

The Trials and Tribulations of China's First Democracy:

The ROC One Year After the Victory of Chen Shui-bian

By Teresa Wright

One year after Taiwan's first democratic transfer of political power from the long-ruling KMT, the island's political system has quickly taken on many of the most illustrious characteristics of American democracy: presidential victory by plurality, intra-party conflict, impeachment talk, sex scandal, and legislative gridlock. Yet, Taiwan is in a far different position than the United States; it exists in a precarious international limbo, and it has an exceedingly short democratic history. Consequently, although Taiwan's prospects for democratic consolidation seem good, its new president faces special challenges in his quest to ensure Taiwan's continued international security and domestic prosperity.

In the grand tradition of many long-established democracies, the past year in Taiwan has been a tumultuous one. To begin, much like America's recent presidential election, the winner of Taiwan's March 2000 presidential election succeeded with only a plurality of the votes, while dual competing candidacies attracted a majority of voters. As the anticipated KMT-DPP contest heated up, powerful and popular politician James Soong left the KMT to launch an independent bid for the presidency, taking with him large numbers of potential supporters for the KMT candidate, sitting vice-president Lien Chan. This split left the DPP candidate, former Taipei mayor Chen Shui-bian, with sufficient support to take the election, though far less than a majority of the vote. In the final tally, Chen collected 39% of the vote, Soong 37%, and Lien 23%. Taiwan's first elected non-KMT candidate took office without having captured a majority of the vote and therefore also without a clear mandate to govern.

This, coupled with the fact that the legislature remains dominated by the KMT (the DPP holds

67 of 220 seats; the KMT holds 115), has marked Chen's first year in office with constant conflict and a lack of legislative progress. Aware of his weak position, Chen originally held out an olive branch to the KMT by choosing KMT stalwart Tang Fei as premier, and allowing several KMT members to serve in the cabinet. Tensions between the two soon mounted, though, as Tang complained that DPP cabinet ministers were bypassing him and speaking directly to Chen.

Nuclear Tensions

The final straw came in October of 2000, when Chen ordered a halt to the construction of Taiwan's fourth nuclear plant, which was about one-third complete. Chen had campaigned vigorously on this issue, and then faced pressure from the DPP's environmentalist supporters to make good on his promise. The KMT, which had approved the project more than twenty years ago, was outraged. Amid charges that Chen had circumvented legislative approval for such a decision, Tang resigned. With vice-premier and DPP member Yu Skyikun having resigned in July to accept responsibility for the government's failure to rescue four workers swept away by flash floods, former presidential secretary Chang Chun-hsiung was tapped to replace Tang. Chang soon formed a new cabinet with a slightly reduced number of KMT members.

KMT anger over the nuclear plant issue increased in the months that followed. By December, the KMT had collected 140 signatures of legislators to begin impeachment proceedings against Chen. Though this effort was later abandoned (KMT ratings having plummeted, with legislators fearing the results should new elections be forced),

the ire of the KMT-dominated legislature was clear. In late January 2001, KMT legislators passed a resolution calling on the Chen cabinet to rescind its order to halt construction of the plant. Premier Chang responded that the resolution was not legally binding. Ruling that the Chen cabinet did indeed commit "procedural errors" in its somewhat vague decision, Taiwan's highest court ordered the cabinet to reach an agreement with KMT lawmakers.

Finally, in mid-February, Chen reversed his earlier decision and announced that work on the new plant would resume, citing concerns about "political stability and economic progress." But the controversy over the nuclear plant, which since late last year blocked movement on virtually all other legislation, has not gone away with the recent order to resume construction. DPP legislators and environmentalists continue to discuss methods of halting the plant's construction.

This gridlock has scared financial markets and endangered Taiwan's economy, which weathered the Asian financial crisis with relatively minor damage, and had just begun to recover and resume speed. By December 2000, the Taiwan Stock Exchange (Taiex) had dropped by 40 percent, sinking to a four-and-a-half-year low. More bad news came from a prominent report that estimated that \$10 billion in investment has fled the island. Moreover, given the poisoned relations between the president and the legislature, Chen has been unable to even broach the subject of financial corruption, which would involve uncovering many illicit KMT ties. In the meantime, Taiwan's economy remains afloat largely due to its prospering electronics sector, which continues to fight the drag of the near decade-long recession

experienced by virtually all other economic sectors.

A Divided Ruling Party

Yet Chen's struggles do not rest solely with the KMT; his own DPP is deeply divided into two camps. Indeed, his vice-president, Annette Lu, is a leading member of the "non-mainstream" DPP faction comprised of staunch independence activists, and has been one of Chen's most vocal critics. From the start, Chen (known as a pragmatist devoted to shifting the DPP to a more moderate focus) did not look to Lu as his first choice for a running mate. Yet when his first two choices declined, Lu accepted the position. Tension between the two flared even before the election, when Chen's international affairs adviser Hsiao Bi-khim nixed plans for an inflammatory anti-Beijing speech that Lu had planned to deliver on election night. Bitterness only grew when Lu was passed over for the premiership, a position she (somewhat erroneously) claims has been traditionally given to the vice-president. Lu and other prominent DPP members have blasted Chen throughout the year, further contributing to his decline in popular support from 75% to 48%.

The latest blow to intra-party relations came in November, when the DPP-affiliated magazine *The Journalist* broke news of Chen's alleged affair with his 29-year-old advisor, none other than Hsiao Bi-Khim. As the scandal caused a stir on the island, the magazine revealed that vice-president Lu was the source behind the story. Currently, Lu is suing the magazine, and Chen and Hsiao are doing their best to ignore the issue.

The Pariah Democracy

Troubles such as these plague many long-established democracies. Yet

Taiwan occupies a unique and dangerous international position. Exiled from the United Nations in 1971, Taiwan is a pariah state despite its impressive economic growth, democratic political transition, and almost complete lack of international bellicosity. Moreover, it exists under the constantly looming threat of mainland Chinese aggression. Thus, along with the normal difficulties of democratic transition, Taiwan's new leaders face international ostracism and intimidation.

Indeed, prior to the election Beijing branded Chen as a dangerous liar and Lu as "the number one scum of the Chinese nation," sternly warning Taiwan's voters: "Don't vote on impulse. You might not get another opportunity to regret." Lest there be any confusion, China's ruling elites clarified: "independence means war."

Clearly appreciating the gravity of the situation, Chen has tread very lightly since ascending to the presidency. In fact, he has been far more cautious and circumspect than his predecessor, Lee Teng-hui, who regularly sparked the ire of the mainland regime. Chen's victory speech was conciliatory, avoiding any reference to Taiwan independence. Since then he has indicated that he is open to discussing the "one China" principle, although he maintains that acceptance of this principle should not be a precondition for talks, as Beijing insists.

Beijing has responded with characteristically schizophrenic outbursts. In October 2000, for example, a defense report from the state council reiterated an earlier warning that if Taiwan indefinitely continues to evade reunification negotiations, China will "adopt all drastic measures possible, including the use of force." In late January 2001, in contrast, vice premier Qian Qichen signaled a willingness to "shake hands with anyone" who embraces the one

China principle, including those who have been supporting Taiwan's independence.

Such verbal lobs reveal the deep divisions that exist within the mainland Chinese leadership. Yet regardless of these splits, cross-strait relations have been warmer under Chen's administration than was the case during Lee Teng-hui's presidency. Indeed, China's threats during Taiwan's recent presidential election pale in comparison with the election of 1996, when Beijing tested nuclear-capable missiles within twenty miles of the island to drive home its point. Reflecting this relative relaxation of tension, Chen has acceded to opening "three mini-links" of transportation, communication, and postal links between the mainland and Taiwan's outer islands. In addition, despite some pressure on pro-Chen Taiwanese businessmen in China to press Chen away from independence, trade and investment continue to flourish between the two areas. Approximately a quarter million Taiwanese run 40,000 businesses on the mainland, whose products account for some 12% of China's total exports; total Taiwanese investment on the mainland approaches \$40 billion. Still, both sides remain testy: Chen has continued Taiwan's ban on investment in finance, transportation, and technologically advanced products, and the mainland regime occasionally harasses pro-Chen businessmen with tax, labor, and customs investigations. Nevertheless, crafty Taiwanese businessmen have proven agile at skirting Taiwan's rules, and despite some selective pestering, Taiwanese investors on the whole have enjoyed a warm reception on the mainland. Militarily, Chen's defense minister has insisted that Taiwan's defense policy will not

change, as long as the balance of forces across the straits does not shift. Meanwhile, China continues to build up its strategic capabilities, and a fall 2000 U.S. State Department assessment concluded that the balance could begin to shift in China's favor around 2005. Leaders in Taiwan and the United States are watching these developments carefully, though, and are sure to increase Taiwan's military budgets and technology acquisitions to ensure that this does not occur.

Support for the Status Quo

Overall, what policies are most likely to yield peace, stability, and prosperity in Taiwan? For now, the answer seems clear: maintenance of the status quo. Opinion polls in Taiwan show that 85% of the population prefers such a path to hastened attempts at unification or independence. And in fact, this middle ground has maintained remarkably peaceful relations across the straits over the past thirty years, despite a great deal of kicking and screaming on Beijing's part. The trick seems to be avoiding unnecessarily antagonizing China while at the same time leaving no doubt as to the futility of a mainland Chinese attempt to forcibly achieve unification.

During the Lee and Clinton administrations, Taiwanese and American policies sometimes pushed the mainland Chinese regime too far, particularly with Lee Teng-hui's 1995 visit to the United States, and Lee's 1999 proclamation that Taiwan should negotiate with the mainland on the basis of "special state-to-state relations." Such moves did nothing to improve Taiwan's international or domestic situation, and in fact precipitated a dangerous souring of relations

between China and both Taiwan and the United States.

Again, it is important to realize that the Chinese Communist Party leadership is currently deeply divided. As such, American and Taiwanese leaders must be careful to deprive hardliners of an excuse to break the current peaceful status quo. The Chen administration appears to appreciate this reality, and has deftly worked to move away from the inflammatory independence talk of his party's past and toward more amicable relations with the PRC.

On the American side, despite George W. Bush's potentially destabilizing campaign talk about a stronger American relationship with Taiwan, new Secretary of State Colin Powell has expressed caution about altering America's position on either side of the straits. Indeed, there is some hope that Chen might be able to achieve the sort of rapprochement that Nixon brokered with China or that Kim Dae-jung has attained with North Korea. If he can only find a way to walk a similarly balanced line between compromise and capitulation with his domestic antagonists, Chen may preside over one of the world's trickiest yet most important democratic transitions.

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