoral difficulties for those candidates that support it.

G. THE ELECTION

The context of the 2000 Presidential election was not entirely different from that of 1996, though it certainly possessed a less open military confrontation. On 1 February 2000, the United States House of Representatives passed the TSEA by an overwhelming margin of 341-70.⁷³ This move showed the strong level of support for Taiwan in the United States legislature and pre-empted any questions the ROC had about American support during its election period. In response, On 21 February 2000 the PRC issued a white paper titled, “The One-China Principle and the Taiwan Issue,”⁷⁴ which outlined Beijing’s position on the “state-to-state” stance of Lee. In it, the paper officially sets three conditions for the use of force against Taiwan: 1) if a grave turn of events occurs leading to the separation of Taiwan from China in any name; 2) if Taiwan is invaded and

⁷⁰ On a trip to China in July, 1998, President Clinton announced that U.S. Policy would reflect Three Nos with respect to the Taiwan Strait debate, “No support for an independent Taiwan, No recognition of “two Chinas” or one China and a separate Taiwan, and No support for Taiwan’s admission to any international organization that requires statehood as a condition for membership

⁷¹ <http://www.taiwandocuments.org/sres693.htm>. Last Accessed: 20 March 2005.

⁷² Julian J. Kuo, “Cross-Strait Relations: Buying Time Without Strategy”, p. 212 in Dickson, Bruce J and Chien-min Chao (eds). *Assessing the Lee Teng-hui Legacy in Taiwan’s Politics: Democratic Consolidation and External Relations*, New York: M.E. Sharpe, 2002).

⁷³ <http://www.heritage.org/Research/AsiaandthePacific/EM651.cfm>. Last Accessed: 20 March 2005.

⁷⁴ http://cns.miis.edu/straittalk/02a_percent20List_percent20of_percent20Appendixes.htm. Last Accessed: 20 March 2005.

occupied by foreign countries; and 3) if the Taiwan authorities refuse indefinitely, the peaceful settlement of cross-strait reunification through negotiations.⁷⁵ In addition to this proclamation, Chinese Premier Zhu Rhongi delivered a speech on March 16, just three days before the election, that carried rather ominous undertones. He warned the ROC not to “elect the wrong candidate” and went on to state, “Let me advise all these people in Taiwan: do not just act on impulse at this juncture, which will decide the future course that China and Taiwan will follow. Otherwise I am afraid you will not get another opportunity to regret.”⁷⁶The ‘wrong candidate’ that Zhu was referring to was Chen Shui-bian. As the election results show, Taiwan’s electorate chose to disagree with Beijing. Thus the context was set as far as the other two members of the “strategic triangle” were concerned. The final point in the triangle made its decision on 18 March, 2000 and set the tone for cross-strait relations for the next five years. One should note that while each candidate carried some historical ties to certain positions on PRC-ROC relations, their platforms were quite similar during the campaign. Larry Diamond writes that there was a “dramatic convergence of all three candidates toward a common stance of moderations on the cross-strait issue, and a shift of the spectrum toward a new center position more accommodating toward China than that of Lee Teng-hui.”⁷⁷

The 2000 Presidential election featured three main candidates from the two main parties, the KMT and DPP, and one independent. Of major significance in this election, President Lee Teng-hui did not represent the KMT, which meant that whoever won, a new leader of the ROC would emerge. In addition, the candidates also had the opportunity to put forth their own platforms separate from the inflammatory line pushed by Lee. The KMT candidate Lien Chan faced the most difficult road in this respect because the populace saw him as representing the party of Lee and thus, of a similar political orientation.

⁷⁵Wen-cheng Lin and Cheng-yi Lin. “National Defense and the Changing Security Environment”, p. 245 in Dickson, 2002.

⁷⁶ *Taipei Times*, March 16, 2000 quoted in Rigger, Shelley. “The Democratic Progressive Party in 2000: Obstacles and Opportunities” in Dickson, et al., p. 131.

⁷⁷Larry Diamond, “Anatomy of an Electoral Earthquake: How the KMT Lost and the DPP Won the 2000 Presidential Election”, p. 76 in Alagappa, Muthiah(ed). *Taiwan’s Presidential Politics: Democratization and Cross-Strait Relations in the Twenty-first Century*, (New York: M.E. Sharpe, 2001).

The KMT selected Vice-President Lien Chan to run as the successor to Lee Teng-hui in the 2000 Presidential campaign. Lien's most appealing characteristics were his trustworthiness and stability. While these characteristics are extremely important in a leader, they are liabilities when compared with the charismatic competitors that Lien faced. On the issue of cross-strait relations, Lien took a softer stance than Lee. While never coming out against Lee's position, he did not push the issue as vehemently. Lien instead chose to focus on domestic issues in his campaign. In one respect, he had no choice in the matter because the "black & gold" issue became one of the most important parts of the Presidential campaign debate. While individually seen as a trustworthy candidate, Lien could not help but be linked to the KMT and its image as the party to blame for the perceived corruption in the ROC political system. As stated earlier, Lien inherited the mantle of Lee's successor and whatever baggage that entailed. Another key aspect to Lien's campaign was the attempt to deride former KMT member James Soong. This effort seemed to backfire since Soong was still thought of as having ties to the KMT. In addition, KMT supporters who normally were drawn to their candidate defected to Soong's camp in some instances causing a split in the pro-KMT support base. Had Lien brought Soong on to his ticket, it is generally agreed that the election would turn out quite differently.

As its presidential candidate, the DPP selected former Taipei Mayor Chen Shui-bian. Chen had a history as a charismatic, hard-nosed leader and seasoned politician. His position on cross-strait relations struck a more moderate tone than Lee as well, although the reputation of the DPP made it the party of Taiwan independence. During his campaign Chen promised, "not to change the name of the country, not to hold a referendum on independence (despite the call for it in his party's platform), and he would not amend the constitution to specify cross-strait affairs as a 'state-to-state' relationship."⁷⁸ As noted above, Chen also had the distinction of being held out by the PRC as the "wrong candidate". It is a matter of some contention as to whether this label represented a blessing or curse in the minds of the electorate. Domestically, Chen ran as the candidate of the Taiwanese, sometimes giving parts of his speech in the native Hakka

⁷⁸ Diamond, p. 69.

language.⁷⁹ In addition, he proposed the “3-3-3” program that included: 1) NT 3,000 per month to poor citizens over the age of 65; 2) exemption from medical expenses for children under three years old; and 3) loans at an interest rate of three percent for new home buyers.⁸⁰ Finally, Lee was aggressive in campaigning against the “black & gold” political corruption that he claimed was rife in the ROC and specifically the KMT. Though Chen painted the KMT as the culprit, he included James Soong in the same category, since Soong built his political power base as a member of the party. Allegations from the Lien campaign about these very issues proved fatal for Soong and boosted Chen.

The final major contender for the 2000 Presidential election was James Soong running as an independent candidate, Soong was the former KMT Chairman and Taiwan provincial governor who split from the KMT over the dissolution of his position at the 1996 National Development Conference. As mentioned above, Soong had strong ties to the KMT and needed to separate himself from that party during the campaign. This was a delicate situation because Soong also needed to draw KMT supporters if his candidacy had any chance of succeeding. With respect to cross-strait relations, Soong made it clear that he did not favor reunification but pledged to resume political dialogue with the mainland while avoiding the inflammatory stance of Lee Teng-hui.⁸¹ Domestically, Soong followed courted the voters in much the same way as Chen, sponsoring rallies in traditionally Hakka areas as well as promoting ethnic unity and a “New Taiwanese” that unified Taiwan as a nation.⁸² The most important part of Soong’s campaign turned out to be his strategy to attack Lien in an attempt to draw KMT supporters to his side. His campaign slogan encouraged voters to “dump Lien for Soong to stop Chen.”⁸³

H. THE RESULTS

Just as in 1996, right up until the eve of the election the PRC attempted to influence the outcome. Although it did not fire missiles or initiate massive military exercises, Beijing went to great efforts to imbue upon Taiwan’s electorate a sense that a

⁷⁹ Roy, p.229.

⁸⁰ Ibid., p.231.

⁸¹ Diamond, p. 67.

⁸² Ibid., p. 67.

⁸³ <http://www.iir.ubc.ca/cancaps/cbul25.pdf>. Last Accessed: 20 March 2005.

vote for any pro-independence candidate would be tantamount to voting for a cross-strait war. While these warnings may have contributed to the overall outcome of the election, they were not the deciding factor. All three candidates had expressed similar sentiments on their plans for PRC-ROC relations throughout the campaign and came from political parties that were both belligerent to Beijing in the past. Ultimately domestic issues decided the outcome on 18 March, 2000.

For most of the campaign, James Soong was the frontrunner in the majority of polling. However, on 9 December 1999, a KMT legislator made allegations about Soong's family and some questionable money. The KMT initiated the scandal as part of its strategy to bring down Soong in the polls and shift his support to Lien. However, the questionable money involved in the scandal came from KMT coffers and the public reacted as though it was an example of the KMT's involvement in "black & gold" politics. The resulting drop in polls didn't help Lien at all but rather sent support to Chen Shui-bian, leaving him almost level now with James Soong and Lien still trailing. Soong was able to turn his campaign around somewhat by blaming the affair on the corrupt culture of the KMT. Chen took the initiative to paint both his competitors in a negative light by linking them both to the KMT.

The second key domestic event involved Chen Shui-bian gaining an endorsement from Lee Yuan-tseh. Lee held great respect in Taiwan as its only Nobel Prize winner and was considered a moral leader on the island. His support on 10 March 2000 solidified Chen in the top position.

On 18 March 2000, the momentous election took place and the result changed Taiwan forever. Pre-election polling had Chen and Soong as virtually a dead heat, with Chen holding the slight advantage. On that day, over 70 percent of Taiwan's registered voters cast their ballots and the largest percentage of them would choose Chen Shui-bian. The final results showed Chen with 39.3 percent of the vote, James Soong in second place with 36.8 percent of the vote and Lien Chan with only 23 percent.⁸⁴ By way of a postscript for the New Party, its candidate received a diminutive .13 percent of the electorate.

⁸⁴ <http://www.ifes.org/eguide/resultsum/taiwanres.htm>. Last Accessed: 20 March 2005.

As stated above, the 2000 presidential election turned mostly on issues related to domestic problems in Taiwan. The cross-strait situation certainly received attention during the campaigns, especially with the efforts from the PRC to persuade ROC voters. However, the candidates all struck positions that would imply they were not afraid of China and not giving up, while at the same time promising to engage the PRC on important issues. During the campaign and at his inaugural speech, Chen Shui-bian promised his own version of the “Three no’s” as his position with respect to the PRC. However, history shows that Chen was not such a centrist as his campaign made him out to be. This brings up an important point about democracy in Taiwan and how it destabilizes cross-strait relations. In this system, candidates come to power based on their ability to motivate and sometimes manipulate voters to support them. A good campaign steers the debate to issues of a candidate’s strength and minimizes those things that might not be palatable to the voting public. In such a way, a candidate like Chen Shui-bian can come to power. With respect to the PRC, James Soong would have been a more stable candidate with his history of a more conciliatory posture toward the mainland. However, his past linkage to the KMT and attendant financial scandal caused him to lose the election. In essence, the democratic process brings the factors of public perception and morality to the debate about government leadership. Thus, a candidate who wins the perception battle wins the election, even if the reality of the situation is not what is best for the voters. In this case, the people of Taiwan elected a candidate that was specifically called out by the PRC as someone who would bring war in the strait and who was decidedly the wrong candidate. The people of Taiwan do not want war with China. Every opinion poll shows that the largest majority consistently supports maintenance of the status quo, which obviously ends with open military confrontation against the PRC.

From the perspective of China and the United States, the election showed that Taiwan was progressing along its more independent path and would require continued attention and calculation. Both nations followed events closely enough to know the leading candidates’ positions and what they would be in for depending on how the election swung. Clearly, the PRC was not pleased by the election of Chen Shui-bian. Beyond any words he spoke, he was the leader of the DPP (even though he formally

resigned during his campaign to show he was a leader for all Taiwanese), and Beijing knew how the DPP felt about reunification. In addition, their policy of attempting to influence ROC elections through the threat of violence was clearly a failure in the past two Presidential races. As we shall see, the PRC shifted its focus from intimidation to subversion, though there certainly remains some a significant threat from the mainland. The United States did not take as strong a stand in 2000 as it did in 1996, but a message of support was implied by the TSEA. In terms of American policy, the key trend to note is the internal disconnect between the policies of the Executive Branch and the stance of the Congress. While President Clinton was in Beijing delivering his “three no’s,” the House of Representatives was busy crafting the bill that became the TSEA. As in the 1995-6 crisis, the United States House of Representatives was decidedly pro-Taiwan, with the president less committed.

One of the most lasting impacts of the 2000 Presidential election is what it showed about the evolution of Taiwanese democracy. The peaceful transfer of executive power from one party to another is a cornerstone of any mature democracy, and that is exactly what happened in 2000. As with most democracies, Taiwan’s system will continue to change and evolve to reflect different norms within the structure. As its democracy continues to mature, the ROC must take into account how this affects cross-strait relations. So far, history has shown that as Taiwan’s democratic system progressed, its political relations with the PRC have grown more distant. While PRC-ROC political relations have soured, the glimmer of hope in the economic sphere developed. As we will see, after the 2000 election, this arena exhibited the most extensive level of cross-strait cooperation and integration seen in the last 60 years.

Conclusion

I. THE CHEN ERA

In his first inaugural address, Chen Shui-bian repeated the moderate themes that characterized his presidential campaign:

“as long as the CCP regime has no intention to use military force against Taiwan, I pledge that during my term in office, I will not declare independence, I will not change the national title, I will not push forth the inclusion of the so-called “state-to-state” description in the Constitution, and I will not promote a referendum to change the status

quo in regards to the question of independence or unification. Furthermore, the abolition of the National Reunification Council or the National Reunification Guidelines will not be an issue.”⁸⁵

What Chen laid out in the speech was akin to the spirit of the National Unification Guidelines issued by the NUC in the early 1990s. While they appeared to be a concerted effort to bring both sides together, in fact they were based on principles that the PRC found unacceptable. The terminology of this speech is interesting for other reasons as well. Note that he used the term “reunification” instead of unification when referring to the organization in Taiwan charged with setting guidelines for future cross-strait integration. In addition, he stated several times in the speech, “Taiwan stands up!” This phrase may sound familiar as it is almost the same slogan shouted by Mao Zedong when he declared the foundation of the People’s Republic of China on 1 October 1949. Chen also mentioned international organizations several times in his speech, especially the United Nations. These statements came to represent the cornerstones of Chen’s policies while in office. Although Chen seemed to seek a less confrontational relationship with the PRC, he also looked to do it on his own terms. Chen also made several successful strides toward integrating Taiwan into the international system. While still not a member of the United Nations, the ROC is now part of the World Trade Organization (WTO) and is continuing to push for inclusion in the World Health Organization (WHO).

Internally, domestic politics continued their evolution in the Chen era as the various political parties consolidated into two camps. One camp, the “pan-blue,” was based on the KMT since blue has always been the party’s principal color. This group included the KMT and the People’s First Party (PFP). James Soong started the PFP soon after his loss in the 2000 presidential election, and it has been closely allied with the KMT. The other side is the “pan-green” with the DPP as the leading party and the Taiwan Solidarity Union as the other main element. Lee Teng-hui came out of retirement in the summer of 2001 to form the TSU as a party that agreed with the DPP on the Taiwan Independence issue but which was more socially conservative. The development of such a coalition system greatly changed the ROC political landscape for several

⁸⁵ http://cns.miis.edu/straittalk/02a_percent20List_percent20of_percent20Appendixes.htm. Last Accessed: 20 March 2005.

reasons. First, voters have a greater variety of choices reflecting more subtle differences in candidates' platforms. Second, with more parties getting votes in legislative elections, the LY requires a great deal more consensus to get programs passed. For the entire Chen era, the pan-blue controlled the LY, even though the stake held by the KMT has grown smaller. In the 2001 LY elections the DPP gained the largest number of seats (89), surpassing the KMT (68) for the first time. However, all of the KMT's losses were added by the PFP (46) and so the pan-blue coalition continued the KMT's hold on the LY. This means that it as required more cooperation and at times compromise to keep its policies in place. Finally, the dispersal of political authority created cracks that the PRC is exploiting in an attempt to influence policy in ways other than military threats.

One of the most important developments in domestic politics during the Chen era was his promulgation of a law that would give the ROC voters a chance to hold referenda on specific issues. Such a law was put into force in November 2003 after a great deal of debate within the Legislative Yuan. The bill barred referenda on changing the flag of Taiwan or Taiwan's official name, the Republic of China. The legislation also made it extremely hard to hold a referendum to amend the constitution and barred referenda to draft a new or completely rewritten constitution.⁸⁶ This bill came in to play during the 2004 presidential election as incumbent Chen Shui-bian scheduled the first referendum for the same day as the election.

In the years following the 2000 presidential election, the other members of the strategic triangle continued to evolve their policies as well. The PRC relied much less on military threats than in the past. Instead, Beijing switched tactics and began working with ROC opposition parties. In 2000, China invited a large number of Chen's adversaries from the Legislative Yuan to visit the mainland. Reportedly, during these visits some Taiwanese legislators urged Beijing to take a stronger stand against Chen and weaken his domestic support. In addition, the PRC even allowed the KMT to open an office in Beijing during 2001.⁸⁷

During the Chen Shui-bian era, cross-strait relations remained mostly stagnant with some signs of heightened tension around the 2003 referendum law. The same sticking points

⁸⁶ New York Times, Nov. 27, 2003

⁸⁷ Roy, p.237.

remained while both sides argued about the applicability of the “1992 consensus” and preconditions for further negotiations. During this time, however, both sides managed some progress with respect to the “three links” and other economic affairs. In January 2005, the first direct flight from Taipei to the mainland took place since the PRC-ROC split. As discussed earlier, flights were only allowed to continue to the mainland from Taiwan if they first landed in Hong Kong or Macau and laid-over. However, the new agreement requires only that a plane fly through Hong Kong or Macau airspace before landing at a mainland destination. Such new measures are much more efficient and provide a strong symbolic impact. In late 2000, Chen’s administration lifted the ban on travel and trade between Taiwan’s three off-shore islands and the mainland, establishing what is known as the “three small links.”⁸⁸ In November 2001, Chen ended Lee Teng-hui’s “go slow, be patient” policy that limited investment from Taiwan to the mainland. The net result of this liberalization was a boom in cross-strait economic exchanges. By mid-2002 China replaced the United States as Taiwan’s largest export market, as well as becoming a significant recipient of ROC direct investment. In 2004, cross-strait trade totaled over US\$61 billion and Taiwan businesses funded over US\$ 80 billion of investment projects in the PRC.⁸⁹ All signs point to these trends continuing to increase.

J. 2004 PRESIDENTIAL ELECTION

Unlike 1996 and 2000, the 2004 presidential election took place in an atmosphere of relative international calm. The PRC did not publish any threatening official position papers, send warnings to ROC voters, or brandish gaudy shows of military force. While the PRC did not cast specific threats, it did make sure voters knew Beijing was against Chen Shui-bian’s reelection. In his campaign, Chen sought to take a moderate line with respect to cross-strait relations. He proposed increased links and communication between both sides should he be reelected. In response a PRC official stated,

During his four years in power ... Chen Shui-bian has incessantly engaged in splittist activities, promoting 'creeping independence...what he has said

⁸⁸ Ibid., p. 237

⁸⁹ Agence France Presse, Mar. 1, 2005

and done over the past four years has all been harmful to peace and stability in the Taiwan Straits.⁹⁰

Clearly, the PRC believed that Chen was telling voters and international actors what he thought they wanted to hear. One must look back at Chen's conciliatory 2000 inaugural speech and compare them to initiatives he pushed as president to understand the PRC's reticence. As usual, the United States did not support a particular candidate but lent its backing to the continued peace in the Taiwan Strait.⁹¹ However, Washington showed its disapproval of the referendum initiative promulgated by Chen as a potential destabilizing factor in cross-strait relations.⁹² Additionally, in December 2004 President Bush voiced his disapproval of possible future moves by Chen, "the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose."⁹³ As if to demonstrate the dichotomy that is U.S. Taiwan policy, Chen made some strides when he stopped off in New York City and briefly visited members of the United States Congress while en route to Latin America. However, this move was consistent with the American legislature's continued support of Taiwan and its leadership more than a tacit endorsement of Chen in the upcoming election.

The issues facing Taiwan during the 2004 presidential election were very similar to the ones presented in 2000, which had focused on cross-strait relations as well as the "black & gold" politics controversy. Lien Chan once again represented the KMT with one significant addition, his running mate this time was the 2000 runner-up James Soong. What was a "dream ticket" in 2000 appeared a solid platform in 2004 as well. However, in terms of the "black & gold" debate, the KMT was once again open to criticism. Lien's platform focused on pushing closer ties with the mainland, especially enhancing the "three links." In his words,

⁹⁰ Agence France Presse, Feb. 25, 2004.

⁹¹ China Post, Oct. 20, 2003.

⁹² Reuters, Sep. 29, 2003.

⁹³ Michael D. Swaine, "Trouble in Taiwan" in *Foreign Affairs*, March/April 2004.

“The election next year is crucial, it will decide whether Taiwan can refocus its attention on pursuing economic prosperity or continue the dangerous drift toward violent conflict with China.”⁹⁴

Lien went on to reassure that while he wanted closer ties with the mainland, he would still maintain a “Taiwan First” position. As discussed earlier, Chen sought to distance himself from any additional moves toward independence. However, in November, 2003 Chen announced a referendum to be held the same day as the national election. The referendum would amount to a public declaration against the PRC missile deployment near the coast facing Taiwan.⁹⁵ In addition, it would call for the procurement of anti-missile systems if the PRC refused. While such a measure would not be legally binding it is still a destabilizing issue for cross-strait relations. Both the United States and PRC expressed worry that referenda in Taiwan could result in a disruption of the status quo and eventual moves toward an independent ROC.

On 20 March 2004, over 80 percent of eligible voters turned out to vote for the President. It is significant that while there was huge participation in the Presidential election, the referendum failed to garner the requisite 50 percent participation for it to be valid. This development quite possibly kept a cap in cross-strait relations because 92 percent of those who actually voted in the referendum supported its passage⁹⁶. Perhaps this comes as no surprise, since that number is very close to the percentage of votes cast for referendum promoter Chen Shui-bian. With respect to the Presidential election, the initial vote count announced Chen as the winner gaining 50.1 percent of the vote versus 49.9 percent for Lien. With a margin this close, it is no surprise that the KMT and its supporters heatedly contested the election results. However the close vote was not the only controversial topic of the election. At a parade on 19 March, President Chen Shui-bian and his running mate Annette Lu were both struck by bullets as they rode in an open vehicle. Neither was seriously wounded, and they both were released from a hospital later that evening.⁹⁷ Investigations are still on going to determine exactly what happened, though some believe this was actually a stunt by Chen to gain a sympathy vote

⁹⁴ Taiwan News, Nov. 9, 2003.

⁹⁵ Agence France Presse, Nov. 29, 2003.

⁹⁶ Associated Press, Mar. 20, 2004.

⁹⁷ Washington Post, March 19, 2004.

on the eve of the election. An official recount reinforced Chen's victory, and he was inaugurated as President on 20 May 2004. The KMT filed two lawsuits challenging the election but courts rejected both.

In his latest inaugural speech, Chen once again struck a moderate tone vis-à-vis the PRC, pledging efforts to improve cross-strait cooperation and integration. He also mentioned the need for constitutional reform which has become one of the most serious issues of contention between the PRC and ROC. As mentioned above, Beijing believes that any effort to "re-engineer" the constitution would likely result in further moves toward Taiwan independence regardless, of the fact that Chen specifically said no such provisions would be included.

As 2004 progressed, Chen continued pushing for constitutional reform, even proposing a referendum calling for constitutional revision by 2006. In addition, Chen began pushing for a lawful name change from "Republic of China" to Taiwan. Heading into the 2004 Legislative Yuan election, these initiatives appeared to be the key issues. The results showed that the voters were not yet fully behind Chen as the pan-green parties remained the minority in the LY. The DPP won 89 seats, a net gain of 2, while the TSU won 12 seats a net loss of 1. On the other hand, the KMT took 79 seats, an increase of 11, and the PFP only 34, leaving the pan blue with a net loss of also 1. Essentially, the balance of power remained the same in the LY. Given the momentum Chen was hoping for, this election was a disappointment. In addition, it meant that Chen again faced a legislature controlled by an opposing coalition. It could spell even more trouble since the KMT and PFP are planning to merge at sometime in the near future. As yes it is still only a plan, but their unification would spell additional trouble for the DPP since there would be less chance for a split in the pan-blue alliance.

THIS PAGE INTENTIONALLY LEFT BLANK

V. CONCLUSION

A. TRENDS

This thesis has shown that since the advent of democracy in the late 1980s, Taiwan has undergone a tumultuous period in its relations with the People's Republic of China. Throughout this period Taiwan's democratic system evolved and passed many difficult tests from both external and domestic forces. In the meantime, the ROC has also been pushed to the brink in its relations with the mainland and emerged with continued de facto sovereignty over its territory. Through all of these events, one observes some noticeable trends both in Taiwan's domestic politics as well as its relations with external actors.

The most constant trend in Taiwan's domestic political order since democratization is continual change. In 1986 there was only one legal political party in the ROC and that was the ruling Kuomintang. Since then, there have been several other parties that have emerged and some of which have disappeared. As of the 2004 Legislative Yuan elections, there were six parties receiving votes even though one of them, the New Party, did not win enough votes to qualify for even a single seat. This development represents the fluctuation that has occurred in Taiwan's short democratic history. In 1995, the New Party appeared to be a strong rising force in the island's political arena only to find it marginalized three years later. At present, there are two coalitions that possess the overwhelming majority of political power in Taiwan, and that trend looks as though it will continue for the foreseeable future. These alliances define themselves mostly through their stance on the issue of Taiwan independence. Domestically, their policies usually show a great deal of similarity, with the pan-blue skewing more to the conservative side and the pan-green leaning on a more populist slant. Ultimately these camps represent two directions for PRC-ROC relations. One should expect the juxtaposition of parties in the ROC political spectrum to continue since different personalities have altered the direction of the parties a great deal in the past two decades and will likely continue to do so. Ten years ago, Lee Teng-hui had the KMT on

a path to be the most vehement activist in the fight for a separate and independent Taiwan. Now they are the voices of moderation and conciliation in the face of Chen Shui-bian and the pan-green alliance. In February 2005, Chen Shui-bian and PFP leader James Soong held talks to try to bridge their ideological differences and make a more workable relationship in the future.⁹⁸ In reaction, the Taiwan Solidarity Union threatened to leave the pan-green alliance if Chen becomes too friendly with the more pro-unification PFP.⁹⁹ Once again the shifting of political alliances appears to be ongoing.

Since the advent of democratization, the trends in public opinion in Taiwan appear far more stable than those of the politicians outlined above. As mentioned in Chapter III, the early 1990s were a time when the people of the ROC were shifting their definition of national identity to more of a Taiwanese than Chinese focus. That movement has continued and will likely continue in the near future. In 1992, 19.3 percent of citizens identified themselves as Taiwanese, 46.4 percent as both Taiwanese and Chinese, and 30.2 percent as Chinese. As of the latest polls in 1994, 48.3 percent of the population identify themselves as Taiwanese, an increase of almost 30 percent in 12 years. The percentage of those who believe they are both Taiwanese and Chinese has fallen from 46.4 percent to 40.6 percent and those who perceive themselves to be strictly Chinese are now 6.3 percent of the population.¹⁰⁰ These numbers paint a stark picture of the evolution in national identity within Taiwan. They also suggest a bumpy road ahead in cross-strait relations since the people are less likely to accept rule from a regime they perceive as foreign to them. With respect to cross-strait relations, public opinion has shifted somewhat, but with less dramatic swings than national identity. In 1994, 38.5 percent of the population supported maintaining the status quo and deciding at a later date, 20.5 percent did not respond, 15.6 percent preferred maintaining the status quo and moving toward unification, 9.8 percent wished to maintain the status quo indefinitely, 8.0 percent wanted to maintain the status quo but move toward independence, 4.4 percent supported immediate unification, and 3.1 percent wished for immediate independence.

⁹⁸ Taipei Times, Feb. 25, 2005.

⁹⁹ Taipei Times, Feb. 28, 2005.

¹⁰⁰ Election Study Center, National Chengchi University (1992-2004).

Ten years later, the biggest increase is in those who wish to maintain the status quo indefinitely, showing an 11.2 percent increase in support. Perhaps not surprisingly, the largest decrease was in the group who had no response, moving from 20.5 percent to 11.0 percent. Altogether, only a total of 5.6 percent of respondents wanted either immediate unification or independence. More significantly, 72.9 percent of the population preferred maintaining the status quo with either an undefined end or independence.¹⁰¹

Once again, it is important to note that the status quo really equates to de facto independence for Taiwan. In addition, the PRC has stated on many occasions that the status quo is unacceptable and if supported indefinitely will be grounds for military intervention. Ultimately, the people of Taiwan have wanted to remain their own entity for the past decade and probably since the inception of the ROC. However, what trends in public opinion show is that fewer people are sitting on the fence with respect to this issue. In addition, there seems to be hope among the populace that the status quo can remain in place for the foreseeable future. It comes as little surprise that they would feel this way given their successful rebuke of the PRC in two very tense presidential elections and the continued movements toward an independent Taiwan without a firm intervention from the mainland. Finally, these numbers show that the ROC population has achieved a certain comfort zone and wishes to remain there. Any political decisions they make will certainly include calculations for the maintenance of this comfort zone.

The impact of U.S. policy on the cross-straits crisis has always been and will continue to be a significant factor in ROC political outcomes. One could argue that American military force created the situation that is in place today given the events of the 1950s. Had U.S. force not been brought to bear, there is a good chance that Mao Zedong would have brought his forces across the Taiwan Strait and ended the civil war once and for all. In addition, history may continue to ponder how the 1995-6 crisis would have played out without such a strong show of American support for Taiwan. Would Lee have been so cavalier about his opinions of ROC sovereignty? Would the PRC have been moved to such drastic measures if Lee were never allowed to speak at his alma mater? These questions are trivial in the present day, but could have implications for U.S. policy

¹⁰¹Election Study Center, National Chengchi University (1994-2004).

in the future. Throughout the democratic period in Taiwan, the United States has walked a fine line between support for the right ROC self-defense and acceptance of the “one-China” concept. In addition, the United States exhibited a somewhat schizophrenic policy outlook during this period with the executive and legislative branches sending out differing and sometimes contradictory positions. It appears that in America as in Taiwan, democratic processes produce uncertainty and make reasonable calculations from the outside immensely problematic. It is unlikely that the PRC realized the level of U.S. resolve in the 1995-6 crisis since President Clinton did not appear so committed at the beginning. As mentioned in Chapter III, internal political pressure from the United States Congress pushed the president to such dramatic action. Where there has been miscalculation in the past, there is the opportunity for miscalculation in the future. U.S. policy is likely to continue its tradition of providing arms to Taiwan and support for the Taiwan Relations Act. At the same time, U.S. political leadership will continue to caution Taiwan’s rulers to avoid any disruption of the status quo. Given this perspective, Washington must be loud and clear with its wishes in order to get the message across to the electorate and continue to affect Taiwan’s domestic political outcomes.

Throughout the democratic period in Taiwan, PRC policy has greatly evolved with respect to its impact on ROC elections. Beijing has gone from very concrete and dramatic threats of all-out war, to a more rhetorical but still bellicose posture, and finally assuming a less overt disapproving line of protest. In addition, China has recently attempted to affect political outcomes in Taiwan by fomenting internal dissension and seeking to co-opt ROC political leaders by inviting them to the mainland. In this century, Beijing also increased its presence in international organizations and fostered a closer economic relationship with the United States. By making the PRC a more important player internationally, Beijing has put other international actors in a position to support peace in the Taiwan Strait and thus encourage the ROC not to provoke the mainland. In addition, by switching to a more political rather than military strategy, the PRC can claim the moral high ground and that it is making a sincere effort to settle the issue peacefully rather than hostilely. In spite of this trend, a recent initiative in the National People’s Congress (NPC) threatens to reverse progress toward a peaceful resolution of the cross-

strait issue. The NPC is currently debating the “anti-succession” law with a high likelihood that it will be passed. This measure would mandate PRC military action in the event of a formal declaration of independence from the ROC. Chinese Premier Wen Jiabao recently addressed the NPC and stressed his support for the bill making its passage a virtual *fait accompli*.¹⁰²

Given the shift in Taiwanese domestic political situation, ROC public opinion and the changes in PRC policies, prospects for continued tensions are likely. On one hand, there are a number of reasons to be optimistic. As noted at the end of Chapter IV, economic ties between China and Taiwan are expanding and will continue to do so for the foreseeable future. These growing interdependencies offer perhaps the greatest hope for a peaceful future in the Taiwan Strait. One must remember that the people of Taiwan have shown a propensity to support their status quo and their economic prosperity is a large part of that. Any move that threatens that significant comfort zone is likely to meet opposition in the court of public opinion. At the same time, the public also is strongly tied to the democratic and personal freedom it enjoys and so moves toward unification with the PRC are also unwelcome. To reiterate, the best way for Taiwanese to maintain their comfort level is to prolong the status quo.

However, as mentioned in Chapter IV, democracy has injected an element of uncertainty into the process. More specifically, the people’s goals and those of their elected officials may seem to be in concert during the election but in opposition when it comes to making policy. In addition, given the many tools of political manipulation and lack of perfect voter information, the electorate can be directed to a certain course of action even though the results of that initiative counteract the public’s preferred state of affairs. It is for all these reasons that Chen Shui-bian’s latest movement toward greater public referenda is so potentially troublesome. In addition, these referenda cause an inordinate amount of distrust and trepidation within the PRC and that bodes ill for harmonious cross-strait relations. As outlined in Chapter III, uncertainty leads to fear and miscalculation, both of which are to be avoided at all costs in a crisis situation. In response to the proposed PRC “anti-succession” law, Chen stepped up calls for a national

¹⁰² Agence France Presse, Mar. 3, 2005.

referendum on a new constitution as well as changing the ROC's official name and flag. These events could spell a new cycle of escalation in cross-strait hostilities spurred on by increased democratic participation in Taiwan.

With respect to democratic peace literature, this work provides a valuable look at how in the short run, increased democracy does not always lead to increased peace. It is possible that in the long run, Taiwan's democracy will continue to mature and become a force for stability and peace in the cross-strait debate. However, with systemic transition comes disruption in stable equilibrium in many cases, the PRC-ROC relationship is no exception. Democracy brings a myriad of influences and factors that are absent in oligarchy or autocracy and the movement from the later to the former cannot be achieved without a significant upheaval. Inevitably, this internal upheaval affects a political entity's external reality as well. Such was the case with the political liberalization in the Republic of China.

From a broad conceptual perspective, there are some basic facts that one must accept. Since 1988, democracy in Taiwan has evolved and developed a great deal. Experts argue whether this growth constitutes "democratic consolidation," but there is no contention of the idea that the ROC is more democratic now than before 1988. In addition, public opinion polls show that the populace views itself very differently in 2004 than it did in 1988 in terms of its national identity and its preferences for mainland relations. Finally, the democratic period in Taiwan witnessed greater hostility between the PRC and ROC than in the preceding thirty years combined. This heightened level of belligerence has subsided in recent years, but still remains a sword of Damocles hanging over each step of Taiwan's democratic process.

With these facts in mind, it is clear that the addition of ROC democratization has destabilized relations between the China and Taiwan. One should note that Taiwan's political liberalization has not *damned* cross-strait relations to a cataclysmic fate. As noted many times in this essay there are prospects for hope and increased cooperation. However, with the advent of democracy for the first time in an ethnically Chinese society, relations moved from a fairly stable equilibrium to a somewhat chaotic new reality resplendent with uncertainty and ripe for catastrophic miscalculation. There will

always be arguments that other forces would have caused the same current state of affairs in the Taiwan Strait. However, the preponderance of evidence suggests that the forces of democracy and democratic outcomes proved pivotal in shaping the situation we see today.

B. IMPLICATIONS FOR U.S. POLICY

The United States finds itself in a precarious position with respect to the Taiwan Strait debate. In one sense, America has a strong vested interest in friendly relations with the PRC. Economic ties between the United States and China have grown at a fast pace for the past two decades. In addition, during the 1990's China became a valuable partner in the on-going negotiations for a non-nuclear Korean peninsula as a leading proponent of non-proliferation in the "six party talks". Chinese investors are also one of the largest holders and purchasers of U.S. Treasury notes, further solidifying Sino-American economic interdependence. On the other hand, China is a communist nation and the ROC is now democratic. Ideologically, the United States government holds itself out as a champion for the democratic world. To turn its back on 23 million people who have stated their desire to live in a free and democratic state would be tantamount to grave hypocrisy. In addition, the United States has pledged to promote Taiwan's ability to defend itself both explicitly (TRA, TSEA) and tacitly through years of stalwart support during periods of military hostility. Abandoning Taiwan weakens the credibility of American commitments worldwide.

One possible option to the "Taiwan question" is to simply uphold the current policies that have been in place since the 1979 Taiwan Relations act and the three Sino-American communiqués. The main points outlined in The Taiwan Relations Act state:

- 1) The United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means.
- 2) Any effort to determine the future of Taiwan by other than peaceful means a threat to the peace and security of the Western Pacific area and of grave concern to the United States.
- 3) The United States will provide Taiwan with arms of a defensive character.

- 4) The United States maintains the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security or the social or economic system of the people on Taiwan.

Essentially, the United States supports Taiwan but does not recognize its right as an independent sovereign nation. In the three communiqués:

- 1) The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China.
- 2) The United States recognizes the government of the People's Republic of China as the sole legal government of China, and acknowledges the Chinese position that there is one China and Taiwan is a part of China.
- 3) Both Washington and Beijing stressed non-interference in each others internal affairs.
- 4) The United States pledged to gradually reduce arms sales to Taiwan over an unspecified period of time, not to sell more arms to Taiwan than it had in previous years.

As a whole, these declarations form the framework of U.S. policy with respect to the crisis.

Another possible policy direction would be to disassociate the United States from any involvement in the conflict. The United States would declare unequivocal neutrality in the issues and leave it to the two actors to figure out how they will carry on from here. The United States would cease all weapons sales to Taiwan and make it publicly known that America considers this conflict as an issue between the PRC and ROC. All previous support for either side in the conflict would be null and void.

A third possibility is a U.S. pledge to fully support the independent Republic of Taiwan., signing a treaty of alliance with Taiwan stating that any attack on Taiwan will be considered an attack on the United States

A fourth possible course of action is for the United States to fully support China as the legitimate government of China and that Taiwan is a part of China. Concurrently,

the United States would call on Taiwan to give up all independence initiatives and label any further secessionist activities to be the actions of rouge, separatist movement.

The fifth option is for the United States to maintain the political status quo by means of the Taiwan Relations Act and the three communiqués but actively work as a mediator to bring both sides closer together. Using this as its main political platform, the United States could focus on the economic issues that contribute to both the cooperation that has taken place recently and the divisive actions that both sides have engaged in, using a carrot-and-stick approach of incentives and penalties without explicitly threatening either side.

These five options are very broad brush policy directions meant to show the main efforts that the United States can initiate. They encompass several elements of the above mentioned issue areas at the same time. U.S. policy should not focus on a single area and leave the others to chance. Rather, the United States should focus on the one area where it has the greatest chance of achieving positive results, while keeping the other factors as concerns that must be factored in to any policy, while not being the explicit impetus for that initiative.

It is the recommendation of this thesis that the United States pursues a program that seeks to bring both sides together through economic tools and organizations. Cross-strait trade has been growing continually closer every year, heedless of any political differences that exist. Both nations are focused on economic development as a key goal and this would speak to that very thing. In terms of policy capabilities, the United States has a myriad of trade policy options at its disposal to use as carrots and sticks while trying to encourage PRC-ROC cooperation. The United States may not have the world's largest population, but it does possess the largest gross domestic product by a large margin. Given the size and vitality of this market, and given the fact that both the PRC and ROC are export-driven economies, the United States has a major tool for eliciting cooperation. In terms of probability of success, it becomes somewhat murkier. As shown above, China is making efforts to maximize its position of influence vis-à-vis the other nations in the Asia-Pacific region. Such moves may have the effect of lessening U.S. ability to implement economic carrots or sticks. However, the fact remains that

American policymakers still wield a great amount of influence over world trade policy as a whole. As a matter of historical policy patterns, it is not unusual for the United States to allow certain trade benefits to a given nation or region in exchange for progress on certain security interests. The entire Cold War is essentially an example of this. It worked with a great deal of success then, and there is no reason to believe it is not the right policy direction now.

. On the Taiwan side, the United States should attempt to moderate the strongly pro-independence rhetoric of the leading political bodies. Such ROC propaganda plays very well in terms of winning votes, but puts the PRC in a position where it feels it must act for several reasons: 1) in terms of its international prestige, it is a huge blow for the PRC to not act in the face of blatant challenge to its power. 2) The PRC has openly stated that any move toward independence will be met with decisive force, and so the credibility of any future PRC policies hangs in the balance. 3) China is a country with a very wide geographical and cultural expanse. The PRC claims sovereignty over Taiwan in the same way that it claims sovereignty over Tibet and Xinjiang. If the PRC were to allow Taiwan the right of independence it would encourage secessionist movements in these, and perhaps other, PRC provinces. And 4) An independent and democratic Taiwan serves as a bad example, from the Chinese Communist Party (CCP) perspective, to the PRC general population in general and dissident movements in particular. As long as Taiwan can still plausibly be claimed as part of China, the CCP can put forth the philosophy that democratic processes in Taiwan exhibit the increasingly inclusive nature that the government is working to develop.

Concurrent with this effort to stem pro-independence rhetoric, the United States should press forward with efforts to create multilateral structures that can include Taiwan without alienating China. Specifically, the United States should promote the expansion of Taiwanese participation in regional and global trade regimes. This would have the effect of providing positive gains to Taiwan while not driving a greater wedge between it and China. The recent promotions of Taiwan in the World Health Organization as well as the World Trade Organization are steps in the right direction.

With respect to the PRC, the United States should maintain its perspective that any attack on Taiwan would be considered a grave situation by U.S. policymakers and would require a serious response. Most importantly, the United States must not give the impression that it is taking a laissez-faire stance on the issue. Such a position would leave open the opportunity that another “Korean War” would ensue -- i.e. a situation where the mistaken lack of U.S. support for an area leads to miscalculations and aggression from a third party. At the same time, the United States should be careful not to appear belligerent or manipulative toward Beijing. The CCP is already quite suspicious of U.S. policies as aimed at splitting China. With this in mind, it is important that United States policymakers distance themselves from rhetoric that promotes the need to “contain” China. Such talk heavily weakens any American efforts at influencing the PRC to act in a way that it suggests is beneficial. The CCP will see any such entreaties to be some type of plan, understood or not, to keep China from growing and developing into a stronger nation.

As one can see from the positions stated in this paper, the United States must employ both incentives and consequences in its quest to encourage China and Taiwan to peacefully coexist. This policy addresses the major interests listed earlier in this document. It ensures that the cross strait conflict remains one of coexistence without resort to open military conflict. It helps to maintain and possibly expand both economic and political ties between the United States and both actors. At the same time, this policy bolsters U.S. regional influence by showing the nations of Southeast Asia that the United States is a force for peace and prosperity in the region, not overbearing hegemony. By encouraging a cessation to pro-independence rhetoric in Taiwan, this prescription keeps the conflict from heavily influencing other independence movements around the region. Furthermore, it keeps the conflict between the two main actors and does not necessitate the taking of sides by other regional states. Finally, any effort must focus on trying to work with each side to their mutual benefit. In this way, neither side is seen as a puppet of the United States while each side is allowed to save face with their populations. As noted above, this is a very significant subtlety that must be addressed by American policymakers.

As a final caveat, it should be recognized that U.S. influence in this matter is limited. However, it is the opinion of this thesis that the course of action prescribed herein is the most effective way for the United States to achieve its goals in the region and maximize the utility of all actors who are engaged in this conflict.

BIBLIOGRAPHY

Alagappa, Muthiah(ed). *Taiwan's Presidential Politics: Democratization and Cross-Strait Relations in the Twenty-first Century*, (New York: M.E. Sharpe, 2001).

Bullard, Monte. *Strait Talk*
<http://faculty.miis.edu/~mbullard/ebook>

Carpenter, Ted Galen. "Beijing Smothers Hong Kong -- and Drives Taiwan Farther Away" from Cato Institute Website/ Link: <http://www.cato.org/dailys/06-11-04.html>

Chin, Ko-lin. *Heijin: organized crime, business, and politics in Taiwan*, (New York: M.E. Sharpe, 2003).

Chiou, C.L. and Leong H. Liew (eds). *Uncertain Future: Taiwan-Hong Kong-China relations after Hong Kong's return to Chinese sovereignty*, (Brookfield, VT: Ashgate Publishing Co., 2000).

Clough, Ralph. *Cooperation or Conflict in the Taiwan Strait?* (New York, 1999 : Roman & Littlefield).

Corcuff, Stephane. "The Symbolic Dimension of Democratization and Transition of National Identity under Lee Teng-hui" in *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, (New York: M.E. Sharpe, 2002).

Corcuff, Stephane (ed). *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, (New York: M.E. Sharpe, 2002).

Diamond, Larry. "How Democratic is Taiwan? Five Key Challenges for Democratic Development and Consolidation", Paper for the Symposium on "The Transition from One-Party Rule: Taiwan's New Government and Cross-Straits Relations," Columbia University, April 6-7, 2001). Link: <http://www.stanford.edu/~ldiamond/papers/taiwan.pdf#search='black%20and%20gold%20politics%20taiwan'>

Dickson, Bruce J and Chien-min Chao (eds). *Assessing the Lee Teng-hui Legacy in Taiwan's Politics: Democratic Consolidation and External Relations*, New York: M.E. Sharpe, 2002).

Haggard, Stephen and Tun-jen Cheng (eds.). *Political Change in Taiwan*, (Boulder, CO: Lynne Rienner, 1992).

Hood Steven J., *The Kuomintang and the Democratization of Taiwan* (WestviewPress: Boulder, CO, 1997).

Huang, Sandy, "Tzeng Says Colleges Must Help Taiwanization Effort," *Taipei Times* 3, no. 124 (October 16, 2001): 2.

Julian Jengliang Kuo, "Taiwan's New Policy Toward Mainland China" in *Breaking the China-Taiwan Impasse*, (Praeger: Westport, CT, 2003), p.76

Lasater, Martin L. *Policy in Evolution: The U.S. Role in China's Reunification* (Boulder, Co: Westview Press, 1986).

Lilley, James R. and Chick Downs (eds.). *Crisis in the Taiwan Strait* (Washington D.C.: National Defense University Press, 1997).

Liu, Leo Y. (ed.). *Taiwanese Polity in the Twenty-First Century: Politics and Culture in a Global Context* (Lewiston, NY: Edwin Mellen Press, 2004).

Maguire, Keith. *The Rise of Modern Taiwan* (Brookfield, VT: Ashgate Publishing, 1998).

Mulvenon, James. "The PLA, Chen Shui-Bian, and the Referenda: The War Dogs That Didn't Bark", *The China Leadership Monitor* no. 10, 2004. Link: <http://www.chinaleadershipmonitor.org/20042/jm.pdf>

Rigger, Shelley. *From Opposition to Power: Taiwan's Democratic Progressive Party* (Lynne Rienner: London, 2001).

Roy, Denny. *Taiwan: A Political History* (Ithaca: Cornell University Press, 2003).

Shambaugh, David (ed.) *Contemporary Taiwan* (Oxford: Clarendon Press, 1998).

Suisheng Zhao (ed), *Across the Taiwan Strait: Mainland China, Taiwan, and the 1995-1996 Crisis*, (New York: Routledge, 1999).

Tsai, Wen-hui. *Bringing the People Back In: Collected Essays on Major Elections in Taiwan at the Turn of the 21st Century*, (University of Maryland School of Law, 2003).

Tsang, Steve and Hung-mao Tien (eds). *Democratization in Taiwan: Implications for China*, (New York: St. Martin's Press, 1999).

Tsong-jyi Lin, "The Evolution of National Identity Issues in Democratizing Taiwan" in *Memories of the Future: National Identity Issues and the Search for a New Taiwan*, (New York: M.E. Sharpe, 2002).

Wang, Mei-ling T. *The Dust that Never Settles: The Taiwan independence campaign and U.S.-China relations*, (Lanham, MD: University Press of America, 1999).

Wu, Jaushieh Joseph. *Taiwan's Democratization: Forces Behind the New Momentum*, (Oxford: Oxford University Press, 1995).

Zagoria, Donald S. (ed.). *Breaking the China-Taiwan Impasse*, (Westport, CT, 2003 : Praeger:).

THIS PAGE INTENTIONALLY LEFT BLANK

INITIAL DISTRIBUTION LIST

1. Defense Technical Information Center
Ft. Belvoir, Virginia
2. Dudley Knox Library
Naval Postgraduate School
Monterey, California