TAIWAN’S DOMESTIC POLITICS AND CROSS-STRAIT RELATIONS

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Relations across the Taiwan Strait have entered a new stage with the re-election of President Chen Shui-bian in March 2004. During the lead-up to the election, the major political parties in Taiwan were busy repositioning themselves to maximize their votes, thus setting in motion new trends that have a lasting impact on cross-Strait relations. In this picture, the driving forces have been changes in the mass psychology in Taiwan, the rapid growth of cross-Strait economic relations, and the island’s electoral cycles. As will be observed, all three of these factors are direct results of Taiwan’s democratization in the late 1980s.

Emergence of the Triad: Democratization, Nativization and Cross-Strait Engagement

When Taiwan was under martial law from the 1950s through the 1980s, the state’s policy towards China followed the ruling KMT’s orthodox party line: no contact, no negotiations and no compromises with the Communist regime (the three nos). The cornerstone of the Republic of China’s foreign policy was an alliance with the US against the common Communist enemy. When Washington changed course in the 1970s, Taiwan was recalcitrant, sticking to its anti-Communist policy and refusing to compromise with its Communist rival. The change of US mind put tremendous pressure on President Chiang Ching-kuo, as he struggled to keep the derecognized island country politically alive. Obviously a robust economy was not enough. His ultimate solution was to democratize the ROC’s political system, in a bid to win the favor of the Americans. The maturing of Taiwan’s society and the rise of the Tang-wai opposition also played an important role in his democratization decision, but the main motive for the decision in 1986 to lift martial law was to improve Taiwan’s position in the Washington–Beijing–Taiwan triangle.¹

Prior to democratization, the Republic of China held as its paramount goal a re-unified China under its own rule. But the ROC government in Taipei had two archrivals: the Communist regime on the mainland which stands for a unified

¹ The fact that Chiang Ching-kuo announced his intention to lift Taiwan’s martial law and the ban on forming new political parties when he was interviewed by Katharine Graham, the owner of The Washington Post, on 7 October 1986, suggests that Taiwan’s democratization was aimed at the American audience, and not mainly for domestic consumption. See “Taipei Mayor Mourns Katharine Graham”, Taiwan Headlines, 19 July 2001, at www.taiwanheadlines.gov.tw.

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China under the Party’s dictatorship, and the Taiwan independence movement which strives for a separatist, democratic Taiwan. At the time of martial law in Taiwan, any voices wanting better relations with the Communists or advocating Taiwan independence were suppressed. The KMT insisted on monopolizing public discourse with its own policy of anti-Communism and anti – Taiwan independence (fangong fantaidu). Later, with the removal of political repression and accompanying moves toward democratization, however, the genie was out of the bottle. Ever since Chiang Ching-kuo’s decision in 1986 to lift martial law and democratize, two trends have been pulling Taiwan in different directions, one to fraternize with mainland China, the other to separate permanently from it. Both trends have roots in the democratization decision. Ultimately, nativization and engagement express themselves as competing agendas offered by electoral competitors in Taiwan. In all, democratization, nativization and engagement today constitute the triad that defines Taiwan’s politics.2

The relationship between democratization and nativization is quite straightforward.3 Democratization provides the institutional space for airing nativist messages and agitating for separatist goals. It also offers incentives for politicians to mobilize sub-ethnic emotions and to acquire support from specific identity groups in electoral competition.4 Lingering sub-ethnic tensions between the native Taiwanese and the mainlanders is a well established fact in Taiwan.5

The KMT regime under martial law had been quite skillful in silencing the dissent, recruiting native Taiwanese elite into the establishment and inculcating Chinese nationalism among the population. But democratization and political decompression provided outlets for the pent-up frustration and anger among native political activists. The new political opportunities were firmly grasped by the DPP opposition. Through rapid escalation, the opposition moved from demanding complete democracy to advocating outright independence and the establishment of a new nation. This development is hardly surprising in a nascent democracy with prominent identity cleavages.6

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2 It is interesting to note that these three elements of the triad fall squarely into the research agenda of political institution study, political psychology and political economy. For theoretical approaches designed to analyze cross-Strait relations from these three and other perspectives, see Bao Tzong-Ho and Wu Yu-Shan (eds), Zhengbian zhong de liang’an guanxi lilun (Contending Theories in the Study of Cross-Strait Relations) (Taipei: Wu-nan, 1999).


6 One only has to take a look at the other “third-wave democracies” with ethnic cleavages,
Figure 1 Chinese vs. Taiwanese: Nativization (1992-2003)

In the 1990s, the mass psychology in Taiwan was undergoing a gradual but steady shift away from Chinese nationalism towards a new Taiwanese national identity, as shown in the declining percentage of those considering themselves “exclusively Chinese, not Taiwanese”, and a corresponding increase in the number of those calling themselves exclusively Taiwanese.7 Those in the middle, namely, “Chinese cum Taiwanese”, were still in the majority.8 However, the trend was unmistakable. The population’s perception of itself as Chinese was constantly diminishing, while Taiwanese identity was on the rise (see Figure 1). Alongside this, Taiwanese nationalism surged.9 One can attribute this to several factors: the nativization campaign led by the ROC president and KMT chairman

such as Russia, Yugoslavia and Czechoslovakia. Here and elsewhere, ethnic tensions were tapped by political forces in their competition for supremacy in national politics.


Lee Teng-hui, the agitation by the opposition DPP, the unpleasant encounters with Beijing (the 1995–96 missile crisis and so on), and the realization by the public that the world (particularly the West) views Taiwan and China as separate entities. Whatever the cause, it is undeniable that a new national consciousness is forming that has competed with and gradually overwhelmed the old Chinese nationalist identity. The phenomenon is particularly true in southern Taiwan, where nativist feelings run high.

Democratization also gave rise to another trend no less prominent than the surge of nativism. When Taiwan and the mainland were separated in 1949 as a result of the Chinese civil war, cross-Strait commercial activities came to an abrupt stop. It is not surprising that a “mainland fever” (dalu re) ensued when cross-Strait trade (albeit in an indirect form) was allowed to resume. Huge investments in China have been made by businesspeople who saw unbounded market opportunities, an ample and low-cost supply of labor and resources, highly pro-business government policies, and weak enforcement of environmental safeguards. Huge trade flows across the Strait emerged, the bulk of which has entailed the export of producers’ goods from Taiwan to the mainland for re-export as finished products. As a result, Taiwan’s exports to the mainland rose from 2 per cent of Taiwan’s total exports in 1987 to 17 per cent in 1999. The KMT government was unable to suppress this expansion of producers’ goods exports. The cross-Strait trade helped Taiwan to maintain an overall trade surplus and sustained the island economy’s continued growth. Both the mainland and Taiwan gained accession to the WTO in 2001–02, providing further impetus for the two dynamic economies to integrate through this institutional platform.

With cross-Strait economic ties strengthened, social connections are being rebuilt and developed. The need for policy coordination and cooperation prompted the two sides to set their fundamental political differences temporarily aside and engage in the Kinmen talks of 1990 and the Koo–Wang talks of 1993. A series of surveys conducted from 1995 to 2003 showed that about a third of Taiwan’s population have had a “mainland experience”, such as paying visits to relatives, studying, making investments, or working there. The communities on both sides of the Taiwan Strait which directly interact with each other have been growing exponentially, making any serious disturbance of the status quo highly

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11 Taiwan’s overall trade with the mainland also surged, from 2 per cent of Taiwan’s total trade in 1987 to 11 per cent in 1999.
12 Tse-Kang Leng, The Taiwan–China Connection: Democracy and Development Across the Taiwan Straits (Boulder: Westview, 1996).
13 Tourist visits are excluded from the “mainland experience” as defined here. The surveys were conducted by the Election Study Center at National Chengchi University between April 1995 and December 2003. The percentage of respondents with mainland experience rose from 20.9 per cent in 1995 to 32.3 per cent in 2003.
costly both to the mainland and Taiwan.\textsuperscript{14} Academic and policy discussions on economic and political integration are in vogue.\textsuperscript{15}

To date, the nativization trend has not prevented profit-seeking businesspeople from investing on the Chinese mainland. Figure 2 juxtaposes increasing export and trade dependency on the mainland with rising Taiwanese identity. It is obvious that cross-Strait engagement and nativization have been developing simultaneously.

\textbf{Figure 2} Taiwanese Nativization vs. Cross-Strait Engagement

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure2.png}
\caption{Taiwanese Nativization vs. Cross-Strait Engagement}
\end{figure}

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\textsuperscript{14} Yung Wei, "From 'Multi-System Nations' to 'Linkage Communities': A New Conceptual Scheme for the Integration of Divided Nations", \textit{Issues and Studies}, Vol. 33, No. 10 (October 1997), pp. 1-19.

\textsuperscript{15} Chang Yachung, \textit{Liang’an tonghe lun} (On Integration across the Taiwan Strait) (Taipei: Sheng Chih, 2000); Chang Yachung, \textit{Quanqiuhua yu liang’an tonghe} (Globalization and Integration across the Taiwan Strait) (Taipei: Linking, 2003); Wu Hsin-hsing, \textit{Zhenghe lilun yu liang’an guanxi zhi yanjiu} (A Study on Integration Theory and Cross-Strait Relations) (Taipei: Wu-nan, 1995); and Kao Lang, "Cong zhenghe lilun tansuo liang’an zhenghe de tiaoqian yu kunjing" (On the Conditions and Dilemmas of Cross-Strait Integration from the Perspective of Integration Theory), in Bao Tzong-Ho and Wu Yu-Shan (eds), \textit{Zhengbian zhong de liang’an guanxi lilun}, pp. 41-75.
Let us look, however, at the possibility of this engagement "spilling over" and affecting personal identity. A set of survey data collected between 1995 and 2003 (see Table 1) shows that those with mainland experience are more likely to claim an exclusively Chinese identity, while those without any mainland experience are more likely to develop an exclusively Taiwanese identity. However, the difference between these two groups of respondents is overshadowed by a common pattern over time: an increasing feeling of Chineseness and decreasing Chineseness in both groups. Engagement apparently slows down Taiwanization among those with mainland experience, but cannot stop it. These trends are obvious in Table 1.

**Converging toward the Middle in 1999–2000**

We can use a chart showing the policies of Taiwan’s political parties toward the mainland to demonstrate the trend towards nativization and engagement, as seen in the various parties’ pursuit of votes through repositioning themselves (see Figure 3). This policy map has an “identity spectrum” as its horizontal axis and an “economy–security spectrum” as its vertical axis.  

16 The identity spectrum is self-explanatory. For the economy–security spectrum, those who argue that Taiwan’s security will be jeopardized by too-close economic ties with the Chinese mainland position themselves towards the security end of this spectrum. Those who argue that economic development is paramount for Taiwan, or that economic integration with the mainland would pose no security threat or would even strengthen Taiwan’s security, position themselves towards the economic end of the spectrum. Security-conscious people are cautious about the rapidly expanding cross-Strait economic ties and advise a policy to slow down economic interaction with the mainland. Economy-conscious people, on the other hand, think the government should not interfere with free trade and tend to emphasize the positive effects of cross-Strait economic exchanges. Under the authoritarian rule of the KMT in the 1950s through the 1980s, both the official position of the government and public preferences fell within the lower-right quadrant, namely, unification cum military security. From the late 1980s on, the distribution of public preferences gradually moved toward the center of both spectra, as a result of nativization and cross-Strait engagement. In the mid-1990s, there appeared a standard distribution of public preferences on both spectra; those favoring a mixed identity (namely, those who consider themselves to be both Chinese and Taiwanese, and favor neither rapid unification nor rapid independence)17 are the

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17 Those who identify themselves as both Chinese and Taiwanese have a strong tendency to favor the middle ground in the unification–independence spectrum.
Table 1: Mainland Experience and National Identity

<table>
<thead>
<tr>
<th>Response</th>
<th>No</th>
<th>Chinese</th>
<th>Both</th>
<th>Taiwan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland</td>
<td>8.3%</td>
<td>7.0%</td>
<td>3.8%</td>
<td>5.1%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>5.5%</td>
<td>6.7%</td>
<td>9.4%</td>
<td>11.7%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Both</td>
<td>4.5%</td>
<td>4.1%</td>
<td>3.9%</td>
<td>4.1%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Total</td>
<td>4.0%</td>
<td>5.8%</td>
<td>6.9%</td>
<td>4.5%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Duration</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>254</td>
</tr>
<tr>
<td>2000</td>
<td>217</td>
</tr>
<tr>
<td>2001</td>
<td>201</td>
</tr>
<tr>
<td>2002</td>
<td>201</td>
</tr>
<tr>
<td>2003</td>
<td>201</td>
</tr>
</tbody>
</table>

Source: Election Study Center Survey.
most numerous on the horizontal spectrum, as are those who place equal
importance on both national security (including foreign relations) and cross-Strait
economic relations as shown on the vertical spectrum. This being the case, public
preferences were concentrated at the center of the figure where the two spectra
meet. Perceiving the up-leftward shift of popular preferences from the lower-right
quadrant to the center, the political parties, attempting to maximize their votes,
repositioned themselves accordingly. They thus moderated their platforms.

With the inauguration of Lee Teng-hui as president, the KMT had begun its
tilt toward the center and away from unification on the unification–independence
axis, culminating in the “special state-to-state theory” of July 1999 that
undermined the KMT’s time-honored commitment to the “one-China principle”.
One of the main reasons for Lee’s move was to court the votes that were
concentrated at the center. At the same time, the party remained highly suspicious
of any economic links with the Chinese mainland, hence keeping its traditional
pro-security position, as typified in the 1996 policy of “patience over haste” (jieji
yongren). With Lee’s tilt, the KMT’s internal factional power struggle intensified,
resulting ultimately in the departure of the New KMT Alliance from the party and
the founding of the New Party. Led by Jaw Shao-kang and Wang Chien-shien, the
New Party moved rapidly toward a position favoring economic interests and
cross-Strait engagement, positioning itself in the upper-right quadrant of Figure 3.
It was riding the tide of mainland fever and cross-Strait engagement. At the same
time, the KMT non-mainstreamers (the conservatives) insisted on the party’s
traditional stance of unification cum security, yet remained in the party. Led by
Prime Minister Hau Pei-tsun (1990–93), the non-mainstreamers were able to
survive within the KMT until they openly challenged Lee in the 1996 presidential
elections, presenting their own ticket. The failure of their candidates, Lin
Yang-kang and Hau Pei-tsun, in the elections spelled the political demise of the
non-mainstream faction.18 Gradually Lin and Hau also came to advocate a
pro-engagement policy, bringing them closer to the New Party’s position. In sum,
we see the old KMT splitting in two directions, with the mainstream faction
under Lee moving leftward and the nonmainstream faction and the New Party
both moving upward in Figure 3. The general direction of movement for the
pan-blue camp on the policy map is thus up and leftward, moving closer to the
center of Figure 3 where votes were concentrated.19

On the pro-independence side, the DPP started as a radical movement in the
lower-left quadrant, championing the establishment of a new nation while loathing
cross-Strait engagement. This fundamentalist policy, though useful in mobilizing a
set of passionately committed supporters, did not serve the DPP well generally, for
it scared away middle-of-the-road voters who loathed radical changes. After the

18 The Lin–Hau ticket garnered 14.5 per cent of the popular vote, compared to the 54 per cent
of Lee and Lien Chan. Both Lin and Hau lost their posts as KMT vice-chairs for breaking
party discipline by running on a separate ticket.

19 The fringe Taiwan Independence Party, a staunchly pro-independence party, did not move
away from its origin position, as can be seen from Figure 3.
Figure 3  Converging Policies toward the Mainland in the Mid to Late 1990s

TAIWAN'S DOMESTIC POLITICS AND CROSS-STRAIT RELATIONS  

Economic Interests

Formosa Faction
“Boldly move westward”

Independent

NEW DPP
“Strengthen base, move westward”

Old DPP
Grand Reconciliation

Taiwan Independence Party

Security Interests

Identity Spectrum

New Party

Economy-Security Spectrum

Nonmainstream Faction, KMT

New KMT
Special state-to-state theory
“Patience over haste”

Old KMT
1995 parliamentary elections, the party chair, Shih Ming-teh, led the party away from its dogmatic insistence on Taiwan independence and repositioned it to the right in Figure 3 (Grand Reconciliation). Shih's successor, Hsu Hsin-liang, advocated a pro-engagement stance of "boldly moving westward (toward the mainland)" (dadan xijin). This aroused strong opposition from the fundamentalists who insisted on "strengthening our base and moving slowly" (qiangben jianjin). Through a vehement debate in February 1998, a compromise was reached at the mid-point—"strengthening our base, moving westward" (qiangben xijin). In general terms, one finds the DPP moving up-rightward in Figure 3, coming closer to the center.

Electoral politics was the driving force behind the mainland policies of Taiwan's various political parties. Ideological commitments and an initial need for support from the party faithful determined the initial positions of the political parties as mapped in Figure 3, but a subsequent need to maximize electoral support and the concentration of public preferences at the center induced the three parties to adjust their mainland policy towards the middle ground. This is shown in the leftward moves by the KMT, the upward move by the New Party, and the upward/rightward moves by the DPP. This analysis suggests that vote-maximizing strategies will bring the parties even closer together, provided that public preferences continue to cluster towards the center on the identity and economy-security spectra.20

The 2000 presidential elections further testified to this convergent pattern. Figure 4 shows the mainland policy of all the political parties in Taiwan. Lee's 1999 "two-state theory" and subsequent partial backtracking had moved the KMT's position on the identity spectrum very close to the center (no commitment to either unification or independence). This position was adopted by the KMT's presidential candidate, Lien Chan, who had been handpicked by Lee as his successor. Unlike Lee, however, Lien had developed a moderate image through his pro-engagement stance. He led the KMT upward on our policy map (Figure 4) by proposing "ten articles" that lowered the conditions under which Taiwan would accept the "three links" (san tong): namely, direct mail, trade and air and shipping services across the Taiwan Straits, long desired by Beijing.21 This proposal is a far cry from the "patience over haste" policy, and places Lien up in the upper-right quadrant.

The same convergent pattern is apparent with James Soong. Soong was a popular governor of Taiwan Province who had been elected on the KMT ticket, but his popularity brought him a solid political base outside the KMT. Lee had designated the then Vice President Lien Chan as the KMT's presidential

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21 Lien's "ten articles" called for a return to the Guideline for National Unification that had been cast aside in the last years of Lee's reign. Taipei would be willing to establish the three links and enter into official political dialogue geared towards unification with Beijing as long as the mainland showed good will, notwithstanding the conditions set in the Guideline ("peaceful solution of conflict" and "mutual respect in the international arena").
Figure 4 Converging Presidential Candidates, 1999–2000

-Formosa Faction
  - "Boldly move westward"

- Chen Shui-bian
  - White paper on China policy
  - "Special relations between states"
  - "Strengthen the base, move westward"

- New DPP
  - Grand Reconciliation

- New KMT
  - Special state-to-state theory
  - "Patience over haste"

- James Soong
  - PFP
  - Quasi-international relations

- Lien Chan
  - Ten articles

- Old KMT

- Lien Chan
  - "Resolution on the future of Taiwan"

- Security Spectrum

- Independence

- Unification

- Economic Interests

- Identity Spectrum
candidate, and Soong calculated that if he quit the KMT he had a fairly good chance of winning as an independent candidate. Because he was the only mainland by birth among the three major presidential candidates, he was particularly vulnerable to accusations of betraying Taiwan’s interest. As a result, he was extremely careful in his critique of the “two-state theory”, questioning its formulation rather than its content. On the identity spectrum, Soong characterized cross-Strait relations as “quasi-international”. He also came up with a proposal for relaxing the regulations governing cross-Strait exchanges. Soong’s position on our policy map sits within the upper-right quadrant, closer to the New Party’s position than Lien or Chen. This accounts for the overwhelming support for Soong among the New Party’s followers.

In the pro-independence camp, the convergent pattern was evident in the platform of the DPP’s presidential candidate Chen Shui-bian. One major weakness of the DPP’s 1998 China policy compromise of “strengthening our base and moving westward” was that it had not been endorsed by Chen, as mayor of Taipei the DPP’s most powerful politician. Chen had been an ardent champion of Taiwan’s independence for years. However, his defeat in the mayoral elections of December 1998 changed his mind. He came to realize that the majority of Taiwan’s voters were not ready for an abrupt change to the Republic of China’s constitutional order. When Chen became the DPP’s presidential candidate in 1999, a major repositioning of the DPP on the identity spectrum was under way. The Resolution on the Future of Taiwan recognized the Republic of China’s legitimacy, which had previously been denied by the DPP. It was a big step towards the center of the identity spectrum. Chen also proposed a direct sea and air link, a plan designed to seem softer than Lee’s “patience over haste” policy. This pro-engagement proposal shifted the DPP up and toward the right of the Figure from its previous position, attracted by the weight of votes concentrated at the center. This shift toward the center of both the identity and economy–security spectra contributed greatly to Chen’s winning the 2000 presidential elections with 39 per cent of the vote. Soong garnered 37 per cent, and Lien received a distant 23 per cent. All three of the presidential candidates’ mainland policy positions had favored a version of the “two-state” theory, and all of them showed a willingness to relax further the constraints on cross-Strait exchanges.

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22 On 3 July 1999, Soong was interviewed by The Washington Post and expressed his support of the “three links” and political dialogue with China, and his opposition to Taiwan’s “money diplomacy” and its bid to join the United Nations. Furthermore, he questioned the necessity and desirability of deploying the Theatre Missile Defense. Soong’s remarks soon led to charges by Lien and Chen that the former governor of Taiwan was betraying the interests of Taiwan’s people.

23 Prior to the passing of that resolution, the DPP’s ostensible goal was to replace the Republic of China with an independent Republic of Taiwan, as stipulated in the party constitution. The change of tone in the Resolution was justified by claiming that Taiwan is already independent, and thus there is no need to declare independence a second time.
Racing toward a Referendum in 2003–04

There is a stark contrast between the pattern of convergence of the 2000 presidential elections and the race toward independence in the 2004 elections, although the basic logic was the same: all the political parties repositioned themselves on the mainland China policy map to maximize their votes.

On the one hand, no one could deny the importance of cross-Strait economic relations to the growth of Taiwan’s economy, or the political influence of the 300,000 Taiwan businesspeople and skilled workers residing on the mainland. From 2000 to 2003, Taiwan’s export dependency on the mainland rose from 17 per cent to 25 per cent. Overall trade dependency also rose from 11 per cent in 2000 to 17 per cent in 2003. The mainland was the destination of 54 per cent of Taiwan’s outbound investment in 2003, compared with 34 per cent in 2000. This meant that a pro-engagement policy was becoming increasingly important for any political party striving to gain majority support. A so-called pan-blue electoral coalition that was formed between the KMT and James Soong’s party, the People First Party, became ardent supporters of rapid engagement with the mainland, starting with the establishment of the three links. The DPP also moved in a pro-engagement direction, although at a much slower pace than its critics demanded. The Economic Development Conference, held prior to the 2001 parliamentary elections, was convened by the DPP government in part to demonstrate to voters its commitment to liberalizing cross-Strait transactions. The “mini-three links” that liberalized trade between the offshore islands of Kinmen, Matsu and the mainland was another signal of its concurrence with greater cross-Strait engagement. In sum, one finds all the major political parties, except for the staunchly pro-independence Taiwan Solidarity Union (TSU), espousing various degrees of pro-engagement policy.

But another trend also emerged, in a different direction. After twelve years of Lee Teng-hui’s nativist rule, plus three years of Chen Shui-bian’s nativization policies (including rewriting history textbooks and so on), attitudes, as observed in Figure 1, have been undergoing a gradual shift away from Chinese nationalism. Popular frustration with the country’s continued international isolation easily played into the hands of the independence advocates. A recent sore point was Taiwan’s failure to gain access to the World Health Organization at the height of the SARS scare, exacerbated by the fact that the PRC had kept the disease secret for a prolonged period of time, thus precipitating its spread to Taiwan. Also, the military threat that had been applied quite effectively against Taiwan’s independence by Beijing in the past had lost part of its credibility, as the threat had never been substantiated, and over time the repeated stern warnings by mainland officials became more annoying than feared. Even with unprecedented trade with the mainland and the accelerating proliferation of social ties across the Strait, increased economic integration coincided with political alienation, as clearly seen in Figure 2.24 This shift in mass psychology was not clearly known

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24 It is interesting to note that, even though the national identity of Taiwan’s population has undergone sea changes, explicit attitudes on unification vs independence have not
to politicians until it was well under way. When its magnitude was gradually revealed, the political parties acted to grasp the opportunities it presented or to minimize possible damage.

When Chen came to power, with his much moderated stance on cross-Strait relations, two possibilities presented themselves. The first was for Chen to continue treading the middle way, and for the DPP to compete with the pan-blue parties within the constitutional framework of the Republic of China. In this scenario, the DPP would finally be “tamed” by acquiring a vested interest in the status quo. The second possibility was for the DPP to use the executive power of the presidency to pursue its ultimate ideological goal of abolishing the Republic of China and replacing it with an independent Republic of Taiwan. The major mechanism to accomplish this goal would be a constitutional referendum, as has long been advocated by the supporters of Taiwan independence. 25

In his statements, President Chen did his very best to tone down the pro-Taiwan independence position that he used to hold. Following the moderate line established in the Resolution on the Future of Taiwan and the DPP White Paper on China Policy, Chen declared in his inauguration speech that he would not declare independence, would not change the name of the Republic of China, would not include the “two-state theory” in the constitution, would not hold a referendum on independence, and would not abrogate the Guidelines for National Unification or abolish the National Unification Council, so long as China did not use force against Taiwan. The “four nos” (si bu yi meiyou) were actually a return to the DPP’s pre-1991 position of “conditional independence”. This signified a major concession on Chen’s part to reconcile party ideology with the political realities that the new government was facing: less than 40 per cent popular support, an opposition-dominated parliament, the PLA’s sabre-rattling from experienced a corresponding shift. The absolute majority still favor maintaining the status quo. The huge discrepancy between the large number of self-proclaimed “exclusively Taiwanese” and the much smaller number of those who are for independence is largely caused by the uncertainties associated with independence. Although the identity shift is not fully reflected in popular preferences on unification/independence, it nevertheless creates a reservoir of frustration that pro-independence politicians can always tap. See “Dalu yu liang’an guanxi: di si bo; di wu bo” (Mainland Policy and Cross-Strait Relations: Fourth Survey; Fifth Survey), Mainland Affairs Council Research Project, 1999, 2000; Chen Yih-yen and Chen Lu-huei, “Moleng liangke de taidu haishi buqueding de weilai: Taiwan minzhong tongdu guan de jixi” (Ambiguity or Uncertainty: Preference on the Taiwan Independence Issue Among the Electorate in Taiwan), Zhongguo dalu yanjiu (Mainland China Studies) [Taiwan], Vol. 46, No. 5 (September/October 2003), pp. 1-20; and Yu-Shan Wu, “Liang’an guanxi zhong de Zhongguo yishi yu Taiwan yishi” (The Chinese/Taiwanese Identity in Cross-Strait Relations), Zhongguo shiwu (China Affairs Quarterly) [Taiwan], No. 4 (April 2001), pp. 71-89.

25 It is true that the constitutional structure of the Republic of China is in dire need of reform for practical reasons: for example, to make the president more accountable and to reduce the friction between the executive and the legislative branches when the two are not in the hands of the same political party. However, for the pro-independence activists, the purpose of a constitutional referendum is not to amend the ROC constitution, but to bring in a new and independent Republic of Taiwan.
across the Taiwan Strait, and the constraints imposed by Taiwan’s major patron, the US. For a time, it seemed the DPP might, after all, be transformed from a quasi-revolutionary movement into an establishment political party, operating within the constitutional framework of the Republic of China.

Subsequent developments left everyone guessing as to what Chen’s ultimate decision would be on the issue of unification, status quo or independence. Beijing might be soothed and the pan-blue camp mollified when Chen talked about unification as a viable option for Taiwan, and when he encouraged cross-Strait economic and cultural integration as a precursor to political integration (zhengzhi tonghe). He endorsed the consensus reached by the members of an advisory group headed by Lee Yuan-tseh, President of the Academia Sinica, that called for responding to the mainland’s “one-China principle” with reference to the ROC Constitution, which has a one-China framework. However, Chen changed his tone rapidly whenever he deemed it beneficial to do so for domestic political purposes or as a tit-for-tat strategy against the mainland’s pressure. Hence, when Beijing persuaded Taiwan’s tiny ally Nauru to break ties with Taipei in July 2002, at a time when Chen had just assumed chairmanship of the DPP, Chen responded by describing the cross-Strait situation as “one country on each side” (yi bian yi guo), which was semantically equivalent to Lee’s controversial “two-state theory” announced three years earlier.

Would the DPP opt in the 2004 presidential campaign for a public policy debate on economic and social issues, as is typically the case in established democracies? This was obviously what the pan-blue camp wanted Chen to do, for Taiwan’s economy had just experienced an unprecedented crisis, and the DPP government’s performance left much to be desired even in the minds of its supporters. As it turned out, the DPP’s presidential campaign went much farther than public policy debate. The stakes became nothing less than the existence of the Republic of China and war and peace in the Taiwan Strait.

The DPP had, at an earlier time, advocated the establishment of a new Republic of Taiwan through a referendum, but since Chen gave the “four nos” promise in his inauguration speech in May 2001 pro-referendum talk had become much rarer from DPP politicians. The developments since the beginning of 2003, however, made an impact on the calculations of the DPP’s campaign strategists. On the one hand, there emerged a genuine political crisis for Chen’s camp. After protracted negotiations, Lien Chan and James Soong had finally bridged their differences and formed a joint ticket in February 2003. Neither of the two stood any chance of defeating Chen if they ran separately against each other. This prospect forced Soong to approach the KMT and accept the vice presidential spot in a joint ticket with Lien. With this joining of forces, the pan-blue camp was given a badly-needed boost in morale. Victory looked likely. The DPP obviously needed a strategy to regain momentum. A referendum and a new constitution could form the basis for a new campaign strategy, but they are dangerously close to Taiwan independence and entail a great risk both domestically and

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internationally. In the past, whenever the DPP ran national elections with Taiwan independence as the major platform, it always had suffered a serious defeat.  

The water was tested by the DPP’s junior partner in the so-called pan-green camp, the Taiwan Solidarity Union led by former President Lee Teng-hui. Lee was a master politician, who had gained supreme power in the twelve years of his rule through careful factional maneuvering and by invoking populist pressures to dominate the KMT and the government. After the humiliating defeat of Lien Chan in the 2000 presidential elections, Lee was forced to resign from the KMT leadership. He then became a vocal critic of the KMT and established the Taiwan Solidarity Union, a staunchly pro-independence party on the extreme end of Taiwan’s political spectrum. The TSU organized a mass demonstration to “rectify Taiwan’s name” (a euphemism for independence) on 6 September 2003, and it was estimated that some 200,000 people took to the streets. By that time, Lee had successfully repositioned himself on the identity spectrum as the most ardent advocate of Taiwan independence.  

The success of the demonstration convinced DPP strategists that the identity issue should be swiftly brought into the campaign limelight.  

In the following months, Chen enthusiastically put forward a schedule for launching a new constitution through a referendum. In mid-September, Lee Teng-hui suggested that Taiwan would have to declare independence prior to 2008 in order not to be overwhelmed by the surge of Chinese nationalism that would accompany the 2008 Beijing Olympic Games. Chen’s timetable was more urgent. On 28 September, Chen declared that in 2006 the DPP would celebrate the birth of a new constitution for Taiwan. The blue camp initially resisted the call for both a referendum and a new constitution and wished to bring the campaign back to economic and social issues. However, the radicalization of Chen’s campaign coincided with a sharp decline of support for the Lien–Soong ticket, and a surge in Chen’s popularity. Unable to redefine the campaign agenda, or come up with a strong defense for the pan-blue position, Lien was convinced that a radical departure from his party’s line was necessary, and the pan-blue camp needed to face the referendum/new constitution issue directly. Lien felt the pan-blue parties had for too long provided a public good for Taiwan (namely,  

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27 In the 1991 National Assembly elections the DPP received only 22.8 per cent of the vote, and in the 1996 presidential elections, the DPP’s candidate Peng Ming-min garnered a meager 21.1 per cent of the popular vote. In both cases, the DPP ran a single-issue campaign for Taiwan independence. The votes the party received under those circumstances were significantly less than normal.  

28 Lee has a strong sense of a nativist mission. However, as a consummate politician, having been dislodged from the KMT, Lee realized that to make a comeback the only possible route was to position himself as the leader of the independence movement. Lee could not assert himself in the middle of the identity spectrum, as that is overcrowded. As the first Taiwanese to become president, Lee is uniquely endowed to be the leader of the independence movement.  

safeguarding the status quo of the ROC and thus maintaining stability and peace) and had suffered as a result. The DPP had been chanting for unrealizable independence goals, and counted on the pan-blue camp to bloc their utopian plans. This way, the DPP could accuse the pan-blues of thwarting reform, and reap political benefits. It was time for the pan-blue alliance to adjust its positions and expose Chen, forcing him to show whether he really wanted immediate independence. The last straw that broke the camel’s back was Washington’s warm welcome and high-profile reception of President Chen when he passed through the US on route to and from a diplomatic trip to Latin America in early November.\textsuperscript{30} Seeing the popularity of the Lien–Soong ticket dropping and the US not doing its share in checking Chen’s explicit flirtation with Taiwan independence, Lien was urged by his advisors that a turnabout on the referendum/new constitution issue was imperative. In November, Lien embraced holding a referendum and he put forward the blue-camp’s “three-step plan” for amending the ROC constitution. According to Lien’s plan, Taiwan would have a constitutional overhaul by 2005. From Lee’s 2008 independence plan, to Chen’s 2006 constitutional referendum, to Lien’s 2005 constitutional overhaul, all of the politicians in Taiwan joined a race to change the country’s current political system (see Figure 5). Since the ROC constitutional system is intrinsically linked to cross-Strait relations, the election-driven constitutional changes scheduled for the next five years in the various parties’ plans would bring a high degree of uncertainty and volatility to the region.

More radical moves on Lien’s part were still to come. In December, he reasserted the “two-state theory” by claiming that both the Republic of China and the People’s Republic of China are sovereign countries. This move essentially embraced Chen’s “one country on each side” formula, and amounted to a basic change of the KMT’s “one-China” principle. Lien also echoed Legislative Yuan Speaker Wang Jin-pyng’s remarks that independence is a viable alternative for Taiwan. Lien had shifted decisively to the middle-left ground on the unification–independence spectrum. He emphasized that there exist two countries that face each other across the Taiwan Strait, and that both unification and independence are alternatives from which people in Taiwan can choose.\textsuperscript{31}

\textsuperscript{30} Therese Shaheen, the Washington-based chairwoman of the American Institute in Taiwan, the de facto US embassy, revealed that President Bush is the “secret guardian angel” of Taiwan at a high-profile reception for Chen that the AIT held in New York City during Chen’s transit. On a different occasion, Shaheen also stressed that the Bush administration had never said it “opposes Taiwan independence”. Chinese officials said Shaheen’s statement and her effusive praise of Chen emboldened Chen to pursue his independence drive. John Pomfret, “China Warns Taiwan That Attack May Be ‘Unavoidable’”, \textit{Washington Post}, 20 November 2003, p. A28.

\textsuperscript{31} This strategic retreat was forced on Lien by Wang and other KMT legislators from southern Taiwan where electorates are traditionally more pro-independence. Because mainlanders, Hakka and aborigines are staunchly on the blue side, the Hok-los (Minnans) who constitute 75 per cent of the population become the critical vote bloc. Hok-los are the most pro-independence among all the ethnic and sub-ethnic groups in Taiwan. It boiled down to a strategic calculation that, in order to swing the Hok-lo votes, the Lien–Soong ticket needed to tilt more towards the independence end of the political spectrum.
Figure 5  Racing toward Referenda, 2003–04
Although there was subsequently some backtracking by Lien on this grand shift of position, it has become quite clear that he did not want to be associated with the now unwelcome “one-China” principle, even with the KMT’s own version of it.\textsuperscript{32} Nothing less than the very existence of the ROC and peace in the Taiwan Strait were to be held hostage to electoral politics on the island.

With his surprise turnabout on the referendum/constitution issue, Lien promised that the KMT–PFP would favor rapid passage of a referendum law that would enable people to make decisions on local, national and constitutional issues. Except for an insistence on keeping the name of the country unchanged (the Republic of China), Lien was open to all proposals for amending the constitution. On 27 November, the pan-blue version of the Referendum Law passed through the Legislative Yuan. It instituted referenda as instruments for enacting the people’s will, albeit with a lot of procedural constraints. For national referendum proposals, one needs to gather signatures from more than five per cent of the total number of voters taking part in the last presidential elections. A referendum deliberation commission will be set up to determine the eligibility of the referendum proposals. Commissioners are to be nominated by parliamentary parties based on their share of seats. Constitutional amendments cannot be initiated by ordinary citizens, but have to pass through the legislature with an absolute majority and then the people need to confirm them in referenda. With all these constraints, the new law was described as a “bird-cage” by the pan-greens. However, the law does provide an opportunity for the president to initiate a referendum when the country faces external threats that endanger national sovereignty.\textsuperscript{33} This “defensive referendum” was at the DPP’s insistence.\textsuperscript{34} Chen rapidly declared that he would exercise his presidential prerogative to initiate a “defensive referendum”, since the country was being threatened by missiles

\begin{footnotesize}
\begin{enumerate}
\item In the second television debate between the two presidential candidates on 21 February 2004, Lien reasserted that if forced to clarify the meaning of “one China”, he would insist that it is the Republic of China. However, in the same debate Lien distanced himself from the Guidelines for National Unification, suggesting that a complete overhaul of the document was in order.
\item Article 16 of the Referendum Law reads: “When the country is threatened by external forces (\textit{dan guojia zaozhau waili weixie}), so that national sovereignty may be subject to change (\textit{zhi guojia zhuquan you gaiban zhi yu}), the President may, through a resolution of the Executive Yuan, submit for referendum matters concerning national security.”
\item This dates back to the DPP’s 1987 Resolution of “four ifs” and Chen’s 2000 inauguration speech of “four nos” in which Taiwan independence was used as a deterrent against specific contingencies. In the 1987 resolution it was stated that the DPP would advocate Taiwan’s independence if the KMT conducts peace negotiations with the CCP, if the KMT betrays the interests of the Taiwanese people, if the CCP unifies Taiwan, or if the KMT fails to practice genuine constitutional democracy. Chen’s 2000 inauguration speech promised that, as long as the CCP did not intend to use force against Taiwan, during his term he would not declare independence, would not change the name of the country, would not insert the “two-state theory” into the constitution, and would not initiate a referendum on the issue of unification/independence, neither would there be any attempt to abrogate the Guidelines for National Unification or to abolish the National Unification Council.
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deployed across the Taiwan Strait. Eager to show that he was still in control of the political situation, Chen jumped to the decision to hold a defensive referendum before he had figured out what he would ask Taiwan’s voters to decide. Under mounting pressure from the opposition and from Washington and Beijing, Chen promised that his defensive referendum would not aim at changing the status quo, but would rather strengthen it. To initiate a referendum in this context was a twist of the DPP’s own tradition, so as to shore up the president’s political support.

Chen’s “defensive referendum”, however, provoked Beijing and brought about tremendous pressure from Washington. Since holding a referendum was more important than its content, Chen and his advisors ultimately came up with two deliberately non-controversial questions that neither Taiwan’s voters nor the Americans would oppose. The first question asked: “Should mainland China refuse to withdraw the missiles it has targeted at Taiwan and to renounce openly the use of force against us, would you agree that the Government should acquire more advanced anti-missile weapons to strengthen Taiwan’s self-defense capabilities?” The second question was: “Would you agree that our Government should engage in negotiations with mainland China on the establishment of a ‘peace and stability’ framework for cross-Strait interactions in order to build consensus and for the welfare of the peoples on both sides?”

The 2003–04 race to a referendum contrasts starkly with the 1999–2000 convergence toward the middle. If we locate all the policy positions of the major political parties in Taiwan, we get Figure 6. We find the KMT’s line zigzagging up and left, from the lower-right quadrant to the upper-left. The (Soong) PFP’s line also shifts to the left, from the upper-right to the upper-left quadrant. The DPP’s line takes a different course, starting at the lower-left quadrant, moving toward the center of the figure, and shifting back to the left. Whereas during the 1999–2000 presidential campaign period all of the political parties had recognized that votes were concentrated at the center, in 2003–04 all the presidential candidates were again chasing the center of political gravity, but after the SARS scare the pan-green camp found people much more receptive to the notion of a referendum and to a new constitution. The notion of independence, euphemized as “rectification of name”, gained a considerably better popular reception. Referenda, a new constitution and independence were linked but emphasized differently to different audiences, so that while the greens’ fundamentalist support was secured, middle-of-the-road voters could also be lured toward the green camp. Ultimately the pressure of electoral politics forced the pan-blue parties to join the chorus, and the two camps competed to institute referenda and rewrite the constitution.


36 Other questions suggested by the green camp were: whether Taiwan should join the WHO, whether the mainland should withdraw all its missiles targeting Taiwan, whether Taiwan should embrace the “one country, two systems” espoused by Beijing, whether Taiwan should have a nuclear-free homeland, and so on. These were all issues where the government’s position coincided with mainstream public opinion.
Figure 6  Mapping the Trends: Nativization, Cross-Strait Engagement and International Constraints in the Early to Mid 2000s

Economic Interests

Independence

Security Interests

Economy-Security Spectrum

Identity Spectrum

Unification

Old KMT

Lee & TSU 2003–04

Old DPP

New DPP

SARS

Chen 2003–4

Chen May 20

Lien 2000

Soong 2000

Lien & Soong 2003–04

Economic Interests
The 2003–04 presidential campaign witnessed not just this race to national referenda and a new constitution, but also a powerful drive towards deepening of cross-Strait engagement. The core issue remained the establishment of three links. On the pan-blue side, both Lien and Soong had committed themselves to this and to improved cross-Strait relations as top priorities. On the pan-green side, besides vowing to honor the conclusions of Taiwan’s 2001 Economic Development Conference, which explicitly called for three links, Chen pledged he would institute direct transport across the Taiwan Strait by the end of 2004. The blue camp responded by charging that Chen was insincere and claiming direct transportation links could be established as early as mid-2004 under Lien and Soong.37

Reimposition of International Constraints

Cross-Strait relations cannot be understood solely by way of domestic politics. Although Taiwan’s electoral politics has injected greater volatility into cross-Strait relations since the 1990s, it is undeniable that Washington exercises enormous influence in shaping relations between Taiwan and China. In 1999–2000, there was a happy convergence in the positions of Taiwan’s main presidential candidates and in the preference of the United States to maintain the status quo. This time, with Chen and Lien racing to embrace a referendum and new constitution, Washington was taken by surprise, and so was Beijing. The new CCP leadership was not ready to force a showdown with the US over Taiwan at this particular moment. It had learned a lesson in the 1995–96 crisis and wanted to concentrate on economic development instead of dueling with the world’s hegemon. When Lien and Soong were ahead in the race and sticking to their anti-referendum position, Beijing felt no need to intervene. However, when the popularity of their ticket began dropping and Chen’s call for referenda gained momentum, Beijing sensed the need to act. Beijing was aware that sabre-rattling would backfire and might help Chen gain more votes, as had happened in 2000. However, Chen’s flirtation with the independence issue left Beijing with little choice and, as the race to referenda gained momentum, Beijing’s warnings became sterner.38

However, for fear of chasing votes into Chen’s arms, the Chinese leaders spent most of their energy pressuring the US to bring Taiwan into line.

37 Popular support for three links and direct transport stands at 60 to 70 per cent. See Executive Yuan, “Evaluation of the Impact of Cross-Strait ‘Direct Transport’” (Taipei: Executive Yuan, 2003), p. 54.

38 Maj. Gen. Wang Zaixi, deputy director of China’s Taiwan Affairs Office, stated bluntly that “If the Taiwan authorities collude with all splittist forces to openly engage in pro-independence activities and challenge the mainland and the ‘one-China’ principle, the use of force may become unavoidable”. This was the first such blatant warning issued by a Chinese official since former Premier Zhu Rongji’s stern warning to Taiwan’s voters on the eve of Taiwan’s 2000 presidential elections, which Chen won by a narrow margin. Because Wang’s remarks were not as publicized as Zhu’s, they had a much lower effect on the island.
Washington favored the status quo, and shared Beijing’s view that Chen had been tilting towards scrapping it, despite the repeated denials of Taiwan’s officials. Washington’s bottom line is to support Taiwan’s democracy to the extent of not violating the “one-China principle”. This is to prevent a showdown with Beijing over an issue not central to US interests (namely, whether Taiwan is recognized as an independent state). Throughout the 1990s a modus vivendi developed which called for Beijing not to use force and for Taiwan not to declare independence. Washington would underwrite this tacit agreement. Although nothing in writing had come out of the modus vivendi, limits were put on Beijing’s and Taipei’s behavior. Beijing learned it the hard way in the 1995–96 Taiwan Strait missile crisis, which had gained it nothing, while Taipei had yet to test the limits. Chen’s flirtation with Taiwan’s independence in his presidential campaign came very close to such a test.

In Figure 6 I have used dotted grey lines to delineate the area of political maneuvering tolerable to Washington. As Chen’s presidential campaign deviated into the “forbidden zone”, US officials began to raise their voices and issue statements of disapproval. Mounting pressure was put on the DPP. When the referendum law passed through the Legislative Yuan, the DPP caucus forced one of its members to withdraw a blatantly pro-independence referendum bill from the floor, and when the pan-blue parties forced a vote on the bill, DPP legislators abstained en bloc. It was Washington’s pressure that ultimately influenced the two carefully worded referendum questions, and the Bush Administration found it difficult to oppose these (to buy more US weapons and to reach a compromise with Beijing). However, Washington was still worried about Chen’s plan to rewrite the constitution, and relations between Washington and Taipei were in dire need of repair.

On 20 March 2004, Chen narrowly defeated his pan-blue challenger Lien Chan by 30,000 votes, or a mere 0.2 per cent. An assassination attempt against Chen and his running mate Annette Lu on the eve of the election generated a sympathy vote that might well have played a role in determining the election’s outcome. But Chen won the election mainly by riding on the surging tide of Taiwanese consciousness. His campaign strategy of radicalization proved effective in capturing the protest vote against China.

Chen realized the need to mend his relationship with the Bush Administration immediately and to stabilize cross-Strait relations. The focal point was his plan to rewrite the constitution, which would be considered tantamount to declaring Taiwan’s independence. On 20 May, in his inauguration speech, Chen reneged on this electoral promise and instead contented himself with changing the government structure through current amendment procedures. The issue of unification/independence was put on the back burner. It was widely known that US officials had previewed the speech.39 Even though it remains to be seen whether Chen will resume his campaign pledge to push for independence by 2008, sometime in his second term the post-election developments thus far suggest that the pressure

from Washington has persuaded Chen to pull back from the forbidden zone (see Figure 6). International constraints have been reimposed on Taiwan.

The Strategic Triangle

Taiwan’s domestic political shifts, it is clear, are constricted by, and need to be viewed within the context of, an ever-evolving strategic triangle between the United States, Taiwan and China. While Taiwan’s security is threatened by the mainland, it is guaranteed by the US, and no leader in Taiwan can ever afford to neglect these two cardinal facts. Taiwanese politicians are swayed by electoral competition and international pressures alternately.

Just as domestic politics in Taiwan affects its policy towards the Chinese mainland, a similar logic lies behind the evolution of both Washington’s China policy and Beijing’s Taiwan policy. Presidential elections in the US prompt Washington’s politicians to debate their positions towards China. At other times, the US President usually takes a realist approach towards the PRC, recognizing its growing power and seeking its cooperation in regional and global issues, while endeavoring to check its influence when the interests of the two countries diverge. Here international realpolitik reigns. When presidential elections approach, however, the incumbent’s realist China policy is subject to criticism by his political opponents based in the Congress and idealists in the press, and the incumbent takes actions to appease them and interest groups in the electorate. After the presidential elections, it does not take long before realism again reigns, and the new president changes course to reflect the country’s business and security interests. Elections force politicians to concentrate on domestic preferences, which always stress idealism. When relatively emancipated from electoral pressure, politicians are geared to international politics, and realism creeps back.40

The policy-makers in China face constraints less direct than those faced in the US and in Taiwan, but real nevertheless. Since nationalism is rising on the mainland and has become a legitimating factor for the Communist regime, Beijing’s attitude on the Taiwan issue is one of intransigent irredentism.41 Under


41 Taiwan has played an important role in the development of the mainland’s surging
these circumstances, only a paramount political leader with indisputable authority can take a soft-line approach towards Taiwan.\textsuperscript{42} The weaker the leader’s grip on power, the more intransigent he is when dealing with Taiwan. In China, the Party’s congresses are the functional equivalents to presidential elections in the US and in Taiwan, in that there is jockeying among the leaders in the run-up to a congress, and in this circumstance the paramount leader wants to seem popularly resolute to shore up his power.\textsuperscript{43} It is reasonable to expect challenges to the incumbent to rise when a Party congress is approaching, and the political leader to be in a defensive mood when challenged. This generalization, when applied to Chinese policy-making on the Taiwan issue, suggests greater maneuverability and possible concessions to Taiwan when the incumbent leader’s power is secure during the intervals between Party congresses, as against intransigence when the next congress is in the offing.

It is also a question of whether the leader has yet had an opportunity to consolidate power in the first place. The newly installed Hu Jintao – Wen Jiabao leadership is not strong enough to be flexible on Taiwan. The relations between the front-line Party leaders and the retired mentor, Jiang Zemin, and his entourage in the Politburo still needed to be worked out, making it extremely difficult for any leader to appear “soft” towards Taiwan. With China’s top leaders locked into hard positions, the chances of serious conflicts in the Taiwan Strait are real.

Viewed in this perspective, the 2004 presidential election in Taiwan and its aftermath spell great uncertainties and entail enormous risks. On the Taiwan side, as has been seen, the change in the mass psychology touched off a race to embrace referenda and a new constitution. Elections stir up popular emotions and turn politicians into populists. The presidential election in March 2004 was followed by the parliamentary election in December. Electoral competition continues to fuel identity debate and to poison cross-Strait relations. The need for President Chen to complete with Lee Teng-hui of the TSU for the fundamentalist vote again prompted Chen to make provocative pro-independence statements and to defy disapproval from Washington, in a replay of the presidential election.\textsuperscript{44}

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\textsuperscript{42} See Parris Chang, “Beijing’s Policy Toward Taiwan: An Elite Conflict Model”, in Tun-jen Cheng, Chi Huang and Samuel S. G. Wu (eds), Inherited Rivalry, pp. 65-79.

\textsuperscript{43} It is true that the outcome of the intra-party factional struggle is usually sealed before the party congress is held, and the congress only serves the function of ratifying the result of elite competition that took place beforehand. However, the regularly held Party congresses still provide a rough schedule for the power struggles in the upper echelons of the CCP.

\textsuperscript{44} Five days before the parliamentary elections, Chen pledged to remove the word “China” from
Again in a replay, Taiwan’s politics resumed normalcy after the parliamentary elections and Chen’s government began dealing with Washington and Beijing in a more realistic way.

In short, the evolution of Taiwan’s electoral politics toward China illustrates how cross-strait relations are embedded in a tripartite game. Both international and domestic factors are important. In this game, domestic politics provide the momentum for all three governments, while the interactions among the three set the parameters within which politicians act. Since the 1990s, Taiwan’s democratization has added volatility to this tripartite game. The 2003–04 presidential campaign, for instance, touched off chain reactions that immediately involved all three players. It is not unlikely that in future the momentum for changes in the tripartite game could come from the PRC or the US. At this stage, though, the source of greatest volatility in the Washington–Beijing–Taipei triangle remains Taiwan’s domestic politics, particularly its presidential electoral cycles.

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47 Obviously, Beijing also took initiatives towards Taiwan in the 1990s, such as Jiang Zemin’s Eight Points of January 1995. However, those initiatives were rendered ineffective by Taiwan’s drive towards greater assertiveness in the midst of severe domestic political competition. For an examination of the PRC’s Taiwan policy shifts, see Michael Swain, “Chinese Decision-Making Regarding Taiwan, 1979-2000”, in David M. Lampton (ed.), The Making of Chinese Foreign and Security Policy (Stanford: Stanford University Press, 2001).