



Taiwan's Election 2016 and Cross-Strait Policy

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The Chairperson of Democratic Progressive Party (DPP 民進黨), Tsai Ying-wen's (蔡英文) landslide victory in the presidential election, who received 56.2 percent of total votes (6.74 million votes), has unsettled the water in the Taiwan Strait. Kuomintang Party's (KMT 國民黨) candidate Eric Chu (朱立倫) got only 30.9 percent (3.71 million) of the total votes. The woes for Mainland have also become acute because of DPP getting absolute majority, 68 out of 113 seats for the first time in the history of Legislative Yuan, usually referred to as the Parliament after the abolishment of the National Assembly. The absolute victory of DPP indicates Taiwanese voters' repudiation of Ma's policies, both domestic and cross-Strait.

Tsai, a PhD from the London School of Economics, will be the first female President of Taiwan and the second in East Asia after Park Geun-hye, the President of South Korea. The election also ensured the third transfer of power since 1996, when direct presidential elections were introduced. Tsai's victory in the presidential elections symbolizes the maturing of democracy in Taiwan and indicates the dawn of rotation of power between parties, eliminating the domination of one party. The 2016 election also cast off any probability of the advent of two-party system in Taiwan as in the United States. The newly formed

New Power Party, which emerged from the student demonstrations in the Spring of 2014, secured five seats in the Legislative Yuan.

The historic victory of DPP in both presidential and legislative Yuan has entrusted Tsai Ying-wen, the President-elect, with the power to overhaul domestic and foreign policies. Mainland China has always been suspicious of DPP's policies. The DPP has been a pro-independence party and a strong advocate of a distinct Taiwanese identity. But judging from the victory speech made by Tsai, it is clear that she would not venture into the pro-independence policy of Chen Shui-bian presidency (2000-2008).

As the Minister of Mainland Office of Taiwan under Chen Shui-bian, Tsai has the experience of managing a complex and sentimental policy towards the Mainland. Observers say that she has grown more mature, pragmatic and understands the tenacity of sovereignty issues. But worrisome for China is her non-approval of the '1992 Consensus'.¹ China regards the '1992 Consensus' as the basic principle of cross-Strait relationship. Tsai, on the other hand, seeks to maintain the status-quo in cross-Strait relationship² without conforming to the provisions of the '1992 Consensus', thereby putting the onus on the Mainland to maintain the status-quo.

The previous government led by Ma Ying-jeou had a cordial relationship with the Mainland, conforming to the 'One China' principle of the 1992 Consensus; but it disagreed over which government represents the Government of 'One China'. Ma strengthened economic relations with Mainland and it was seen by Taiwanese people as aligning with Mainland not only economically, but also politically.

Tsai won partly because Taiwan's economy is going through a crisis and is underperforming. According to the Bureau of Foreign Trade, Taiwan's exports in November 2015 decreased by 13.21 per cent compared with the last year.³ According to Taiwan Institute of Economic Research (TIER), the exports to China dropped by more than 17.1 per cent; to ASEAN 6 by 17.2 per cent; to US by 0.4 per cent, to Europe by 9.4 per cent,

and to Japan by 15.1 per cent. The unemployment rate in September was 3.89 per cent.⁴ According to TIER, the unemployment rate has been approximately the lowest for the same period for the past 15 years.⁵ In addition, wages have not increased for decades⁶, and living costs are escalating⁷. Tsai's election campaign highlighted these issues and promised to voters, especially young voters, growth based on trade diversification, domestic liberalization, innovation and job creation.

Constrained by diplomatic isolation and military threat imposed by the PRC, Taiwan has always relied on an economic approach to its national security⁸. There are, nevertheless, differences in opinion among leaders. One school of thought sees Taiwan's growing economic dependence on the Mainland as inimical to Taiwan's security, because this dependence gives Beijing's undue leverage over Taipei.⁹ Former President Lee Teng-hui of KMT followed the policy of "no haste, be patient"¹⁰ in economic relation with Mainland and sought to make cross-Strait economic ties subordinate to cross-Strait security, while Chen Shui-bian regarded the normalization of economic ties with Mainland for its national security on one hand and, on the other hand, pitched for Taiwan's independence. Chen's cross-Strait economic policy substantially increased the trade with mainland. The trade volume increased from US\$ 10.44 billion in 2000 to US\$ 98.27 billion in 2008¹¹ - a growth of 841 per cent for the period. Ma Ying-jeou followed 'diplomatic truce'¹² policy in cross-Strait relationship and continued with Chen's economic rapprochement with the Mainland.

Tsai is expected to move cautiously ahead with cross-Strait economic policy. Taiwan's export oriented economy could not sustain the loss of huge Mainland market. Taiwan already is heavily dependent on China, which accounts for 40 per cent of its exports. Three million Mainlanders visit Taiwan as tourists each year. There are over 800 weekly air links between the two countries after direct flights were resumed in 2008 after a gap of 60 years. It would be also not favourable for Chinese diplomacy to further alienate public support from KMT and its pro-unification inclinations, if China insists on the recognition of '1992 Consensus' by DPP as a pre-condition for a dialogue between Mainland and Taiwan.

Lee Teng-hui introduced “effective deterrence and resolute defence” policy towards Mainland because “re-taking China was no longer the mission of Taiwan’s armed forces, but to deter China’s attack by building an effective defensive posture and if deterrence failed, to defeat enemy’s forces on Taiwan’s coastline.”¹³ Chen Shui-bian altered the defence strategy to “effective deterrence and strong defence posture” whereby “strong defence posture” involved “the development and acquisition of weaponry that would enable defence beyond Taiwan’s shoreline, with the possibility of a counter-strike option involving targets in Chinese territory.”¹⁴ Some defence analysts regard Chen’s defence policy as offensive deterrence. Ma Ying-jeou’s defence policy, as envisaged in the Quadrennial Defence Review 2009, Ministry of Defence, Taiwan,¹⁵ emphasised on building “Hard ROC” defence and “resolute defence and credible deterrence.”¹⁶ Building ‘Hard ROC’ defence capabilities focuses upon “war fighting capability preservation and infrastructure protection enhancement to strengthen sustainment after the enemy’s first strike.” Ma also sought to build ‘credible deterrence’ by “enhancing defensive counter-measure capabilities and asymmetrical warfare capabilities” for ‘resolute defence’. The new QDR under Tsai Ying-wen will help clear the air around Tsai’s defence policy. DPP’s website calls for “strong defence as a credible deterrent”. The final outcome will bear careful scrutiny.

Ma aspired for Taiwan’s greater international space with mainland’s endorsement,¹⁷ while Chen Shui-bian’s assertive approach for UN membership and referendum for “Taiwan independence, a name change and a new constitution”¹⁸ has been seen as a step toward a declaration of independence for Taiwan and altering the delicate status quo with China by John Negroponte, Deputy Secretary of State, US¹⁹. Chen Shui-bian’s pro-independence move was criticised by Bush administration and brought US-Taiwan relations to a standstill. US Secretary of State Condoleezza Rice said, “Taiwan’s referendum to apply to the United Nations under the name ‘Taiwan’ is a provocative policy and it unnecessarily raises tensions in the Taiwan Strait, and it promises no real benefits for the people of Taiwan on the international stage.”²⁰ Only time will tell how Tsai intends to sail through the Taiwan Strait. This will also determine change and continuity in Mainland’s cross-Strait policy.

There is scepticism whether the hotline between China's Taiwan Affairs Office (TAO) and Taiwan's Mainland Affairs Council (MAC), newly set up following an agreement made during the Ma-Xi meeting in Singapore last November, stop functioning after May 20 this year, the day Tsai is sworn in as the President of Taiwan. This depends on Mainland as to how to perceive Tsai's non-commitment to 'One China' principle and engage with her. As evident from pre-election and after election statements, Mainland will never tolerate any separatist activities aiming at "Taiwan independence",²¹ but hopes to support, with concrete actions, the peaceful development of cross-Strait relations after the elections.²² Similar statement was also issued in 2000 when Chen Shui-bian was elected as Taiwan's President²³.

Mainland's media is less harsh on Tsai than it was on Chen Shui-bian and has acknowledged her pledge for maintaining the 'status-quo' in cross-Strait relations. But it cautions that her mainland policy remains ambiguous and warned that it would not be possible for Taiwan's new leader to solve the Island's problems without stable cross-Strait ties, hoping that the DPP supports the 1992 Consensus to maintain the status quo.

China's Taiwan policy is determined by its domestic policy and Taiwan's Mainland policy. Seeing changing Taiwanese reality, the best policy for Mainland is to engage Taiwan economically and create an international space for Taiwan. The use of 'hard power' to subdue Taiwan is not a viable option for Mainland. Therefore, Mainland and Taiwan should stick to realpolitik to avoid the acceleration of mistrust, thereby escalating the tensions in the region.

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The Views expressed are that of the Researcher and not of the Council.*

End Notes

¹ 'The 1992 Consensus' was reached in a meeting in November 1992 held in Hong Kong by the Association for Relations Across Taiwan Straits (ARATS) of the Mainland, headed by Wang Daohan, and the Straits Exchange Foundation (SEF) of

Taiwan, led by Koo Chen-fu. Taiwan interprets “one China”, based on its own Constitution, meaning the Republic of China—not “two Chinas”, or “one China, one Taiwan”, or “Taiwan independence” is the China. Mainland maintains that People’s Republic of China is the China.

² Tsai Ying-wen, “Full text of Tsai’s victory speech at international press conference”, *Focus Taiwan*, 16 January 2016, <http://focustaiwan.tw/news/aip/201601160053.aspx>

³ The Bureau of Foreign Trade, Ministry of Economic Affairs, Taiwan, <http://cus93.trade.gov.tw/ENGLISH/FSCE/>

⁴ Taiwan Institute of Economic Research, “The Taiwanese Economy in September 2015,” 26 October 2015, http://english.tier.org.tw/eng_forecast/201510.asp.

⁵ Taiwan Institute of Economic Research, “The Taiwanese Economy in October 2015,” 25 November 2015, http://english.tier.org.tw/eng_forecast/201511.asp.

⁶ Kevin Rosier, Sean O’Connor and Rolando Cuevas, “Taiwan’s Economy amid Political Transition”, US-China Economic and Security Review Commission, Staff Research Report, 6 January 2016, <http://origin.www.uscc.gov/sites/default/files/Research/Taiwan's%20Economy%20amid%20Political%20Transition.pdf>

⁷ Charlie Campbell, “Taiwan Elects Its First Female President”, *Time*, 16 January 2016, <http://time.com/4183442/china-taiwan-tsai-ing-wen-first-female-president/>

⁸ Vincent Wei-cheng Wang, “The Chen Shui-Bian Administration’s Mainland Policy: Toward a Modus Vivendi or Continued Stalemate?” *American Asian Review*, XX(3):91-124, Fall 2002.

⁹ Ibid

¹⁰ Lee, in 1996, unveiled “No haste, be patient” policy to govern Taiwanese investments in the Chinese mainland. The policy imposed \$50 million ceiling on any single investment in China, by the Taiwanese high-tech and infrastructure sectors.

¹¹ Bureau of Foreign Trade, Ministry of Economic Affairs, Taiwan, <http://cus93.trade.gov.tw/ENGLISH/FSCE/>.

¹² <http://www.taipeitimes.com/News/taiwan/archives/2015/12/30/2003636013>.

¹³ Michal Thim, “Taiwan’s Defence Policy under Ma Ying-jeou,” 2 April, 2013, <http://blogs.nottingham.ac.uk/chinapolicyinstitute/2013/04/02/taiwans-defence-policy-under-ma-ying-jeou/>.

¹⁴ Ibid.

¹⁵ The Amendment to Article 31 of the National Defence Act passed by the Legislative Yuan on July 17, 2008 mandates the MND to submit a Quadrennial Defence Review (QDR) within ten months after every new president takes office in order to review and confirm the defence strategy and military strategy, and provide a vision for future development.

¹⁶ Ministry of Defence, Taiwan, *Quadrennial Defence Review 2009*, March 2009, http://www.us-taiwan.org/reports/taiwan_2009_qdr.pdf.

¹⁷ Ko Shu-ling, “Ma Takes the Reins”, *Taipei Times*, 21 May 2008, <http://www.taipeitimes.com/News/front/archives/2008/05/21/2003412522>.

¹⁸ Ko Shu-ling and Mo Yan-chih, “Chen Rebutts US’ Referendum Criticism,” *Taipei Times*, 14 September 2007, <http://www.taipeitimes.com/News/front/archives/2007/09/14/2003378649>.

¹⁹ UNPO, “Taiwan: US Questions UN Application,” 29 August 2007, <http://unpo.org/article/7105>.

²⁰ BBC, Taiwan UN Bid ‘Provocative’ – US, Friday, 21 December 2007, <http://news.bbc.co.uk/2/hi/asia-pacific/7156515.stm>.

²¹ Ministry of Foreign Affairs, Government of People’s Republic of China, “Foreign Ministry Spokesperson Hong Lei’s Remarks on the Election in Taiwan”, 16 January 2016, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1332293.shtml.

²² 中共中央台办、国务院台办版权所有 “中共中央台办、国务院台办负责人就台湾地区选举结果发表谈话” 16 January 2016, http://www.gwytb.gov.cn/wyly/201601/t20160116_11366668.htm.

²³ Ministry of Foreign Affairs, Government of People’s Republic of China, “China Issues Statement on Taiwan Election,” 17 November 2000, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t15789.shtml.