

Taiwan Elections and U.S.-China Relations after the Summit

By So-Heng Chang

So-Heng Chang is an associate research fellow at the Cross-Strait Interflow Prospect Foundation, and a Senior Fellow at FPRI. Chang served as a visiting scholar at FPRI and the University of Pennsylvania, from January 2010 through January 2011.

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Since U.S. President Nixon's first visit to China, Taiwan has been a central issue, and often a focus of tension, in U.S.-China relations. Taiwan received little attention during Chinese President Hu Jintao's January 2011 state visit to Washington. In this respect, the Washington meeting resembled U.S. President Obama's summit with Hu in Beijing in November 2009. On the question of Taiwan, the joint statements at the two summits were similar, with China emphasizing its views on sovereignty over Taiwan and the importance of China's territorial integrity and the U.S. affirming its commitment to its version of a one-China policy, the three U.S.-China communiqués and (in press conference remarks not included in the formal joint statement) the Taiwan Relations Act. The two joint statements differed in one relevant respect: in the January 2011 version, the United States welcomed the creation of the cross-Strait Economic Cooperation Framework Agreement (ECFA) and the increase in channels of communication across the Strait during the last two years.

The summit's lack of attention to Taiwan issues reflects relative satisfaction in Beijing, Washington and Taipei with the general improvement in cross-strait relations since President Ma Ying-jeou took office in Taiwan. Whether this pattern will continue depends to a significant extent on Ma's prospects for reelection and Beijing's assessment of Ma's chances and the implications of a possible victory by the opposition in the 2012 elections in Taiwan. We can find clues about Ma's chances for a second term in the ambiguous lessons of Taiwan's November 27, 2010, mayoral elections and an assessment of the challenges facing Ma's reelection bid in the wake of those elections.

THE MAYORAL ELECTIONS' OUTCOME AND THEIR IMPLICATIONS

Since Ma took office in 2008, relations between China and Taiwan have improved markedly. There is a more relaxed cross-strait atmosphere. Several rounds of talks and negotiations have been held, and the two sides signed many economic agreements or protocols, the most important being ECFA. Tensions over the cross-strait situation are at one of their lowest levels ever. Much of this de-escalation is attributed to President Ma. The achievements of his cross-strait policies have helped revive Taiwan's economy, which has been an especially pressing concern since the global financial crisis hit in 2008. Under the Ma Administration, Taiwan's economic growth has increased by more than four percent and unemployment dropped below five percent in 2010. The Ma Administration has achieved other diplomatic progress as well. Several countries, including those in the EU zone and Canada, have recently granted Taiwan visa-exempt status. And Taiwan has secured, albeit on an ad hoc basis, participation as an observer at the World Health Assembly.

The November 27, 2010 mayoral elections in Taipei, Xinbei (formerly Taipei County), Taichung, Tainan and Kaohsiung attracted much attention because they were seen as a mid-term verdict on President Ma Ying-jeou's leadership and a possible prelude to the 2012 presidential election. Because the five cities include roughly 60 percent of Taiwan's voters, Taiwan's two main political parties, President Ma's Kuomintang (KMT) and the opposition Democratic Progressive Party (DPP), and possibly Mainland China as well, saw the elections as a significant measure of the popularity of President Ma's policies on cross-strait relations and other matters as well. To the extent that the elections can be read as a verdict, the judgment was less positive than Ma and the KMT had hoped and expected.

The KMT won three of the five mayoralities, grabbing Taipei, Xinbei and Taichung, while the DPP won in Kaohsiung and Tainan. The political topography did not change. The north-south divide remains, with northern Taiwan leaning toward the KMT, while the DPP received strong support from the south. But the DPP won the majority of votes cast and more than had been expected, and this has alarmed the KMT. The KMT garnered 44.54 percent of the votes, while the DPP took 49.87 percent. Overall, the DPP secured 400,000 more ballots than the KMT. Some local newspapers even said that the KMT's triumph was a "catastrophic victory."

In the previous round of mayoral and county magistrate elections (2005 and 2006) in these five areas, the KMT won 52.28 percent of the votes against the DPP's 46.03 percent. In the 2008 presidential election, President and KMT Chairman Ma won handily, with over 2.3 million ballots more than the DPP's candidate. Ma garnered 58.45 percent against the DPP's 41.55 percent. The DPP's comparatively and unexpectedly strong performance in the latest mayoral elections points to an undercurrent of change or, at least, a fluid electorate. The elections understandably have left the KMT feeling uneasy about President Ma's re-election prospects, and brought moves to thoroughly re-examine their policies, campaign strategy and overall performance.

PROSPECTS FOR THE KMT AND THE DPP IN THE 2012 PRESIDENTIAL ELECTION

President Ma will no doubt seek reelection in 2012. Despite the disappointing results for the KMT in the mayoral elections, Ma remains the favored candidate. Still, he must expect a much tougher battle than in 2008. Ma's reelection bid faces several challenges.

Ma needs to address policy issues. On domestic policy, the KMT will continue to emphasize economic progress. It will stress efforts to create more jobs, increase employment, boost economic growth and salaries, and to narrow the wealth gap. The KMT will need to convince voters that its policies are correct, that Taiwan's economic performance is on the right track, and that Economic Cooperation Framework Agreement and economic trends are benefiting most of Taiwan's people.

Ma also must handle cross-strait policy well, which means maintaining continuity but with a more careful and cautious approach. The pace of development in cross-strait relations during Ma's first two years in office has been adequate to reap political and policy gains. However, Ma's political prospects could suffer if ties were to develop much faster. We should not expect any surprising action from Ma's government in the next year and more. The KMT has learned through the disappointing election results to be more moderate in developing cross-strait relations. Ma will not be willing to have peace talks or political negotiations with Mainland China during this period. Any developments that would touch on particularly sensitive issues—such as sovereignty and

international recognition would draw severe criticism from opposition parties. Any perception that the KMT is ceding sovereignty to Beijing would be very dangerous for the party. Furthermore, Confidence Building Measures (CBMs) with the Mainland are still in too early a phase to move on to political talks. Still, the Ma regime also faces risk if it fails to continue to move forward on cross-strait relations. In CBMs, "C" stands for confidence, but it could just as well stand for "conference" because there have been talks with no results. The KMT-led government will need to continue to improve cross-strait relations, at least in economic areas, if it is to enhance the people's confidence in President Ma's leadership on what is, for Ma, a key issue.

Regarding relations with the United States and their implications for the KMT's political prospects at home, the Ma administration will strive to acquire F-16 C/D fighters. The military balance of power across the Taiwan Strait is ever more clearly in China's favor. Taiwan's air force is in desperate need of new fighter jets. If Ma could win approval to purchase the F16 C/D jets from the United States, it would enhance his support from the people and gain more confidence in reelection as well as negotiation with China. Ma will also seek to participate in the 2011 Asia Pacific Economic Cooperation Meeting (APEC), to be hosted by the United States. Standing on this stage of world leaders would be a diplomatic coup that likely would help Ma in the 2012 race.

The Ma administration also will try to advance talks with the United States on free trade agreement issues, such as the Trade and Investment Framework Agreement (TIFA). If the two sides sign the TIFA, it will be a tremendous diplomatic success for the KMT in securing a clear sign of support for Taiwan from its most important security guarantor. It also would be important economically, forging stronger ties with one of Taiwan's most important trade partners.

Ma and the KMT also will have to be prepared to grapple with a likely reinvigorated DPP. Ma and the KMT cannot count on a weak and divided opposition party. The DPP chairwoman Tsai Ing-wen lost the Xinbei mayor's contest by a substantial margin, but she continues as party chairperson, rejecting a long tradition of DPP leaders stepping down after election losses. Tsai took over the helm of the DPP in 2008, when the party had slumped to new lows after its landslide loss in the 2008 presidential race and amid the prosecution for corruption of its former leader Chen Shui-bian. After 2008, Tsai guided the party to victories and recovery. She has been emerging as the party's likely presidential candidate. Su Tseng-chang, a stalwart from the DPP's older generation and the losing vice presidential candidate in 2008, is another contender for the party's presidential nomination. But his lopsided loss to Taipei Mayor Hau Lung-bin in the November 2010 mayoral contest likely has reduced his chances. According to recent polls, Tsai leads Su. The DPP most likely will run a Tsai-Su, or perhaps a Su-Tsai ticket in the 2012 presidential election. They would be a formidable pair that Ma and the KMT could not count on beating.

Challenges to Tsai's leadership within the DPP have had little impact. Some of the DPP old guard has criticized Tsai and pressed her to step down as chairperson. Former Vice President Annette Lu has expressed a strong intention to seek the presidential nomination, opposing Tsai. Most DPP lawmakers and the DPP caucus of Legislative Yuan have said they would continue to support Tsai as chairwoman.

Stridently pro-independence elements are also unlikely to push the party to electorally unsalable positions. In the recent municipal elections, the "one side, one country" alliance, a political group dedicated to promoting Taiwan's independence, won 36 city council seats while running only 41

candidates. That was a victory for the group but is unlikely to affect DPP strategy for 2012. The DPP recognizes that sovereignty is the most explosive issue between Taiwan and China and that it can be so in Taiwan's politics. The United States does not support Taiwanese independence. China always claims that it will use all means against Taiwan should the island declare independence. Taiwan's renewed push for independence would immediately lead to an unnecessary crisis. Tsai and the new generation of the DPP, are thus highly unlikely to take that route. Although the independence issue still matters to some of the DPP base, it will not be a part of 2012 platform of the party.

Tsai has been working to develop stronger policy positions. She has noted that she will establish a think tank research center in the party to strengthen analytical and policy capacity to address cross-strait developments. If the DPP wants to regain power, framing a long-term cross-strait policy and articulating a policy to create a peaceful and stable framework for interacting with China are necessary to enhance the party's prospects for returning to government.

Tsai's moves reflect her desire to break away from the DPP's traditional anti-China posture. She also has indicated that she would push for dialogue with China to encourage mutual understanding to avoid tensions, and that the party would explore the possibility of holding talks with Chinese academics, think tanks, and scholars. The DPP, thus, is getting ready to actively deal with China. The DPP surely will emphasize Taiwan's international stature, but moderate the party's prior China policy, avoiding ideological politics and especially the DPP's former emphasis on Taiwan independence. These changes may help earn more support from independent, neutral, and young voters, heading into the presidential election in 2012.

IMPLICATIONS FOR CHINA AND CROSS-STRAIT RELATIONS

The 2010 mayoral elections have implications not just for Taiwan's two principal political parties; they also matter for China. Beijing has reason to be basically satisfied with the outcome of the recent elections although the apparently rapid recovery of the DPP may be a source of worry. Given this election's results, Beijing might doubt Ma's ability to navigate Taiwan's complicated political situation and secure reelection. Beijing believes that it is in China's interest for the KMT to keep power. That outcome would, in Beijing's view, support continued dialogue, coordination, and negotiation between Taipei and Beijing and make it easier to maintain stable cross-strait relations. Beijing hopes that the DPP will not come to power again soon; Beijing sees the DPP as too hard to deal with and too pro-independence. Therefore, China is likely to announce some policies favorable to Taiwan before 2012, including a variety of political or economic perks, to try to win-or at least warm-the hearts of Taiwanese voters for close cross-strait relations, and thereby to enhance the KMT's chances of staying in power.

China will continue to seek to promote economic integration with Taiwan, expand and deepen cross-strait exchanges, and steadily promote economic development on both sides of the strait. In the more sensitive political field, Beijing will not rush the KMT on launching political dialogue in the near future, especially before the 2012 election. Beijing recognizes that most people in Taiwan would prefer to perpetuate current conditions rather than move toward independence or unification with China. If political talks were to be held today, suspicions would arise and protests might erupt in Taiwan, including such measures as boycotting congressional agenda and organizing

street demonstrations. This would jeopardize re-election chances for Ma and imperil China's preferred outcome.

Chinese leader Hu Jintao is pragmatic and more patient on Taiwan issues than his predecessor Jiang Zemin was. He has not set any fixed public timeline for unification. Hu could agree to live with Ma's position that the "1992 consensus" means "one China, respective interpretations consensus," reached by the two sides in 1992. Hu has not addressed the reunification issue during his term in office—a stance reflected in the boilerplate language on sovereignty and territorial integrity used in the joint statements at the 2009 and 2011 Hu-Obama summits. Hu's main aim has been building links with Taiwan, while avoiding Taiwan's push for independence. Before 2012, the situation of the Taiwan Strait thus is likely to remain peaceful and stable. Beijing perceives that the DPP's power is growing again, and likely understands that it should not ignore the party's reviving political clout. It thus would be in China's interest to develop a practical, reasonable, and rational communication channel with the DPP in case Ma does not win.

ARMS SALES, APEC AND TAIWAN-U.S.-CHINA RELATIONS

The arms sales issue is always the most serious issue among Taiwan, China and the United States. The Obama administration's decision to sell arms to Taiwan shortly after the 2009 Hu-Obama Beijing summit was part of a marked downturn in U.S.-China relations during the period preceding the 2011 Washington summit. China always warns the United States that arms sales to Taiwan can derail China-U.S. relations. While the U.S. well-advisedly did not approve arms sales to Taiwan in the run-up to Hu's 2011 state visit, the arms sale issue looms again in the wake of the summit. Taiwan still desires to buy F-16 C/D jet fighters (along with other weaponry), but prospects for the sale of these aircraft may have dimmed further amid the renewed crisis on the Korean peninsula which has underscored the complexity, fragility and importance of the U.S.-China relationship. Meanwhile, on the Chinese side, removing or reducing the number of missiles aimed at Taiwan remains uncertain as well. Although Beijing's desire for a successful summit and the U.S.'s timetable for the next decision on arms sales to Taiwan meant that China would not press the question in connection with Hu's state visit, Beijing well may try to use this issue for leverage later, pressing the United States to limit arms sales to Taiwan in exchange for a reduction in the arsenal targeting Taiwan.

Although bilateral U.S.-China summits always address Taiwan as an issue, they of course do not give Taiwan—or others—a place at the table. The APEC meeting in Hawaii in 2011 will provide another opportunity and challenge for Taiwan-U.S.-China relations, and one that involves the question of Taiwan's participation. The core issues are whether China will agree to allow President Ma to participate as Taiwan's representative and whether a meeting could be held on the sidelines of APEC between Ma and Hu. If such a meeting were to occur, it would be a potentially historic step toward China's acceptance that Taiwan's President has the stature not just of a leader of a local government, but rather as an equal head of government. Whether Hu will be willing or able to do this, especially in the face of pressure from more hawkish elements at home, remains an open question. If President Ma, with U.S. backing, could take part in the APEC event and hold such a meeting, it would be a major diplomatic achievement for him, as well as for Taiwan. For Ma and the KMT, it would also be the sort of accomplishment in external affairs that could help speed their recovery from the unsettling implications of the KMT's comparatively weak showing in the November 2010 mayoral elections.