

SUMMARY

The results of Taiwan's recent legislative elections bode well for greater stability in the Taiwan Strait during the next four years. While conventional wisdom suggested that President Chen Shui-bian's Pan Green coalition would gain control of the legislature, the final vote totals marked virtually no change in the slight legislative majority held by the opposition. The victorious Pan Blue opposition coalition favors a more conciliatory approach toward China. The results are a major setback for Chen's plans to revise Taiwan's Constitution and increase its *de jure* independence and good news for China, which was concerned that a Chen Administration unconstrained by the legislature could push ahead with a separatist agenda.

China's leadership can be expected to review its approach to the cross-Strait relationship in view of this surprising result and perhaps introduce greater flexibility in its approach toward Taiwan's people, business community, and opposition parties, but it is unlikely to ease its hard line toward Chen. The result increases the chance of movement toward direct transportation links between Taiwan and China, though Beijing will not want to hand Chen a propaganda victory. The United States Government quietly is pleased with the election's outcome as well because it limits Chen's ability to push the envelope on Taiwan independence.

SORTING OUT THE RESULTS

The December 11 elections have assured that Taiwan's Legislature (the Legislative Yuan) will continue to be controlled by the opposition parties. Though President Chen Shui-bian's DPP will remain the largest single party in the 225-member Legislative Yuan, after gaining two seats for a total of 89, its coalition partner, the Taiwan Solidarity Union, led by former President Lee Teng-hui, lost one seat. This means that the Pan Green coalition will hold onto just 101 seats, not enough to control the legislative

agenda. The opposition parties will continue to hold the majority after the Kuomintang Party (KMT) gained 11 seats, its Pan Blue associate, James Soong's People First Party (PFP), lost 12 seats, and another 11 seats went to independents.

Based on pre-election polls, the ruling Pan Green coalition was expected to win at least a small majority. But as election day approached, Chen's rhetoric became more extreme, his promises of constitutional reform more antagonistic to China, and his insistence on sovereignty issues more pronounced. He drew a public rebuke from the U.S. State Department when he called for using "Taiwan" in the name of overseas government installations and public corporations. (The representative office in Washington is called the "Taipei Economic and Cultural Relations Office," a name carefully chosen to sound unofficial.) Moreover, KMT chairman (and losing Presidential candidate) Lien Chan and James Soong had tried and failed to get Taiwan's high court to overturn the March Presidential election, and did not appear to have coordinated a campaign theme for the legislative elections.

Media surveys after the election suggested that many voters were dissatisfied with Chen's focus on provocative international issues, and faulted him for provoking both Beijing and Washington. Chen has resigned as Chairman of the DPP, taking responsibility for the failure of the Pan Green campaign to achieve the expected results.

REPERCUSSIONS IN TAIWAN

The most controversial issue for Chen's second term is constitutional reform. Chen has pushed relentlessly for major changes in Taiwan's 1947 constitution, claiming it is anachronistic and is hampering the island's democratic development. China has threatened that any constitutional change that carries the island toward *de jure* independence could precipitate a war. Washington has repeatedly

reminded Chen it would not support unilateral changes in Taiwan's status through constitutional change. In his second inauguration speech in May, Chen pledged his constitutional reforms would not take up sovereignty issues, such as changing the name, flag or national anthem of the Republic of China. But his campaign rhetoric seemed to belie his promises. Chen has indicated his government would begin drafting a new constitution—with public participation—early next year. His plan is to have the revised constitution approved in December 2006, formally ratified in May 2007, and fully in effect as of the time he leaves office in May 2008.

The December 11 electoral results have made that process far more difficult. According to the current constitution, for an amendment to be approved, the Legislative Yuan must draft it and pass it by a three-fourths majority. It then selects a National Assembly of 300 delegates for the sole purpose of approving the amendments. That body, which is only temporary, also must approve the amendments by a three-fourths majority. Since the opposition parties have more than 50 percent of the seats, a “super-majority” in support of independence-related constitutional change is inconceivable.

Chen's ability to achieve his more ambitious objectives is now severely limited. He has staked his career on constitutional reform, and it is highly unlikely he will abandon it in the wake of his electoral setback. He could opt for a less confrontational approach toward China, abiding by his pledge not to raise sovereignty issues in the constitutional reform process. He might even test Beijing's new leadership by seeking some ambiguous formulation designed to address China's insistence on “one China” that served as an informal consensus for earlier bilateral discussions. Or on the other hand he might choose to struggle harder for his goals, whatever the cost, believing such an approach in the face of KMT foot-dragging will position his Party for success in the 2008 elections.

CROSS-STRAIT TRANSPORTATION LINKS

One area where Chen may show increased flexibility is in seeking to establish direct transportation links between Taiwan and China. He made a proposal in October designed to address China's insistence that such links be established on an unofficial basis between private bodies. China rejected it at the time, seeing it as part of Chen's election campaign and as tied up with unacceptable proposals by Chen on broader dialogue issues. Chen could feel that a more forthcoming position on direct transportation links would be well-received by a voting public that clearly feels nervous over his provocations toward China. It is not clear, however, how Beijing would react, even to a forthcoming proposal. Traditionally, China has favored direct transportation links and it would be hard for it to reject a proposal that satisfied its requirements on the unofficiality of the framework for them. But it does not want to do anything that strengthens Chen, and it will be reluctant to give Chen a basis for demonstrating ability to manage any aspect of cross-Strait relations.

BEIJING HOLDS GUN, BUT HOLDS ITS FIRE

Beijing is certainly both surprised and pleased by the outcome. Beijing was deeply concerned that if Chen controlled the Legislative Yuan, there would be no effective internal check against his plans to solidify Taiwan's separate *de jure* status over the next three years. Under such circumstances, it would probably have relied on a combination of threats of military action against Taiwan and pressure on the United States to contain Chen's ambitions. Now it has in the Legislative Yuan a continuing majority to restrain Chen.

With this result China's leaders are in a position to consider other, more flexible, options. We believe Beijing will review its policy toward Taiwan and make some adjustments. It almost certainly will not abandon its insistence on “one China” as the basis for talks, and it is unlikely to soften its hostility and suspicion toward Chen. In fact, China will promulgate in a few months a new “Anti-Secession”

law aimed primarily at Taiwan. While the new law raises the specter of military action in the event of “secession,” it does not go as far as earlier indications that the law might aim at “reunification,” which could have led to pressures for a timetable.

Beijing could seek to broaden its contacts with the Pan-Blue majority in the Legislative Yuan, relying on classic “United Front” tactics of divide and rule in the camp of its adversaries. It may look for conciliatory gestures toward both Pan Blue and the people of Taiwan so long as these gestures cannot be depicted by Chen as triumphs for his Administration.

China’s objective for the remainder of Chen’s term will remain the same — not seeking reunification in the short or medium term, but rather elimination of the risk that Chen or like-minded politicians in Taiwan will push toward independence or separatist options that foreclose the possibility of reunification in the long term. This is encapsulated in the new internal slogan on cross-Strait relations: “prepare to fight, seek talks, don’t fear delay,” with the last phrase the most significant and newest addition to its mantra.

Now that Hu Jintao has taken full control of all the major leadership positions in Beijing, supplanting Jiang Zemin as head of the Central Military Commission, there is some hope he may adopt a more conciliatory approach to the Taiwan issue. Many in China privately recognize that the regime’s hard-line position has not made appreciable progress in speeding reconciliation in cross-Strait relations. Some overseas observers think Hu may have less of an emotional commitment to what is, in effect, the

continuation of China’s civil war, and may be amenable to making a conciliatory gesture. January 30 will be the 10th anniversary of Jiang’s “eight-point proposal” for improving cross-Strait relations, the last significant easing of Beijing’s rhetorical position, and some announcement might be forthcoming around that time.

WASHINGTON IS WATCHING

Beijing appears to believe it has won the Bush Administration over to its side in the cross-Strait debate, and will continue to turn to Washington for help in solving its problems. Although, as expected, the White House did not express an official view of the electoral outcome, there is satisfaction within the U.S. Government with the results. The Bush Administration can be expected to continue to warn Chen not to cross China’s “red lines,” though it is hard to know with precision where those are. At the same time, the Administration will press for approval by Taiwan’s legislature of an \$18 billion arms sales package, which will still be a source of considerable irritation to Beijing. Taiwan still enjoys strong support in the U.S. Congress, which may resist “leaning” to the PRC side on cross-Strait issues. The attitude of incoming Secretary of State Condoleezza Rice and Defense Department civilians suspicious of China also will affect the balance of forces within the Administration. Ultimately the policy is the President’s, and he has shown himself to be very wary of Chen’s agenda and tactics in their respective first terms, but also unwilling to rein in officials espousing a more pro-Taiwan tilt.

© 2004 Stonebridge International LLC. All rights reserved.