

TAIWAN IN A FIX

The Taiwanese elections against the background of a changing security landscape

The presidential elections and parallel referenda that are due to take place in Taiwan on 22 March 2008 have become more than just a plebiscite on who is governing the island or its degree of emancipation from the mainland.



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Supporters of presidential candidate Frank Hsieh cheers during a rally in Taipei

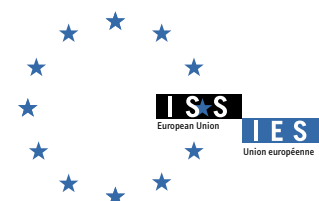
Two crucial issues for the future of Taiwan are at stake: its international standing and internal political and democratic progress. From an external perspective, the future of cross-Strait relations is not decided at the ballot box, but by external circumstances. Improving US-China relations and mainland China's growing international role are important factors that add to a changing regional security landscape and are weakening the existing status quo. A new kind of rational status quo, as an alternative to the existing deterrence-based version, needs to be sought. This could be achieved through a legally-binding (peace) agreement between Taipei and Beijing that regulates relations and secures the peace in the Strait. Seen in this context, the referenda could weaken Taiwan's own interests. If the people vote in favour of the referenda domestically a strong state-

ment will be made that closes doors for compromise and narrows down the government's ability to negotiate internationally.

On the whole, no matter what the election result turns out to be, it will have little impact on the security situation in the Strait. Whereas cross-Strait relations will most likely improve after the election, the security architecture of the whole region is visibly in flux. Future Taiwanese leaders will have to adapt their strategies to the external situation for mainly two reasons. Firstly, a confrontational course has not helped their cause of independence. The predicament is that regional neighbours and international players alike have increasingly perceived the pan-green government's challenges to the status quo as a source of instability in the region. Not least, the US has recently urged Taipei (and Beijing) to adhere to the cross-Strait status quo.¹ Regional players have in recent years dissociated themselves from Chen Shui-bian's overtures. Secondly, the status quo as such has already changed. Indeed, the main powers, China and the US, insist on maintaining the status quo. This has in the past meant adherence to the one-China principle, de facto statehood of Taiwan (two systems) but no support for independence or legal status, no brinkmanship, and sufficient leeway for each party to interpret the situation in a domestically acceptable manner. In terms of sovereignty, Taiwan could not assert its de jure independence without substantial backing from Washington. Apart from the two major powers' willingness to maintain the status quo, the main deterrent is the impact a crisis would have on all the involved players. Yet, China and the US have a vested

1. US Secretary of State Condoleezza Rice has referred to the referendum on the application for UN membership under the name 'Taiwan' as provocative. See also: 'US, Britain criticize Taiwan over plans for referendum', The China Post, 27 February 2008; BBC News, 'Taiwan UN bid 'provocative - US'', 21 December 2007.

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interest in resolving the current situation and finding lasting solutions, because the Taiwan issue has time and again hampered otherwise improving relations. Besides, the cross-Strait impasse stands in the way of further regional development because partisanship and alliances prevail at the expense of possible regional convergence. However, shared interests and increasing cooperation in security affairs are gradually weakening the existing status quo. In the medium to long term, a weakened status quo will have to be adapted and bolstered by a new (peace) agreement. The negotiation of such an agreement is one of the greatest tasks in regional security affairs and no Taiwanese political party can ignore this situation.

Taiwan's political landscape: from internal deadlock back to square one?



Ma Ying-jeou, presidential candidate of Taiwan's opposition Nationalist Party

Taipei's leading parties are using the democratic elections as an occasion to revive internal disputes over the future status of Taiwan. In doing so, they might harm domestic politics by ignoring economic issues and dividing the public on what kind of external stance should be adopted.

The central issue of the presidential elections remains Taiwan's status – internationally and vis-à-vis the Chinese mainland. Already during the January 2008 legislative elections the centrepiece of the Democratic Progress Party's (DPP) campaign was democracy and pro-independence, whereby it sought to target young voters who have developed their own identity independently of the historical context. The legislative election confirmed the majority of the Kuomintang (KMT) in the parliament by a wide margin (81:27 seats), whereby for the time being the deadlock between executive and legislative branches (the

Yuan) was renewed. In Taiwan's semi-presidential system it has proven difficult to implement critical decisions unless all parties are willing to compromise and refrain from applying stonewalling tactics, a circumstance that has stalled political progress and hampered democratic development on the island. Commentators have interpreted the victory of the Nationalist Party (KMT) as a punishment of the DPP rather than as a positive vote.² If put together, do these factors indicate a trend among Taiwanese public opinion towards a 'blue coalition' and a more moderate stance across the Strait?

In fact, the lack of backing for the governing green coalition is due to a range of factors. The newly introduced election procedure, whereby the number of legislature seats was cut from 225 to 113, has added to the KMT's success. Corruption, particularly in President Chen's family, has tainted the clean image that led to the DPP's election in 2000. The neglect of economic issues and declining annual growth rates of the Asian Tiger has led to uneasiness among the populace. Taiwan's economic performance is important in that it is the main pillar of its international self-assertion and visibility. Some Taiwanese analysts fear that with Chen's confrontational stance the island is missing out on economic opportunities in the mainland. Finally, the position of Washington, which has repeatedly urged Chen Shui-bian ('A-bian') to stick to the status quo, has had an impact on public perception. Since Taiwan's security is dependent on the alliance with the US, the public opposes any conduct that strains this crucial relationship.

Internal divisions, not so much over identity but over future directions – de jure independence or provisional rapprochement – impede the consolidation of Taiwan's relatively young democratic system as well as the maintenance of de facto self-determination. Indeed, the election has been hijacked in the contest between the parties over the single issue of sovereignty and national identity. Ultimately the referendum is about transcending practical independence and gaining de jure status. By asserting de jure independence in this way, political parties and the public will in the short to medium term be additionally polarised. Debates on domestic social issues and, even more so, economic reforms (which have been stalled for the most part for at least a decade) have been replaced by mutual smear campaigns characterised by accusations of corruption. Neither of the two leading mainstream parties possesses a comprehensive party programme in which they are addressing significant issues. The election campaign of KMT presidential candidate Ma Ying-jeou has centred on his personality instead of urgent issues that need to be dealt with.

2. G. Wacker, 'Taiwan wählt', SWP Aktuell no. 6, January 2008; 'Opposition party wins in Taiwan parliamentary election', New York Times, 13 January 2008.

The two referenda, one on UN accession under the name of Taiwan and the other on participation in international organisations, are increasingly giving rise to internal divisions, more than they are creating unease internationally. The sheer number of President Chen's cabinet's initiatives to push forward Taiwan's sovereignty has overstretched the patience of the international community. The 'one-state-on-each-side' initiative in 2002, the referendum on national defence in 2005 and the closing of the National Unification Council in 2005 have also finally convinced Beijing that keeping a low profile is the best of all options. Due to the lack of international support for an independent state (that could access the UN) a positive vote would by no means establish a *fait accompli*. Taiwan's bids for UN membership have been rejected for 15 successive years. Nor would such a vote be a plebiscite for independence, although it might have indirectly been meant that way. However, a positive vote in the referendum would be legally binding to any successive government, no matter who gets elected, and stir up public sentiment for some time to come.

After the defeat of the DPP in the Legislative Yuan their presidential candidate, Frank Hsieh, showed readiness to negotiate with the KMT. The prospect that the referendum might fail has led him to adopt a more moderate stance than before. The KMT, for its part, with its candidate Ma Ying-jeou, has drafted an alternative, more moderate referendum. The subject of the vote is Taiwan's participation in international organisations (e.g. the World Health Organisation). The KMT fears that if a referendum and presidential election are held at the same time, it could send the wrong signals to the outside world.³ At the same time the KMT has left open whether it might boycott the referenda, probably because it fears a low turnout at the polls.

Traditionally the KMT has supported the status quo, opposed separatism⁴ and regarded the Republic of China as the sole legitimate government of China. During the past eight years in opposition, the KMT has had time to gradually adapt to the changing situation across the Strait. Whether such a reorientation has actually taken place within the party remains to be seen. Technically the KMT still supports the '1992 Consensus', an agreement between the mainland and Taiwan that confirmed the 'one-China principle' and facilitated dialogue between the parties on this basis. In 2005 an unprecedented visit of a KMT delegation of senior functionaries to the mainland took place. During the event the participants drafted a communiqué wherein the principles of the 1992 con-

3. 'Referendums to be held with election: CEC', Taipei Times, 2 February 2008.

4. Charter of the Kuomintang, Chapter 1, Art. 2.

sensus were confirmed.⁵ Some observers interpreted the meeting as an attempt by Beijing to drive a wedge into Taiwan's political landscape. On the part of the KMT, it was a clear signal that it was ready to resume dialogue with the mainland.

The mainland's policy shift: Putting secessionists between a rock and a hard place

As of late Theodore Roosevelt's motto, 'speak softly and carry a big stick', has been widely-quoted among Chinese political elites and has arguably acquired emblematic resonance in the mainland's cross-Strait policy. China's military build-up has been centred on the scenario of a crisis in the Taiwan Strait. It has maintained a forceful deterrent vis-à-vis Taipei and developed asymmetric capabilities in order to keep the US at bay. At the same time it has adopted a soft approach towards Taiwan by refraining from direct threats and promoting dialogue and rapprochement. However, there is more to China's policy shifts towards Taiwan than a carrot-and-stick strategy. During Hu Jintao's presidency not only a tactical shift has occurred but also a policy reorientation towards a less confrontational approach.

Beijing has given the Chen government a hard time by exercising restraint in reacting to unilateral forays towards independence, which would in the past have caused major resentment. Because the mainland has been sitting back and taking a softly-softly approach, the green camp has lost one of its main sources of voter mobilisation: antagonistic behaviour from the mainland.⁶ Not least when Taiwan's Foreign Ministry drafted a statement to congratulate Kosovo on its declaration of independence, Beijing's response remained largely restrained – most likely in order to avoid provoking negative sentiments during the run-up to the presidential election. Beijing's policymakers have obviously realised that it is impossible to win Taiwan without winning its public.

The Chinese Communist Party's 17th party congress in October 2007 visibly marked some changes in its approach toward Taiwan. Albeit based on the one-China principle, two-system approach and the 'eight points proposal',⁷ President Hu Jintao proposed a proactive approach to eventual reunification. His approach was based on a people-to-people exchange in the (already

5. A. Romberg, 'Elections 2008 and the future of cross-Strait Relations', in *China Leadership Monitor*, no. 21, 2008.

6. Wang Jianwei, 'Time for "New" thinking on Taiwan', in *China Security*, vol. 4, no. 1, 2008, p.120.

7. In 1995 former President Jiang Zemin delivered a speech to the Central Committee of the CCP and the Taiwan Affairs Office of the State Council entitled 'Continue to promote the Reunification of China' wherein he proposed eight points to support the reunification of Taiwan with the motherland.

interdependent) economic and cultural spheres, the improvement of transport and communication as well as developing a greater affinity with the mainland among the Taiwanese population. For the first time Hu used a 'people-oriented approach' by emphasising the 'three commons'⁸ – a set of commonalities based on shared homeland, history, destiny and blood-lines. At the same time he stated that peace can only follow a process of negotiations and should eventually be enshrined in an agreement⁹ that would facilitate a framework for peace and ongoing development in cross-Strait relations.

Concurrently, Beijing has never given up its military leverage in order to deter Taiwan from undertaking unilateral steps towards formal independence. In terms of military strategy, the People's Liberation Army (PLA) has intensively focused on developing asymmetric capabilities in order to tactically catch up with US military strength. Strategic analysts have interpreted China's immense build-up of submarine capabilities¹⁰ as a means to control the East China Sea and in case of crisis to keep the US navy tactically outside the region ('area denial'). The January 2007 ASAT test was interpreted as a demonstration that China was capable of targeting the US military's lines of communication. On the whole, the Anti-Secession Law (ASL) of 2005 clearly defined the conditions and provided a legal basis for any use of force on the part of the mainland.

Relations with the US and a changing regional security situation

The US has in recent years maintained its 'strategic ambiguity' approach. Today it is confronted with two trends: changing relations with the mainland and Taiwanese politicians challenging the status quo. The US needs the mainland in order to deal with regional security affairs. At the same time the cross-Strait impasse stands in the way of closer relations and hampers regional integration in every aspect – particularly arrangements in security affairs.

Officially the US has not changed its stance on cross-Strait relations, which includes the 'one-China policy' and adherence to the status quo on all sides. However, in recent years the Bush administration's dealings (and disputes) with China have been predominantly economically focused rather than value-based. With the exception of minor incidents, real-

politik has dominated relations. In terms of security cooperation, relations have even improved. Frozen military-to-military relations were resumed and intensive contacts were agreed. Additionally a military hotline to facilitate consultation in case of crisis was installed.¹¹

Generally speaking, with China assuming a proactive role in regional security the whole setting has changed. The US and China are gradually transforming their relations into a cooperative partnership while accepting that they remain competitors in some policy areas and regions.¹² One reason for this might be that some of Washington's foreign policy-makers have realised that the US needs China in dealing with regional issues. China has also become a factor of stability in East Asia. During the six-party talks the parties had the chance to closely work together. An increasing number of consultations is taking place. Indeed, China's engagement in East Asian security, including its participation in the ASEAN Regional Forum and its initiatives for the East Asia Summit, demonstrate Beijing's constructive role.

The Taiwan issue and directly connected military transparency issues are the main practical obstacles to smooth security relations between the US and China. The US is the main guarantor of Taiwan's safety. It is the Republic of China Army's (ROCA) main arms supplier and the Pentagon exerts influence on decision-making in the Legislative Yuan in passing defence budgets (2007: US\$ 10.6 billion; 2008: US\$ 10.5 billion).¹³ The official reason for the provision of large quantities of arms to Taiwan remains unclear. Explanations range from the strengthening of Taiwan's bargaining power vis-à-vis the mainland to simply satisfying the island's defence needs. At the same time the US was the main opponent to a lifting of the EU arms embargo on the People's Republic of China (PRC) and vetoed Israeli arms sales to China. Nevertheless, in recent years things have calmed down. In the past the prospect of a Taiwanese election and a referendum with great conflict-potential would have caused greater tensions in the Strait than is now the case.

All in all, both China and the US have allocated crucial capabilities to a potential conflict over Taiwan but neither of them has an interest in a (military) confrontation. For this reason both sides have been comfortable with the status quo. Increasing inter-

8. A. Romberg, 'Cross-Strait relations: In search of peace', *China Leadership Monitor*, no. 23, p.12.

9. A peace agreement was already scheduled by Jiang Zemin. Hu Jintao waived the idea of a timed schedule.

10. 'China acquires Russian anti-submarine missiles', *Kanwa Asian Defence*, 15 February 2008; 'Chinese submarine fleet is growing, analysts say', *International Herald Tribune*, 25 February 2008.

11. For an overview see: CRS Report for Congress, *US-China Military Contacts*, 12 December 2007.

12. US Secretary of Defense Robert Gates stated in a press conference on 7 March 2007 that China was not a strategic adversary but a partner in some respects; Chong-Pin Lin, 'More carrot than stick: Beijing's emerging Taiwan policy', in *China Security*, vol. 4, no.1, 2008, p.12.

13. In 2008 main items on the shopping list are Patriot missiles (PAC-3), planes (P-3C), fighter jets (F-16C/D), helicopters (attack and utility), and submarine development (see: CRS Report for Congress, *Taiwan: Major US arms sales since 1990*, 8 January 2008).

dependence in economy and cooperation in regional security issues are transforming US-China relations. Therefore, in the medium-term a different kind of solution is needed.

Scenario: elections, a weak status quo and the need for a new agreement

The impending elections, and especially the referenda, have caused concern over possible tensions across the Strait. However, it can be expected that neither the election result nor the referenda will have significant implications for the wider security situation. Rather, the result will have an impact on the future governing party's ability to act and room to negotiate, no matter who wins the elections. Thus, a positive referendum result will harm Taipei's own interests.



Ruling Democratic Progressive Party presidential candidate Frank Hsieh

The most likely trend is that Taiwanese politicians will have to adapt to a changing international environment and deal with a much narrower range of options. In the worst case scenario, a revival of sabre-rattling will dominate cross-Strait relations, while in the foreseeable future the status remains unchanged. In the best case scenario, a peace agreement will be sought. What are the likely scenarios?

1. Although the opinion polls favour Ma Ying-jeou and the KMT, a vote in favour of the DPP would not necessarily change future political directions. DPP candidate Frank Hsieh has already taken a more moderate stance. Taiwanese business circles especially regard a confrontational approach towards Beijing as harmful to Taiwan's economic interests. The referendum is legally binding as such

but also has a symbolic significance. Yet, if successful, it will impede Taiwan's ability to internally adapt to the international situation as well as its readiness to compromise.¹⁴ The international community will not automatically change its stance on Taiwan or admit it to the UN. Additionally, Taipei's international room for manoeuvre is becoming increasingly narrow. After Malawi broke off diplomatic relations in favour of Beijing in late December 2007,¹⁵ previous reactions suggest that other states in the region will become more critical or distance themselves from Taipei.

2. The referendum, if successful, will not lead to a unilateral declaration of independence. Nor will Beijing resort to military action. Firstly, any demonstration of military might harms Beijing's image and its soft strategy towards Taiwan. Secondly, when considering an armed confrontation the mainland's strategic planners would choose a tactically favourable point in time, when the US is preoccupied in other conflicts. It is also likely that Beijing would consult with Washington, should Taiwan unilaterally change the status quo.

5. As previously mentioned, the status quo in the Strait has basically been weakened for the following reasons:

- China's military has improved its asymmetric capabilities;
- US-China relations are improving in a range of sectors, including security;
- Washington's 'strategic ambiguity' (combination of the one-China principle and defence of Taiwan) is weakening as relations with Beijing improve;
- China's standing in the region has changed: it is an emerging regional power that engages in all regional fora and successfully implements its soft power approach;
- China has undertaken a policy shift towards Taiwan by at least rhetorically giving preference to a reconciliatory and public diplomacy (people-based) approach.

14. Wang Jianwei, *op.cit.*, p.113.

15. BBC News, 'Malawi severs links with Taiwan', 14 January 2008.

In the mid-term, Beijing and Taipei will need to negotiate a preliminary and binding (peace) agreement that can guarantee a stable relationship and provide space for future arrangements. However, any entry into negotiations will be difficult because the two sides need to agree on the terms of negotiation. Whereas Beijing insists on the 'one China, two systems' approach, Taipei will insist on visible democratic development in Beijing. The latter is particularly important. While for the time being a two systems approach is inevitable, the question is whether, in terms of a reunification scenario, Taipei would in the medium to long term be able to work out some form of democratic modus vivendi with Beijing and maintain its own democratic standards. Besides, in order to facilitate negotiations on equal terms, Beijing will need to recognise the legitimacy of Taiwan's government despite the 'one-China' principle. The outcome of this initial process will show the real determination on either side to settle an agreement.

The role of the EU

The EU's role in a cross-Strait rapprochement is only marginal. The US remains the central external player in the region. Europe is neither committed to Taiwan's defence nor a strategic competitor of China in East Asia. So far, Brussels has confirmed the one-China policy and opposed Taiwan's membership in international fora, in so far as this would imply recognition of Taiwan's statehood. The EU has no means to apply pressure and has insisted on a peaceful resolution through dialogue. Yet, for historic reasons it might be easier for the EU than for the US to act as an honest broker in dealing with China. By facilitating meetings, negotiations or acting as messenger it can contribute to a process of rapprochement, if this is wanted by either side. Additional options include funding of political and legal expert exchange on peace agreements with both sides or track-two meetings organised through third-party institutions such as think tanks and other existing channels.