

Taiwan's Presidential Election in 2004: Its Impact on the PRC-Taiwan Relations¹

Paper Prepared for the European Association of Taiwan Studies Conference
School of Oriental and African Studies, University of London
April 18, 2004

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Introduction

Taiwan held a presidential election on March 20, 2004. The incumbent president Chen Shui-bian and vice president Lu Hsiu-lien, the candidates from the ruling Democratic Progressive Party (DPP), and Lien Chan and James Soong, the candidates from the Kuomintang (KMT) and the People's First Party (PFP), competed fiercely for the leadership of Taiwan's government.

As a result, President Chen Shui-bian and Vice President Lu Hsiu-lien won reelection to a second four-year term by less than a margin of 3,000 votes, or 0.228 percent, of the total cast. The margin was extremely narrow, and the assassination attempt against Chen, which happened only a day before the election, had a decisive impact on the people's voting behavior. Therefore, Lien and Soong decided to demand to seal all ballot boxes, recount ballots, annul the election, and carry out the election again, all at the same time. Both Lien and Soong accused this of an "unfair" election and mobilized mass protests against the Chen Shui-bian government.

Taiwan's presidential election is primarily a domestic political competition. However, it does not only promote domestic political reform, such as introducing a national referendum in Taiwan, but it also stimulates the People's Republic of China (henceforth the PRC or China), and tests its patience regarding the use of force, as well as tests the United States' patience not to intervene in Taiwan's peaceful and democratic change of the status quo in the Taiwan Strait. Yet Chen Shui-bian's revisionist behavior may have dramatic consequences for the status of Taiwan and international relations in East Asia.

The burgeoning of the "Taiwanese" identity played a key role for Chen's reelection. Having sensed this trend, he tried to intensify the growing nationalism. Moreover, it seems that the change created through the process and the result of the presidential election is going to accumulated afterwards. What makes Taiwan change? How does that happen? What would be the impact of the election on the PRC-Taiwan relations? This paper will examine the process and the result of Taiwan's 2004 presidential election and its impact on cross-Strait relations. Looking through this lens, the author will seek to explain the characteristics of interaction between Taiwan's domestic political development and its impact on the PRC-Taiwan relations.

1. Process of the Presidential Campaign

Significance of the 2004 Presidential Election

¹ This paper is only prepared for presentation for the European Association of Taiwan Studies Conference. Please refrain from making any attribution without the author's permission. The views expressed in this paper are those of the author and not necessarily those of NIDS. This paper is partly overlapped with the paper the author wrote before the election for a newsletter of the Henry L. Stimson Center, "Taiwan's Presidential Election in 2004: Its Impact on U. S. - PRC-Taiwan Relations."

<<http://www.stimson.org/squeas/?SN=SQ20040224620>>

Taiwan is clearly divided into two major political groups; one is called the “green camp,” and the other, the “blue camp.” The green color symbolizes Taiwanese ethnicity, or the DPP, while the blue color represents Chinese ethnicity, or the KMT. The green camp consists of the DPP and the Taiwan Solidarity Union (TSU) that was established by the former president Lee Teng-hui; the blue camp consists of the KMT, the PFP, and the “New Party.”

Taiwan has four major ethnic groups.. The majority of the Taiwanese people are the Hokkiens, who occupy more than 73 percent of the population. The Hakkas consists of 12 percent, and the indigenous people share only 1.7 percent. These three groups are the descendants of the so-called native Taiwanese, who experienced Japanese colonial rule until 1945. On the other hand, the mainlanders were forced to retreat from Mainland China and moved into Taiwan with Chiang Kai-shek after World War II. Their descendants occupy 13 percent of the population. These four ethnic groups differ in ethnic identities, nationalism, and political orientation when it comes to the “one China policy.”

Table1: Ethnic Groups, Nationalism, and Policy toward the PRC in Deferent Major Political Parties, during the Chen Shui-bian Period from 2001 to 2004

	TSU	DPP	PFP	KMT
Green/Blue	Green	Green	Blue	Blue
Unification/ Independence	Status quo now, Self-determination later. Taiwan should replace ROC	Status quo now, Independence/ self-determination later	Status quo now, Unification later	Status quo now, Unification later
Relationship with PRC	Special state to state relationship	One country on either side	Special quasi-international relationship	Special relationship
Political Attitude	Radical	Moderate	Moderate	Moderate
Major Supporters	Hokkiens	Hokkiens	Mainlanders, Hakkas, Hokkiens	Hokkiens, Hakkas, Mainlanders
Party Power Structure	Hokkiens	Hokkiens	Mainlanders, Hakkas	Mainlanders, Hokkiens
Party Leader	Huarng Chu-wen (Lee Teng-hui)	Frank Hsieh/ Chen Shui-bian	James Soong	Lien Chan

Source: Yasuhiro Matsuda, “Changing Relations between the PRC and Taiwan: Impact on Security in Northeast Asia and Japan,” *Handbook: Japan-Taiwan Research Forum II*, College of Social Science, Taiwan University, Taipei, December 9, 2002.

The mainlanders, or the Hakkas, and the indigenous people tend to support the blue camp, while the Hokkiens are roughly split into two camps. Approximately 40 percent of the voters are firm supporters of the blue camp, while only 30 percent are strong advocates of the green camp. Both camps are thus engaged in an intense fight with each other to gain the rest—30 percent—of the undecided voters (centrists).

During the 12-year Lee Teng-hui era, the ruling KMT used to comprise a broader range of political supporters from both sides of the political spectrum, including pro-unification and moderate pro-independence people. Today, however, the green camp is made up of the only pro-independence people and the centrists, while the blue camp includes the only pro-unification people and the rest of the centrists. In other words, as the organization of both party members becomes more ethnically divisive, Taiwan’s policy vis-à-vis Mainland China could take in uncertain ways a dramatic turn, depending on the ruling party.

The 2004 presidential election in Taiwan has become a watershed in that it will reorient the future course of Taiwan and its foreign relation in East Asia. The winner of the 2004 election would also likely win the next two presidential elections (to be held in 2008 and 2012), because

would-be leaders in next generations in both political camps at present are too weak to win future presidential elections as opposition leaders.

Hence, depending on which camp stays in power for the next four to eight years, there will be a vast difference in the future of Taiwan's relations with the PRC. The green camp is likely to adopt antagonistic policies toward the PRC, while the blue camp is likely to adopt appeasing policies.

The Campaign Strategy for Lien-Soong's Camp

James Soong, who was once a legendary KMT governor of Taiwan, was unable to win his party's nomination for the last presidential election. He thus decided to depart from the ruling KMT, ran for office as an independent, and managed to gain 37 percent of the votes. Lien Chan, who was an official but unpopular candidate of the KMT, lost the election, with only 23 percent. After the election, James Soong established the new party, the People's First Party, while Lien Chan succeeded the leadership of the KMT from Lee Teng-hui. Since then, the KMT and the PFP have fought with each other repeatedly in local and general elections as the supporters of the two parties almost overlap.

Even today, Soong still enjoys more popularity as politician than does Lien Chan,² although Lien has served as vice president during the Lee Teng-hui rule, and is more senior and much more experienced than Soong. Furthermore, the number of the KMT seats in Taiwan's Legislative Yuan is larger than that of the PFP, so Lien simply could not yield to becoming a humiliating vice presidential nominee under Soong. As a result, they have become political rivals and would least likely to cooperate with each other for the 2004 presidential election.

Should Lien Chan and James Soong remain divided, and separately run for office again, the drama of the 2000 election could be repeated and both of them would most likely lose. On the contrary, however, if both could agree to put their past spite on the shelf and cooperate with each other, theoretically speaking, the Lien-Soong ticket would be ten percent ahead of its DPP opponents. In addition, the rising star of the KMT, Ma Ying-jeou, who won the landslide victory of the Taipei mayoral reelection campaign at the end of 2002, gave the blue camp supporters a new hope of defeating Chen Shui-bian. Ma's victory put a lot of pressure on Lien Chan and James Soong for cooperation. James Soong and Ma Ying-jeou are the mainlanders, an ethnic minority in Taiwan, so either would have to decline for the electoral purpose. If Lien Chan chose Ma Ying-jeou as a running mate, then Soong would be immediately dismissed from the blue camp's presidential campaign.

Taking these factors into consideration, Soong gave up pursuing the presidency, and the Lien-Soong ticket was established in April 2003, formulating a seemingly unlikely coalition between the third and second place candidates from the last presidential election³. In other words, Lien and Soong's campaign strategy was a "strategy of addition,"—a political calculus that their combined political weight together would offer a promise for defeating their DPP opponents. In fact, the Lien-Soong ticket has taken a five to ten, sometimes over a striking 20 percent lead in numerous polls since its formation. Sitting on their rising popularity, the KMT and the PFP appeared to forget their position as challenger and ended up simply criticizing the policies of Chen Shui-bian by releasing retrospective campaign advertisements to remind voters of the "good old days" under the KMT. They were simply trying to persuade undecided voters that the KMT and PFP could reinvigorate the Taiwanese economy and bring about a stable society again. In sum, the Lien-Soong camp drawn a "stability card."

² According to the poll on political situation in Taiwan, which was conducted by the U.S. State Council in July 2003, "the most capable politician who can solve problems in Taiwan" was Ma Ying-jeou (23 percent), James Soong (15), Chen Shui-bian (14), and Lien Chan (9). "Poll by the U.S. State Department Indicates that approval rates are two to one for the Blue and the Green" (Meiguo Guowuyuan Mindiao Taiwan Lan-Lu zhichidu 2:1), *United Daily (Lian He Bao)*, September 5, 2003.

³ "Lien-Soong Ticket is likely to Materialize," (Lien Song Pei Chengju) *United Daily (Lian He Bao)*, February 13, 2003. "Lien and Soong Decides to Run Together" (Lian Song Qiaoding Dadang), *United Daily (Lian He Bao)*, February 15, 2003.

According to a series of the presidential polls conducted by the *China Times*, the Lien-Soong ticket reached the highest approval rate of 51 percent, while the Chen-Lu ticket gained 25 at the time. However, the Lien-Soong side was unable to maintain this popularity, while the Chen-Lu camp began to close the gap. A chief reason is that the KMT and PFP candidates, unlike the DPP counterparts, could not showcase any kind of impressive “Taiwan agenda.” Their campaign grand strategy consequently became more passive and reactive. For instance, when the green mobilized millions of people for demonstration, the blue did the same; when the green carried out a negative campaign; the blue followed as well.⁴

The message that the blue party signaled in its final major demonstration held on March 13 was simply to “replace the president, and save Taiwan.” Unlike the DPP’s, the blue camp’s campaign was short of a strong and convincing message, a direction to which the Lien-Soong camp would want to lead Taiwan.

The Chen-Lu Camp’s Campaign Strategy

When the Taiwanese economy suffered negative growth rates in 2001, a majority of the voters thought that the Chen Shui-bian government failed in its economic policies, although much of its failure can be attributed to the collapse of the bubbling Internet technology (IT) economy at the beginning of the 2000s.

The public seriously criticized Chen Shui-bian’s economic policy. According to the poll conducted by the U.S. State Council, 75 percent of those polled responded that the economy is the most serious problem in Taiwan, and those who thought that the blue camp was more capable of dealing with the economic problems reached 57 percent, while the green gained only 14 percent.⁵ The following example is illuminating. The ruling DPP had been a strong supporter of the anti-nuclear movement for many years in the past, so the Chen government made the decision to discontinue the construction of the island’s fourth nuclear power plant in 2000. But faced with strong oppositions to this decision both from home and abroad, the government rescinded the decision next year. Similarly, Chen declared a structural financial reform package in 2002, but withdrew from it just in a few weeks when the opposition became so strong. As a consequence, Chen Shui-bian failed to augment support for his reelection in 2004.

At the same time, however, the coalition Lien Chan and James Soong made remained fragile. For instance, Lien Chan could never rise to an attractive candidate, which gave Chen Shui-bian a wiggling room for winning. The only strategy the Chen-Lu side used was to draw the “reform card,” and attempted to bring about a major political change as though it were the challenger.

Why would Chen’s camp have to articulate major reforms? One conclusion it appeared to arrive at was that the mainstream of the Taiwanese society had been moving from maintaining the status quo to accepting a dramatic change—that is, the independence course. The Taiwanese society realized that the PRC in the past several years had substantially increased political, diplomatic, economic, and social pressure vis-à-vis Taiwan.⁶ Chen Shui-bian aggressively capitalized on this. He charged the Lien-Soong camp’s pro-PRC stance, giving the voters the impression that it is “selling out” Taiwan’s interest, and declared a campaign pledge that defends the voters’ burgeoning Taiwanese identity.

The national debate on referendum was particularly illuminating in this respect. The referendum was eventually held in the same day of the presidential election, which helped consolidate the Taiwanese identity. In retrospect, the introduction of the referendum opened the

⁴ “Bloody Bullet Kicks Lien Chan out” (Na Yike Zhanxie de Zidan Ba Lien Chan Dadao Wutai Xiamian), *The Journalist (Xinxinwen Zhoubao)*, No. 889A, March 21-31, 2004, pp. 45-47.

⁵ “Meiguo Guowuyuan Mindiao Taiwan Lan-Lu zhichidu 2:1” (Poll by the U.S. State Department Indicates that approval rates are two to one for the Blue and the Green), *United Daily (Lian He Bao)*, September 5, 2003.

⁶ “Public Consensus Moves toward ‘One Country on Either Side’ ” (Yibian Yiguo Minyi Weiyi), *Chinatimes Express (Zhongshi Wanbao)*, March 21, 2004.

sole window of opportunity for Chen's reelection. He successfully bound the future of Taiwan and his reelection very tightly. Some of the DPP campaign staffers even confessed: "No one really likes Chen Shui-bian, but we have done our best for the sake of Taiwan identity, not for Chen."⁷

The Interaction between the Presidential Campaign and International Response

International consequences to this emerging trend could be serious. Concerned states, particularly the PRC and the United States, could interpret it as a sign of the greater movement toward Taiwanese independence. As the election day neared, the discrepancy in the numerous polls between the Chen-Lu and Lien-Soong sides increasingly narrowed down, from a little over ten percent to less than three in November 2003, according to the polls by the *China Times*. The result signified that Chen's campaign strategy correctly reflected the minds of a majority of the Taiwanese.

Responding to its opponent's strategy, the Lien-Soong side announced its own version of the "Referendum Law," and Lien Chan, for the first time, accepted the ideas that "Taiwan and China are separate countries on either side of the Strait," which was originally Chen Shui-bian's trademark.⁸ Moreover, the chairman of the Legislative Yuan, Wang Jin-pyng, who is also the vice chairman of the KMT, remarked that the prospective independence of Taiwan should not be removed from the table.

The Lien-Soong camp increasingly submitted to the popular national agendas, where were originally offered by the Chen-Lu camp. As such, the differences between the two camps became blurred. Subsequently, Chen Shui-bian began to raise his tone of criticism against the PRC, showing further support for a stronger Taiwanese identity, particularly among the Hokkiens, the ethnic majority in Taiwan, in order to underscore the differences compared to Lien and Soong.⁹

Here come the complexities of the Taiwanese identity merged with international reactions by the concerned states. In particular, reactions from the PRC and the United States are very important. Despite negative responses from these countries, Chen Shui-bian had aggressively tried to introduce a legislation for referendum, and draft the new Taiwanese constitution in 2006, and enact it in 2008, among other actions, in order to emphasize the differences between his camp and his opponent's. The PRC, which long claims Taiwan as part of its nation, sharply opposed Chen's ideas and placed a huge pressure to Taiwan through the United States.¹⁰ President George W. Bush criticized Taiwan's actions for "deeds of change status quo" at his summit meeting with Chinese Premier Wen Jiabao held in November 2003.¹¹ Tokyo also followed this and sent a letter to the presidential office to express a "concern" about the security situation in the Taiwan Strait next month.¹² But Chen Shui-bian adhered to his position that the presidential election and the referendum should be held on the same day.

The blue camp charged the Chen government that Chen's position would isolate Taiwan from the international community. This criticism, however, became a fatal blow to the blue camp. It is a precept in Taiwan's presidential election that any candidate who stands by the Chinese side never won in the past two elections. Chen Shui-bian could firmly stand by Taiwan's position in

⁷ "Taiwan Identity is the Key Factor of Chen Shui-bian's Victory" (Taiwan Yishi Abian Ying de Guanjian), *China Times (Zhongguo Shibao)*, March 21, 2004.

⁸ "Lien Chan Turns to the Left for Breaking Siege: There Will Be No Hope If He Keep Defending" (Lian Zhan Jiwanzuo Liqiu Tuokun: Zaikunshouxiaqu Jiumeixiwang le), *The Journalist (Xinxinwen Zhoubao)*, No. 873, November 27-December 3, 2004, pp. 40-44.

⁹ Dr. Yoshiyuki Ogasawara pointed out that Chen Shui-bian increased more support from the Hokkien than other ethnic groups in his detailed analysis on the Taiwanese voting behavior. See "Analysis Report on Taiwan's Presidential Election in 2004, Part 1" (2004 nen Taiwan Soutou Senkyo Bunseki Repoto 1), available at <<http://www.tufs.ac.jp/ts/personal/ogasawara/analysis/election2004analysis1.html>>.

¹⁰ "Hu Jintao Orders Taiwan Policy should be done through Washington" (DuiTai Gongzuo Hujintao zhishi 'Huashengdun Xiashou'), *United Daily (Lian He Bao)*, June 21, 2003.

¹¹ "Bush says that the Leader of Taiwan May Change the Status Quo" (Buxi: Taiwan Lingdaoren Keneng Yao Gaibian Xianzhuang), *United Daily (Lian He Bao)*, June 21, 2003.

¹² "Japan Concerns Our Referendum" (Ribei Guanqie Wo Gongtuo), *United Daily (Lian He Bao)*, December 30, 2003.

spite of the mounting oppositions from abroad. He practically became a “Taiwanese national hero,” who never fears China and even the United States.¹³

Through the exchange of negative campaigns, televised presidential debates, and a series of events such as the human chain rally by a million people to protest against the PRC’s ballistic missiles aiming at Taiwan on February 28, the popularity of Chen’s side increased, which led to a very close race. In brief, the largest driving force of the green’s successful campaign strategy was called “Chen Shui-bian’s strong will power.”¹⁴

2. The Result of the Presidential Election

Impact of the Gunshot Incident

The result of the presidential election is the following.¹⁵ Chen and Lu of the DPP won the 2004 presidential election against the opposing group of Lien and Soong by a narrow margin of 29,518 votes. Some 13,251,719 people voted in the presidential election, a turnout of 80.28 percent out of the 16,507,179 eligible voters. The DPP candidates won 6,471,970 votes, or 50.11 percent of the total cast, while Lien and Soong got 6,442,452 or 49.89 percent. Invalid votes totaled 337,297, representing 2.5 percent of the total precinct.

Table 2: The Result of the Presidential Election

	Chen-Lu Ticket	Lien-Soong Ticket
Ballots	6,471,970	6,442,452
Percentage	50.11%	49.89%

Source: *Taipei Times*, March 21, 2004.

Table 3: The Last Polls of the Presidential Election

	Chen-Lu Ticket	Lien-Soong Ticket	Date
Tunghai University	31.6%	34.5%	Feb. 28-29
TVBS	36.0%	43.0%	Mar. 2
PFP	31.0%	38.7%	Mar. 2-3
Pro Market Research	36.0%	35.7%	Mar.4
China Times	39.8%	38.1%	Mar.1-5
Taiwan Thinktank	40.4%	39.5%	Mar.4-6
DPP	39.1%	38.0%	Mar.6-7
ERA TV	34.1%	39.0%	Mar.7
United Daily	38.0%	41.0%	Mar.7-8
KMT	30.6%	35.0%	Mar.8

Source: *United Evening News (Lian He Wan Bao)*, March 21, 2004.

This election result was almost unacceptable for the blue camp supporters. Because most of the last polls indicated that Lien and Soong were likely to win with a slight margin, but the assassination attempt against Chen appeared to largely reversed this prospect.

The polls have their own political tendencies. So the analysts should use these numbers very carefully. The polls display, however, the general trend of changing supporting rates. For instance, the election poll conducted by the Era Survey Research Center indicates that Chen-Lu ticket was the most popular for only a week after the February 28 human chain rally, but quickly

¹³ “To Oppose China and to Resist US: Taiwan’s National Hero, Chen Shui-bian” (Fanzhong Kangmei: Taiwan Minzu Yingxiong, Chen Shuibian), *The Journalist (Xinxinwen Zhoubao)*, No. 876, December 18-24, 2003, pp. 33-35._

¹⁴ “Chen Shui-bian’s Best Contributor is Chen’s Strong Will Power” (Chen Shuibian de Diyi Gongchen Jiushi Suowei de ‘Bian Yizhi’), *The Journalist (Xinxinwen Zhoubao)*, No. 889A, March 21-31, 2004, pp. 42-44._

¹⁵ Lindy Yeh, “Controversial Victory for Chen,” *Taipei Times*, March 21, 2004.

became unpopular again, then reversed the situation overnight.¹⁶ Other polls also indicate that gunshot incident had increased the number of voters, and also increased the Chen-Lu supporters.

Table 4: Impact of the Gunshot Incident on the Voting Behavior

Impact on willingness to vote	No impact	Changed not to vote	Changed to vote	No answer
	94.4_	.8_	4.2_	.6_
Switch candidates	No impact	Switched to vote for Lien	Switched to vote for Chen	No answer
	94.8_	1.3_	2.2_	1.7_

Source: “According to the poll the gunshot has an impact to twelve thousand voters’ behavior” (Benbao Mindiao: Qiangji Xiaoying Xuanpiao Xiaochang Shierwan), *United Evening News (Lian He Wan Bao)*, March 21, 2004.

The gunshot event was a serious setback to Taiwan’s democracy. In other words, although the PRC had been very self-restraint and tried not to provoke Taiwan by sort of a military threat in a visible way, two unknown bullets played exactly the same role as China’s missile tests, which were carried out during the 1996 presidential election. The gunshot incident, inadvertently yet strongly, solidified the Taiwanese identity.

Moreover, some election staffers for the blue camp voiced their doubts. They suggested that the whole event was spurious and that it looked like a forged story plotted by the green camp. This accusation provoked a majority of the compassionate and good-natured Taiwanese people, and had the contrary effect the blue camp had initially imagined.¹⁷ Once the people began to sense that Chen and Lu would possibly win, the undecided voters leaned toward the winning side. As a result, Chen and Lu were bathed in tens of thousands of sympathy votes, which the blue camps misjudgment also helped create.

Protest against the Election Result and Power Struggle within the Blue Camp

Speaking before an angry crowd in front of the blue camp's election campaign headquarters in Taipei, Lien refused to concede defeat and said the alliance would file a lawsuit against the result announced by the Central Electoral Commission (CEC), claiming the election was invalid and demanding the result should be annulled.¹⁸ “Such a thin margin is the result of the uncertainties left by yesterday's gunshots the truth of which has yet to be clarified,” Lien said. “It was an unfair election,” said Lien angrily. “Therefore, we will file a lawsuit against the election result. We demand the CEC seal all ballot boxes nationwide immediately and wait for the authorities to recount the ballots.”

Lien’s contumacious attitude appears to play an extra inning of the presidential election, which has been battled essentially on the politically divisive field. However, it was also an extra inning of the power struggle inside the blue camp. The night of March 21 is the starting point of the Legislative election, which will be held at the end of 2004. Unlike the presidential election, the Legislative election is held under the medium constituency system.¹⁹ In other words, the legislatures in the KMT and PFP will compete against each other.

During the process of the presidential campaign, many of the PFP supporters, who used to be the loyal KMT members, went back to Lien Chan’s KMT under the national flag of the “Republic of China.” The PFP legislatures have to bring them back to their side to win the

¹⁶ Poll conducted by the Era Survey Research Center. Accessed on April 8, 2004.

<http://news.era.com.com/prog_pic/survey/145_1.pdf>.

¹⁷ “Taiwan Identity Yielded Five Keys for Victory” (Taiwan Yishi Shengchu Wuda Guanjian Faxiao), *Taiwan Daily (Taiwan Ribao)*, March 21, 2004.

¹⁸ Lindy Yeh, “Controversial Victory for Chen,” *Taipei Times*, March 21, 2004.

¹⁹ “Fail of Lien-Soong Ticket Shocks the Legislative Election” (Lian-Song Pei Pomie Chongji Liwei Xuanju), *China Times (Zhongguo Shibao)*, March 21, 2004.

Legislative election. This is why most of the legislatures, who led the protest demonstrations, are the PFP members.²⁰

Followed by Chen, James Soong also raised a lawsuit for annulling the election.²¹ This action appeared an attempt to prevent Ma Ying-jeou from rising, should Lien Chan resign chairman of the KMT. As long as Lien and Soong refuse to take responsibility for their defeat, they can remain as party leaders. If Lien Chan resign, Ma Ying-jeou may replace him or become the top vice chairman of the KMT. Both James Soong and Ma Ying-jeou are the mainlanders, who represent only 13 percent of the total Taiwanese population. As a minority, it is very important for them to come united under a single leader. This logic is exactly the same one as what it was when the Lien-Soong ticket emerged in February 2003.

A Rapid Decline of the Blue Camp

James Soong and his party appear to have successfully carried out their strategy of political survival. Their strategy, however, was flawed on a few counts and therefore seriously disparaged the blue camp on the whole. First, its resistance to the election result was made based upon some dubious presumptions that the gunshot incident was falsified, and that the whole election process was illegally controlled by the green camp. Although a number of issues remain mysterious in the incident, the conspiracy theory sounds extremely unrealistic, because a person's life—including the president's—was at risk.²² Both ruling and opposition parties' watchmen monitored local polling stations on March 20, and no evidence of the CEC's cheating was found thus far.

Consequently, the blue party's demand for annulling the election became unpopular among the so-called "pan-blue media," such as the *United Daily* and the *China Times*,²³ and they began criticizing Lien/Soong-led violent protest movement in their readers' columns after the election. Moreover, recount looks unlikely to alter the result of the election. The majority of the blue supporters, therefore, stayed disinclined to join the protest. According to the poll conducted by the *United Daily*, 49 percent of the respondents support recount lawsuit, but 63 percent do not like the protest movements.²⁴ Taiwan's stock market plunged after the election, and the business people, who prefer a stable environment for investment, are quite worried that the protest movement possibly destabilizes the domestic political—and thus economic—situation in Taiwan.²⁵

Furthermore, on the question that "If the election can be done again, which ticket will you vote for?" a question posited in the poll conducted by the Era Survey Research Center on March 23 to 24, 32.8 percent said it would be Chen Shui-bian, while only 31.3 percent chose Lien Chan.²⁶ During the campaign period, the Center's polls never showed a result in which Chen wins over Lien. Ironically, Lien and Soong's performances engendered negative sentiments among their supporters.

Lien and Soong since the election should be diminished, and the generational change should arise. However, they never take responsibility for their unsuccessful campaign, and keep occupying the seats of the two party's chairmen. It still remains unclear whether either of them

²⁰ "The Non-Mainstream in the Past Comes Back to the Party and Becomes the New Mainstream" (Dangnian Chuzou de Feizhuliu Xianzai Huitou Qiangdang Xinzhuliu), *The Journalist (Xinxinwen Zhoubao)*, No. 891, April 1-7, 2004, pp. 34-36.

²¹ "Soong Made a Decisive Action for Recounting Ballots," *Chinatimes Express (Zhongshi Wanbao)*, March 21, 2004.

²² The U.S. gunshot was a real gunshot incident. See Jimmy Chuang, "Scientist confirms president was shot," *Taipei Times*, April 10, 2004, <<http://www.taipetimes.com/News>>.

²³ On colors of the Taiwanese media, see the following report. "Reporters' Political Position Is So Clear That Executives China Times Resign" (Jizhe Lichang Taixianming Zhongguo Shibao Gaocheng Ti Cicheng), *The Journalist (Xinxinwen Zhoubao)*, No. 892, April 8-14, 2004, pp. 60-64.

²⁴ "49% Support lawsuit, 63% Oppose Demonstration" (49% Zhichi Xuanju Susong, 63% Fandui Kangzheng), *United Daily (Lian He Bao)*, March 22, 2004.

²⁵ Joyce Huang, "TAIEX falls nearly 7% as investors panic over election," *Taipei Times*, Mar 23, 2004, downloaded from <<http://www.taipetimes.com/News/front/archives/2004/03/23/2003107380>>. "Annulment of the Election? The Business Circles Are Worried" (Xuanju Wuxiao? Qiyejie Youxin), *China Times (Zhongguo Shibao)*, March 21, 2004.

²⁶ Poll conducted by the Era Survey Research Center. Accessed on April 12, 2004. <http://news.era.com.com/prog_pic/survey/152_1.pdf>

may retire from the political scene, when it is determined that the result of recounting ballot officially declares Chen Shui-bian a winner.

Potential Impacts on the 2004 Legislative Election

Protest movements became bloody riots on March 26 and April 10. Taipei Mayor Ma Ying-jeou repeatedly tried to peacefully repress the riot, but failed to do so. So that Mayor Ma got crossfire from the green camp, which demands social stability, and the extreme PFP legislators, who insist Chen Shui-bian cheated the election and only protest on streets can solve the problem.

The PFP might make the same mistake as the "New Party" did in the past. The "New Party" was established in 1993, and gained 24 seats in the 1995 legislative election. But it took extremely anti-Lee Teng-hui policies, and most of the indigenous supporters left the party. In the end, the mainlander's supporters also switched their party orientation to the PFP, and there was only one seat left after the 2001 legislative election.

The chairman of the Legislative Yuan, Wang Jin-pyng, who has many of so-called "indigenous factions" in the KMT, has also put efforts to solve the post-election disputes in a palliated way.²⁷ The PFP legislatures nonetheless have kept dancing on the streets. The share of the blue supporters has shrunk as a result, and the green camp now faces one of the greatest opportunities to gain more support from the moderate blue supporters. Indeed, it is reported that the DPP legislatures actually feel very content about the current political situation.²⁸ The Taiwan Solidarity Union (TSU) is also likely to be a beneficiary of this post-election turmoil, because the "indigenous factions" of the KMT may escape from or keep distance from the party, and come close to the TSU.

To make matters worse for the blue camp, the number of incumbent legislatures is bigger than that of the green camp, and both blue parties are roughly the same size. Thus, the fiercely competition between the PFP and the KMT will be inevitable.

On the contrary, cooperation within the green camp is more easily made, and competition much softer. Two reasons stand out. First, the former president Lee Teng-hui, who has led the successful presidential campaign and helped Chen Shui-bian get reelected, can keep playing the mediator's role between the two parties in the camp. Second, the DPP is the biggest party in the Legislative Yuan, while the TSU is the smallest one, so they tend to avoid unnecessary competition in the same constituencies. If the green camp can be a majority in the Legislative Yuan, Chen Shui-bian's campaign pledge, which would establish the new Taiwanese constitution through a referendum, will be more easily materialized in his second term.

Meaning of the Invalid Referendum

In the referendum, voters were asked to vote yes or no on two questions:²⁹

- 1: The Taiwan people demand that the cross-strait issue be resolved through peaceful means. Should Mainland China refuse to dismantle the missiles targeting Taiwan and to openly renounce the use of force against us, do you agree that the government should purchase more advanced anti-missile weapons to strengthen Taiwan's self-defense capabilities?
- 2: Do you agree that our government should undertake negotiations with Mainland China on the basis of a "peace and stability" framework for cross-strait

²⁷ "Which does the Indigenous Faction of the KMT Ring, a Warning Bell or a Funeral Bell?" (Bentupai Liwei Qiaoxiang de shi Jingzhong Haishi Sangzhong?), *The Journalist (Xinxinwen Zhoubao)*, No. 890, March 26-31, 2004, pp. 43-44.

²⁸ "The Green Camp Is Secretly Pleased That Struggle inside the Blue Camp Is Favorable for the Legislative Election," *United Daily (Lian He Bao)*, March 22, 2004.

²⁹ Lindy Yeh, "Controversial Victory for Chen," *Taipei Times*, March 21, 2004.

interactions in order to build consensus and for the welfare of the peoples of both sides?

On the first question, 7,452,340 people picked up the ballots, representing 45.17 percent of the eligible, with 359,711 invalid ballots. Among the valid ballots, 6,511,216 people voted yes, while 581,413 no.

On the second question, 7,444,148 ballots were cast, representing 45.12 percent of eligible voters, with 578,574 invalid. Of the valid ballots, 6,319,663 voted yes, and 545,911 no.

Table 5: The Result of the Presidential Election

Question	Voting rate	Yes	No
Missile Defense	45.17_	90.80_	8.20_
Equal Negotiation	45.12_	92.05_	7.95_

Source: *Taipei Times*, March 21, 2004.

Though most of the voters voted for yes, the nation's very first referendum failed to win the number of voters necessary to make the result valid. Only 45.17 percent of eligible voters took part. The Referendum Law requires at least 50 percent of those eligible to cast votes to make the vote valid³⁰. This hurdle was too high, so the Executive Yuan began to consider an amendment of the law.³¹

But the referendum's political influence was exuberant. It was very useful for agenda-setting the future of Taiwan during the campaign, and in the end, became one of the biggest factors to enable Chen Shui-bian to win. Therefore, it is fairly natural to conclude that either the green camp or the blue camp would like to rely on the referendum to gain more support.

An international consequence of the referendum was that the invalid referendum saved the PRC's face this time. But the next referendum can be held in future elections, and it could lead to the establishment of the new constitution.

3. The Election's Impact on the PRC-Taiwan Relations

Cross-Strait Military Balance and the PRC's "Coercive Unification"

If Taiwan continues to cling to the direction for independence, what would or could the PRC do in response? Is an armed conflict between the two sides of the Taiwan Strait ineluctable? The PRC could possibly use its force, but it is highly unlikely to do so. The PRC's Taiwan policy has in effect come to an impasse militarily, and the only viable policy left for the PRC at present would be economic engagement toward Taiwan.

Yet the PRC retains several, albeit less unrealistic, military options vis-à-vis Taiwan. The "costs of conflict," however, is still too high for the PRC to bring the contingency plans into a reality. Andrew Scobell and Larry M. Wortzel, summarizing those options, argue that a military conflict over Taiwan:

- 1) Will mean a conflict with the United States;
- 2) Could place at dire risk what some Chinese consider their vital national interests, i.e., reform and modernization;
- 3) Could result in a protracted "Cold War" with the United States and some Western nations;
- 4) Could strengthen the resolve of Taiwan separatists, not cow them;

³⁰ Lindy Yeh, "Controversial Victory for Chen," *Taipei Times*, March 21, 2004.

³¹ "Both of the Referendum Questions Were Invalid: the Executive Yuan Begins to Consider Lowering the Hurdle for Validity through Revising the 'Referendum Law,'" *Apple Daily (Taiwan) (Pingguo Ribao, Taiwan)*, March 21, 2004.

- 5) Might even cost the regime in Beijing the support of its own people for the endeavor;
- 6) Could escalate into a major war due to either to a failure on the part of Beijing to have a firm political end-state in mind and a military plan tailored to it, or due to the unpredictability of the scale of U.S. military involvement.³²

In addition, the PRC leadership has realized that the “costs of military intimidation” are very high as well. During the periods of President Lee Teng-hui’s visit to Cornell University in May 1995 to the presidential election in March 1996, the People’s Liberation Army (PLA) of the PRC launched ballistic missiles and made a series of military exercises to intimidate the people in Taiwan. The Clinton administration in response sent two aircraft carrier battle groups to the area surrounding Taiwan to showcase U.S. commitment to stability in the region. This action, after all, successfully deterred or prevented the PRC’s attempts from intimidating or actually attacking Taiwan, and forced the PRC to practice self-restraint. The PRC’s military intimidation against Taiwan only resulted in U.S. intervention.

Paradoxically, the scale of Chinese military intimidation had to taper off, in spite of the increasing boldness of the Taiwanese leadership. Indeed, when President Lee Teng-hui made a statement of the so-called “Two State Theory” in July 1999, the PLA only conducted joint landing operations, but was not bold enough to launch ballistic missiles any more, for fear of a U.S. intervention. When a pro-independence candidate Chen Shui-bian won the presidential election in March 2000, the PRC did not to give any actual military pressure to Taiwan, but instead it just published a Taiwan white paper; Premier Zhu Rongji publicly made a tough talk before the election, and warned the citizens of Taiwan not to choose Chen. When President Chen Shui-bian made a statement of “one country on either side” to characterize the cross-Strait relationship in August 2002, the PLA did not make any military exercises; the PRC could only fight a “battle of words” through its propaganda apparatus for approximately a month.

When the legislative election was held in 2001, the PRC could do very little to influence Taiwan. Ironically, the pro-independence DPP won the election and became the largest party in the Legislative Yuan. During the 2004 presidential campaign, the PRC had done virtually no military threat of any sort. The pro-independence candidate Chen Shui-bian won his reelection.

Although the PRC had stayed very low-key toward Taiwan’s election, the United States nonetheless sent the aircraft carrier *Kitty Hawk* near Hong Kong in mid-March 2004 for the sake of “the crew’s rest.” It was apparent, however, that the *Kitty Hawk* could be used for any Taiwan-related contingencies should they occur. U.S. military deterrence toward a Chinese use of force vis-à-vis Taiwan, therefore, has been still effective. In lieu of a military threat, the PRC arrested tens of the so-called “Taiwanese spies” at the end of 2003, but that had very little influence on the election itself.

The PRC’s reduced military aggressiveness should be interpreted that the DPP can win elections with or without the PRC’s military extravaganza. To put it differently, the PRC has almost no political influence even if it relies on military intimidation. When it uses its force, it should be the case of an actual use of force, not intimidation. The PLA thus has to be preparing for the use of force against Taiwan, in case something unacceptable for the PRC, that is, a tangible declaration of independence, happens in Taiwan in the foreseeable future. The Pentagon’s report to the Congress on China’s military power argues that: should China use force, its primary goal likely would be to compel a negotiated solution on terms favorable to Beijing. Such an approach would be necessitating a rapid collapse of Taiwan’s national will, precluding the United States from intervening.³³

The Pentagon paper states that the PLA will continue to advance its capability to “punish,”

³² Andrew Scobell ed., *The Cost of Conflict: The Impact on China of a Future War* (Washington, DC: the Strategic Studies Institute at U.S. Army War College, 2001), pp. 24-25.

³³ “Annual Report on the Military Power of the People’s Republic of China,” Report to Congress, Pursuant to the FY2000 National Defense Authorization Act, p. 47, cited from <http://www.defenselink.mil/> (Put the date when you accessed this report)

or annex, Taiwan as well as to deny a U.S. military intervention.³⁴ But Chinese preparation for a “coercive unification” would take long, like its “economic engagement” policy. An old Chinese saying is ominous in this sense: “Even if a gentleman’s revenge takes ten years of time, it is not too late. (*Junzi baochou shinian buwan*).” It suggests that the PRC jettison its military options against Taiwan if it declares independence in a visible way, despite a potential growing military intervention by the United States. Should it occur, the PRC’s use of force will most likely end up unsuccessful—that is, that will lead only to a devastation on both sides of the Taiwan Strait.

Promotion of Opening up “Three Links” without Direct Contacts

Since military options remain unrealistic in the short run, the PRC’s Taiwan policy has become more and more dependent on its economic leverage. The Chinese economy has shown a remarkable growth over the past couple of years, while Taiwan has suffered from its worst economic recession at the beginning of 2000s since the oil shocks in the 1970s. People in the PRC are quite confident in their economic capacity, and reform and openness policy enhanced the important concepts of the “Three Represents,” which were formally endorsed in Jiang Zemin’s report in the 16th National Congress of the CCP.³⁵ The PRC citizens began to think that if their economy continues to grow, all other problems can be solved.³⁶ From this perspective, the PRC’s current Taiwan policy can be summarized as the “promotion of unification through economic engagement to Taiwan.”

Indeed, cross-Strait relations have grown further economically interdependent. According to Taiwan’s 2003 economic statistics, it’s trade with Mainland China reached \$46.32 billion, which is a 23.3 percent increase compared to the previous year, and occupies 17.1 percent of the total amount of foreign trade³⁷. In 2003, Mainland China became the largest trade partner for Taiwan, the position the United States had occupied for many years.

It is apparent that the PRC’s most pressing subject is to open up “three links” with Taiwan. At first, the PRC was subject to Taiwan accepting “one China” principle for opening “three links” with Taiwan. However, Vice Premier Qian Qichen, who has been in charge of Taiwan policy in the PRC leadership, has made a series of concessions in order to achieve this goal in the following remarks:

- 1) Qian said; “one China” means that “there is only one China in the world, the mainland and Taiwan are both parts of China and China’s sovereignty and territorial integrity is not to be separated.”³⁸
- 2) He said; “Even for those who advocated ‘Taiwan independence’ in the past and those who once participated in and followed it, we would like to examine and promote the development of relations between the two sides so long as they give up their separatist position,” thereby urging the DPP to change its policy.³⁹

³⁴ “Annual Report on the Military Power of the People’s Republic of China,” Report to Congress, Pursuant to the FY2000 National Defense Authorization Act, pp. 50-52, cited from <http://www.defenselink.mil/> (Put the date when you accessed this report)

³⁵ Cited from http://english.people.com.cn/200211/18/eng20021118_106983.shtml (Accessed when?)

³⁶ “Zhang Nianchi says that China is Enhancing the Gradual Approach of Unification” (Zhang Nianchi: Jianjinshi Tongyi Liliang Zheng Jiaqiang), *United Daily (Lien He Bao)*, November 21, 2003.

³⁷ See Cross-Strait economic statistics. Accessed on April 15, 2004, available at <http://www.koryu.or.jp/Geppo.nsf/98c251587f074d31492568bd00456880/678571d3a0f6e30449256e4e001d697c?OpenDocument>.

³⁸ “Qian Qichenn Meets Delegation of United Daily from Taiwan” (Qian Qi chen Huijian Taiwan Lian He Bao Xi Fangwentuan), *People’s Daily Overseas Edition (Renmin Ribao Haiwanban)*, August 26, 2000. The second expression of the former definition used to be “Taiwan Is a Part of China,” which means that Taiwan is a mere subordinate to China. See *East Asian Strategic Review 2002*, the National Institute for Defense Studies, Tokyo, 2001, p.219.

³⁹ “Complete Unification of China, and Materialize Reconstruction of Great China as Early as Possible,” (Zaori Wancheng Zuguo Tongyi Daye Shixian Zhonghua Minzu Weida Fuxing) *People’s Daily Overseas Edition, (Renmin Ribao Haiwanban)* January 23, 2001.

- 3) Qian described air/sea lanes between the Mainland China and Taiwan “Cross-Strait lanes.”⁴⁰
- 4) Executive Deputy Director of Taiwan Affairs Office, Li Bingcai declared that if Taiwan “regards” air/sea lanes between the Mainland China and Taiwan as “domestic lanes,” it would be acceptable to begin negotiations with Mainland China. Qian declared that it is not necessary for Taiwan to mention the political definition of “one China,” and a private organization will be commissioned to negotiation on “three links.”⁴¹ Executive Deputy Director of Taiwan Affairs Office, Wang Zaixi also repeated the same position on “one China” in August 2003.⁴²
- 5) Director of Public Relations of Taiwan Affairs Office, Zhang Mingqing announced that Mainland China welcomes negotiation with Taiwan on “three links” any time.⁴³
- 6) State Counsellor Tang Jiaxuan did not deny the idea of “one-sided direct flight.”⁴⁴
- 7) The PRC’ published White Paper on Policy on Three Links, and described “three links” as internal affairs of the Chinese in both sides of the Taiwan Strait, but not in one China.⁴⁵

Under the current circumstances, however, it is difficult to expect a dialogue between China and Taiwan to be resumed, as there is a too large gap between the two sides’ political assertions. In the short term, it is beneficial for Jiang Zemin or Hu Jintao not to resume the cross-strait dialogue, which used to be held between the Association for Relations Across the Taiwan Strait (ARATS) and the Straits Exchange Foundation (SEF). The dialogue’s resumption would simply create an impression that Jiang or Hu is “helping” pro-independence Chen Shui-bian’s reelection bid in 2004. If Jiang or Hu were perceived as a “supporter” of Taiwanese independence in the PRC, it would be extremely difficult for him to maintain his political power or influence during the power transition period. Therefore, the PRC has firmly demanded that Taiwan accept its “one China” principle; in other words, it has successfully avoided resuming its dialogue with Taiwan, by presenting options unacceptable to Taiwan. Meanwhile, the PRC’s diplomatic struggle against Taiwan will continue.

Chen Shui-bian’s “Both Hands Strategy”

Based upon the coalition in the green camp, Chen Shui-bian had pronounced a soft and moderate Mainland policy in order not to provoke opposition parties, business leaders, and the PRC. He attempted to do it in several ways.

First, he tried to manage the “one China”-related controversy. Chen has accepted the idea of resolving the “one China” issue under the framework of the constitution of the Republic of China (ROC).⁴⁶

⁴⁰ This statement was only reported in Taiwan, but was not reported in the PRC. The PRC only reported its principles that the lanes are “domestic” ones. “Qian Qichen: Direct Flight Can be Seen as Cross Strait Route,” *United Daily, (Lian He Bao)* April 4, 2001. “Qian Qichen Meets the PFP ‘Three Links’ Delegation from Taiwan and Says ‘Three Links’ are Objective Demands,” (Qian Qichen Huijian Taiwan Qinmindang “Santong” Canfangtuanshishuo “Santong” Shi Liangan Jiaowang Keguan Yaoqiu) *People’s Daily Overseas Edition, (Renmin Ribao Haiwanban)* April 4, 2001. “Qian Qichen: Promoting ‘three links’ Has Nothing to Do with the Next Presidential Election” (Qian Qichen: Tuidong Santong Wuguan Xiajie Zongtong Xuanju) *United Daily, (Lian He Bao)* October 17, 2002.

⁴¹ “Mainland Suggests Concreat Plan for ‘Three Links’” (Dalu Jiu”Santong” Tichu Juti Shexiang) *People’s Daily Overseas Edition, (Renmin Ribao Haiwanban)* June 25, 2002. “Qian Qichen Meets Guests from Taiwan,” (Qian Qichen Huijian Taiwan Keren) *People’s Daily Overseas Edition, (Renmin Ribao Haiwanban)* July 6, 2002.

⁴² “Wang Zaixi: ‘Three Links’ Does Not Need to Touch Political Definition of One China” (Wang Zaixi: Santong Kebushe Yizhong Zhengzhi Hanyi) *People’s Daily Overseas Edition, (Renmin Ribao Haiwanban)* August 29, 2003.

⁴³ “Zhang Mingqing: We Can Talk ‘Three Links’ Anytime,” (Guotaiban Xinwenjuzhang Zhang Mingqing: Santong Xieshang Renhe Shihou Douketan) *United Daily, (Lien He Bao)* August 16, 2003.

⁴⁴ “Tang Jiaxuan: We Will Keep on Doing Good for the Taiwan Businessmen,” (Tang Jiaxuan: Youliyu Taibao De Shi Hui Jixu Zuoxiaqu) *United Daily, (Lien He Bao)* November 30, 2003.

⁴⁵ “OTA: ‘Three Links’ Are Internal Affairs of the Chinese People in Both Sides of The Taiwan Strait,” (Guotaiban: Santong Shi Liangan Zhongguoren Neibshiwu) *United Daily, (Lien He Bao)* December 18, 2003.

⁴⁶ “The New Year Message from the President: One China Does Not Matter According to the Constitution,” (Yuandan Zhuci Zongtong: Yi Xianfa Yizhong Yuan Bushi Wenti) *United Daily, (Lien He Bao)* January 1, 2001.

His second posture toward Mainland China is the so-called “integration theory.” Chen said, “Both sides of the Taiwan Strait can start by integrating their economies through trade and cultural exchanges. The two sides can gradually build confidence with the other and eventually pursue eternal peace and political integration.”⁴⁷

The third policy is the shift from the “no rush, be patient” policy to the “active opening and effective management” policy with regards to Taiwan’s investment on Mainland China.⁴⁸ This policy shift has been introduced by the political pressure from business leaders in Taiwan. Although the concrete substance of the policy has not changed substantially, the usage of the phrase “active opening” sounds “relatively good.” An “active opening” policy can once again give rise to an expectation for the PRC of a “peaceful unification” through economic interdependence.

The fourth policy is to retreat troops from the front line offshore islands, in order to send a message of goodwill toward the PRC.⁴⁹

Fifth, Chen Shui-bian is promoting unofficial negotiations on “three links” with the PRC through nongovernmental organs both from the PRC and Taiwan. Taiwan is gradually shifting its economic security policy thinking from regulation-oriented to globalization-oriented. The Chairman of the Mainland Affairs Council, Tsai Ing-wen, has written that Taiwan should build the economic security system for protecting the market economy and democracy, and should advance complete liberalization gradually.⁵⁰ Tsai Ing-wen also announced that unofficial or “private” negotiations on “three links” can be done in August 2003.⁵¹ The Legislative Yuan passed the amendment of *the Statute Governing the Relations between the People of the Taiwan Area and the Mainland Area*, which allows these negotiations.⁵² Both the PRC and Taiwan thus share in general the same approach on how to hold negotiations on “three links.” However, in order to resume the cross-Strait talks, a good political atmosphere should accompany.

Contrary to this, Chen Shui-bian occasionally counterattacks the PRC so as to make a warning against it. His statement, “one country on either side,” made public to consolidate Taiwan’s identity at the beginning of August 2002, is a good illustration. At that time, the PRC kept “bullying” Chen Shui-bian by announcing normalizing its diplomatic relations with the Republic of Nauru on the very date of Chen’s inauguration as the DPP’s party chairman.

It appears that Chen Shui-bian tried to show that he could become “another Lee Teng-hui” anytime, if the PRC does not submit to his stated position. Domestic political situations in Taiwan have dramatically altered, since the PRC’s economic pressures strengthened and Chen’s power-base has rigidified as well. As discussed earlier, only a strong leadership can Taiwan show hard-line posture vis-à-vis the PRC. The referendum was a “provocation” to the PRC. It may as well face both the negotiation of completion of the “three links” negotiations and another controversial referendum in 2005.

Conclusions

Four points stand out for the conclusion of this paper. First, the process of the presidential election has already altered the nature of the identity politics in Taiwan as well as cross-Strait relations. The referendum has become a national agenda for the Taiwanese. Chen Shui-bian has experienced, and his potential successors also witnessed, that Taiwan identity was the ultimate weapon to win the election. Identity politics is therefore likely to play a role for some time to

⁴⁷ Ibid.

⁴⁸ “CED Ends Yesterday: ‘No Haste, Be Patient’ Policy Was Eased,” (Jingfahuizuobimu: Jiejiyongren Zhengce Queding Songbang) *United Daily*, (*Lien He Bao*) August 27, 2001.

⁴⁹ “Islands of Daerdan Will Be Open to Sightseeing, Military Will Retreat,” (Daerdan Kaifang Guanguang Junfang Ni Cheli) *United Daily*, (*Lien He Bao*) June 20, 2001.

⁵⁰ Tsai Ing-wen “Economic Security in Taiwan,” *Papers on Contracting Asia-Pacific Economic Security*, DSIS, 1999, pp. 1-6.

⁵¹ “Tsai Ing-wen: Talks on Direct Flight Can Be Done by Private Channels,” (Tsai Ing-wen: Zhifang Xieshang Keweituo Minjian) *United Daily*, (*Lien He Bao*) August 24, 2001.

⁵² *United Daily*, (*Lien He Bao*) November 10, 2001.

come. The PRC was unable to threaten Taiwan enough during the campaign period, because it feared the countereffect, from both the United States and Taiwan. At the same time, the PRC had become a “paper tiger” by not conducting any exercises and virtually allowed Chen Shui-bian to hold a referendum. The hardliners in the PRC leadership, too, witnessed this process. The Hu Jintao government has very limited policy choices on Taiwan.

Second, the result of the 2004 presidential election will heavily influence the future course of Taiwan. Since the “green camp” includes all “pro-independence” elements and no “pro-unification” supporters, the Chen government’s the Mainland policy can be to a certain degree influenced by the extremists inside his camp. It is highly likely that referendums will be held in the foreseeable future. An extreme protest demonstration has effectively but unintendedly rendered the proportion of the blue camp languished. Chen Shui-bian will parlay this historic opportunity to advance his policy of driving Taiwan toward independence by introducing the new constitution. Status quo in the Taiwan Strait will be seriously challenged, and preserved from a larger viewpoint.

Third, the PRC’s long-term attitude will stay on the same course. That is, it has to continue to economically engage in Taiwan while preventing Taipei from obtaining too much support from Washington. The opening of a direct flight line fairly characterizes Beijing’s difficult position. A vast majority of those in Taiwan, the PRC, and the United States support the idea, and Taipei and Beijing agree to ask the “private sector” to initiate negotiations to making the idea into a reality. The problem, however, is that an auspicious political mood is a prerequisite, and that in doing so, Jiang Zemin’s authority should be reduced as Hu Jintao need strengthen his leadership, and the PRC’s Taiwan policy needs to be more conciliatory.

Finally, the problem of growing contradictions between national security and democracy is likely to become more apparent and more serious. The United States has demanded that Taiwan democratize, and Taiwan practically achieved it in the last decade. Yet a lavish change originating from the process of democratization in Taiwan is superfluous.

Democratization is not a panacea. It does not solve all of Taiwan’s unclear standing on international status, nor is it likely to be perfectly conducive to its security plight in the East Asian region. Taiwan’s democratization was originally an idea that the United States promoted. Simultaneously, however, the Taiwanese democratization may erode the United States’ interest if leads to an official declaration of independence, which would inevitably invite the PRC’s military intervention. Washington is in a precarious position in this sense, in which it cannot completely oppose a state’s democratic decision, while it does not reserve the right to “physically” intervene, as the PRC, in Taiwan’s domestic politics to stop further democratization. The United States, primarily to avoid an armed conflict on the Taiwan Strait, continues to strongly urge Taiwan not to declare independence. This posture has proven effective, since the United States is more influential on Taiwan than the PRC—but it goes only so far. The greatest challenge to the Taipei leadership is whether it is capable of balancing its relations with Mainland China and with the United States—of not giving the PRC room for military intervention while it continues to side with the United States as it democratizes. The international community, too, has vital interest at stake in the intricacy of Taiwan’s political status, since it is debatable whether the international community can in effect “ignore” the PRC’s excessive intervention in a democratic state’s domestic politics. This way, Taiwan’s democratization tests the international community’s ability to deal with the issues of territoriality and sovereignty.