



## COMING ATTRACTIONS: ELECTION SEASON HITS TAIWAN

By Shelley Rigger



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Washington, DC hosted an important visitor earlier this month, in the person of Tsai Ying-wen, the presidential candidate of Taiwan's Democratic Progressive Party (DPP). In some ways her visit was a familiar ritual: Tsai made a similar trip four years ago, a few months before her unsuccessful first bid for Taiwan's highest office. In September 2011 she gave an address at the Heritage Foundation; this year, she made her public speech at the Center for Strategic and International Studies (CSIS). Both times Tsai had meetings with US officials responsible for China and Taiwan policy.

Despite the similarities in format and activities, however, this year's visit was different from the 2012 trip in at least two important ways. In 2012 Tsai came as an underdog with a lot to prove, and her refusal to parrot Beijing's preferred formulation regarding the nature of Taiwan-China ties drew sharp, public criticism from US officials. This year, Tsai came to Washington as the clear front-runner – polls have her beating every likely opponent. And although her line on cross-Strait relations differed from 2012, it still bore no resemblance to the words the PRC was hoping to hear. However, this year there was no rebuke from Washington. The gaps between Tsai's two visits reflect profound changes in Taiwan and in US-China relations over the past four years.

In short, while Taiwanese elections have become a routine event, their role and meaning for US-PRC-Taiwan relations continue to evolve rapidly. To help its readers stay on top of these events, FPRI will publish a series of briefs between now and the January 16, when Taiwanese will elect a new president and parliament.

### Taiwan's New Political Landscape

Tsai owes her transformation from underdog to front-runner to a number of factors. First, the incumbent president, Ma Ying-jeou of the Kuomintang (KMT) Party, has served out his two-term limit. Ma was reelected in 2012 with a comfortable margin, but he and his party have struggled in his second term. His approval ratings began dropping soon after the election, and have hovered below 20% for most of the past four years. Part of the problem was lackluster leadership; Ma had trouble connecting with voters even in his first term, and as other challenges accumulated, that weakness grew more damaging.

The deepest drivers of popular dissatisfaction in the past four years are the linked trends of declining economic security and growing anxiety about relations with the PRC. Since 2000, economic interdependence between Taiwan and the mainland has skyrocketed; the PRC is now Taiwan's top trading partner and investment destination. Many Taiwanese companies have profited enormously from this relationship and the country's GDP has grown faster than most of its peers. Nonetheless, the fruits of cross-Strait trade have not been shared evenly within Taiwan, and there is a strong perception that the middle class is being hollowed out and future opportunities lost because of over-reliance on the mainland.

The Ma administration staked its reputation on the idea that Taiwan's prospering corporations would boost the local economy, so when those benefits failed to materialize, his policy of promoting cross-Strait interaction came under fire. Ma sought to institutionalize cross-Strait economic ties in a series of agreements negotiated with the PRC, but as the balance of opinion shifted toward skepticism about the benefits of economic ties, enthusiasm for those agreements dried up.

To make matters worse, many Taiwanese have become convinced that the extent of cross-Strait economic ties is making Taiwan vulnerable to Beijing's political interference. Although most Taiwanese still believe strong cross-Strait economic ties are necessary, their suspicion and anxiety have put pressure on politicians to slow the pace at which cross-Strait agreements can be implemented. Hopes that Beijing would counter those fears with gestures aimed at giving Taiwan more international space have not been realized.

Rising pessimism in society created opportunities for Ma's opponents to mobilize their supporters in a series of social movements, especially in Ma's second term. That activism – which targeted issues from nuclear power to mass media consolidation – culminated in last year's take-over of Taiwan's legislative chamber by activists known as the Sunflower Movement. The Sunflowers' primary complaint was the lack of transparency in cross-Strait policy-making, but they raised many other concerns as well, with the result that the movement became a rallying point for a public broadly dissatisfied with the government's performance on economic issues and management of cross-Strait relations.

### **Crisis in the KMT**

In addition to injuries caused by the economy and social movements, the KMT is bleeding from self-inflicted wounds. In 2013 Ma picked a damaging fight with the KMT speaker of the legislature, Wang Jin-pyng. Frustrated by the legislature's slow response to government initiatives, Ma tried to use a corruption allegation to remove Wang from the KMT. Once ejected from the party, Wang would be ineligible to serve as speaker. Wang fought back, and he was able to retain his party membership and his seat. Then, in the spring of 2014, Wang proved his value to the KMT and the nation when he successfully managed and resolved the Sunflower activists' occupation of the legislature.

The Ma-Wang fight damaged Ma's reputation and political influence, and exposed deep splits in the KMT. It is surely one reason why, as of this writing, more than two months after Tsai accepted her party's nomination for president, the KMT still does not have a presidential candidate. The long-anointed front-runner, New Taipei mayor and KMT head Eric Chu, has so far steadfastly refused to accept the nomination. Polls suggest no other potential nominee has a chance against Tsai.

Without a credible candidate at the head of the ticket the KMT could face big losses in the legislative elections that will be held on the same day as the presidential vote. While most experts believe the KMT will be able to hold off a DPP majority in parliament, the possibility exists that the DPP could sweep both elections on January 16. That would be a devastating result for the KMT.

### **New Political Opportunities, New DPP Response**

The DPP already has shown its ability to exploit the current political environment for electoral gain. It won a landslide victory in local elections last fall, taking 13 out of 22 municipal executive seats (plus one DPP-endorsed independent) and finishing ahead of KMT in overall votes by more than 800,000 votes. The DPP's victory last fall is another factor enervating the KMT and undermining its leaders' confidence.

Tsai Ying-wen's speech at CSIS provides an efficient summary of how the DPP has responded to the political opportunities created by these developments. Tsai spent much of her speech talking about economic issues, which are the focal point of her campaign. She promised a new economic model based on "innovation, employment, and distribution," and while she mentioned few specifics, those buzzwords were clearly selected to address the public's deep concern about its economic prospects.

Tsai also deftly connected the economic issues to overdependence on the PRC, while acknowledging the inevitability of continued cross-Strait economic interaction. In other words, she offered Taiwanese people a pragmatic but restrained vision of cross-Strait economics, topped off with a dollop of hope in the form of "innovation, employment, and distribution."

Cross-Strait political interactions – including the negotiation of economic agreements – have been possible during the Ma era because both Beijing and Taipei have subscribed to what they call the "'92 Consensus," a tacit agreement attributed to

negotiators meeting in 1992 under which both sides acknowledge that Taiwan and the PRC belong to China, but without specifying what is meant by “China.” The KMT describes the ’92 Consensus as an agreement to disagree that allows each side to subscribe to its own definition of “China.” The Chinese Communist Party neither accepts nor openly challenges that description, but it interprets the ’92 Consensus as primarily a mutual acknowledgement that Taiwan is part of China.

The DPP has never accepted the ’92 Consensus. The Democratic Progressives do not favor “one China,” either as a description of the present or a prescription for the future. In 2012, Tsai Ying-wen’s refusal to endorse the consensus was widely perceived as a leading cause of her defeat, since the KMT, PRC, and even the US government were united in the view that refusing to endorse the consensus would cause Beijing to withdraw from participation in cross-Strait negotiations, thereby aborting the progress that had been made and potentially destabilizing the Strait. After her visit in 2011, Tsai was criticized by a US government official who was quoted in the *Financial Times* saying Tsai had left the U.S. government “with distinct doubts about whether she is both willing and able to continue the stability in cross-Strait relations the region has enjoyed in recent years.”

Tsai again refused to endorse the consensus this month, but Washington’s reaction was very different. Her goal is to maintain the status quo in the Strait, a status quo she told her CSIS audience is defined by Taiwan’s constitutional order and current practice. The mention of the constitution may have been intended as a nod toward the constitutional acknowledgement that Taiwan is Chinese, and the reference to “current practice” was likely designed to forestall concern that she might make significant policy changes.

Tsai’s positions this year offer only the slightest nod toward U.S. and PRC concerns. She clearly feels little domestic pressure to accept the ’92 consensus, given that many Taiwanese voters now welcome the possibility that cross-Strait interactions might decelerate. Nor is there much evidence that the U.S. is leaning on Tsai to compromise on the issue. Not only did she face no backlash for her CSIS speech, but she was also invited into U.S. government facilities that no other Taiwanese presidential candidate has visited.

The U.S., like Taiwan’s electorate, would seem to be rethinking the idea that closer cross-Strait relations are always preferable. In four years’ time, skepticism about China and anxiety about its rise appear to have affected US policy as well as Taiwan’s domestic politics. Given the extent of these changes, there should be much to watch for as Taiwan’s presidential and legislative elections heat up over the next six months.