



## CRS Report for Congress

# Taiwan's 2008 Presidential Election

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### Summary

In a large turnout on March 22, 2008, voters in Taiwan elected as president Mr. Ma Ying-jeou of the Nationalist (KMT) Party. Mr. Ma out-pollied rival candidate Frank Hsieh, of the pro-independence Democratic Progressive Party (DPP), by a 2.2 million vote margin of 58% to 42%. Coming on the heels of the KMT's sweeping victory in January's legislative elections, the result appears to be a further repudiation of DPP leader and Taiwan President Chen Shui-bian's eight-year record of emphasizing a pro-independence political agenda at the expense of economic issues. President-elect Ma, who will begin his tenure on May 20, 2008, has promised to improve Taiwan's economic performance, to improve Taiwan's damaged relations with the People's Republic of China (PRC), and to address any annoyances in Taiwan-U.S. relations arising from the Chen Administration. This report will not be updated.

### Election Results

While many had expected a victory on March 22, 2008, for KMT presidential candidate Ma Ying-jeou and his running mate, Vincent Siew, the size of the party's winning margin in Taiwan's presidential election (2.2 million votes) was a surprise to most outside observers and even to some in the party itself.<sup>1</sup> Emphasizing a platform of economic improvement and better relations with the PRC and the United States, Mr. Ma did respectably even in southern and rural districts heavily dominated by the DPP in the past. His ticket's wide margin of victory echoed a similarly dramatic KMT victory in the January 2008 legislative elections, where the party gained a majority of 81 seats in the new 113-seat body compared to the DPP's anemic 27 seats. When Ma assumes office on May 20, 2008, the KMT will have regained solid control of the Taiwan government.

The electoral chances of the DPP's presidential ticket — candidate Frank Hsieh and his running mate, Su Tseng-chang — were burdened by what was widely regarded as the

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<sup>1</sup> Based on the author's conversations in Taiwan on March 23-24, 2008, with both KMT party officials and with foreign observers.

poor performance of the incumbent President Chen Shui-bian, also a member of the DPP, and by Chen's increasing emphasis on a controversial pro-independence agenda. Some observers felt that the DPP had lost the opportunity to make critical adjustments in its policies after public dissatisfaction with its performance became clear in 2005. Instead of moving to where the voters were, according to this view, the DPP had tried to move the voters to it, a strategy that did not serve it well in the 2008 elections.<sup>2</sup>

Adding to the DPP's March defeat was its failure to pass a controversial referendum, a high priority for President Chen, asking whether Taiwan should apply for U.N. membership under the name "Taiwan." This referendum and a KMT alternative each failed to reach the threshold of 50% of the electorate turnout that was required for the measures even to be placed in contention for passage. Beijing had considered Chen's referendum in particular to be tantamount to a public poll on independence — a prospect the PRC has threatened to prevent by force if necessary. The referendum also had been problematic for the United States, which had called Chen's proposal "provocative."

## **Political Background to Where We Are Now**

Historically, the KMT on Taiwan began as a party of mainlanders from the Republic of China (ROC) government that fled to Taiwan in 1949 after Chinese communist forces triumphed in China's civil war. Although it is credited with engineering Taiwan's economic growth and transformation during its more than 50-year rule on the island, the KMT for decades remained associated with an increasingly untenable political premise: that its military forces one day would re-take the mainland and re-unify China under the ROC government. As more countries recognized the PRC government and severed official relations with the ROC on Taiwan, the KMT's inability to offer a clear and more creative vision for Taiwan's political future made it vulnerable to challenge. In 2000, the fledgling, pro-independence DPP party was able to elect to the presidency its candidate, Chen Shui-bian, with a bare plurality of the votes cast in a three-way race. Chen was re-elected to a second term by a slim majority in a controversial 2004 election.<sup>3</sup>

Chen's tenure was hampered from the outset — first, by systemic weaknesses in Taiwan's political infrastructure that give limited power to either the legislative or executive, and second, by a divided government in which the opposition, a KMT-led coalition, retained a mere finger-tip grip on legislative control. Many of Chen's policy initiatives were blocked by the legislature, and he had insufficient power or political support to surmount this. Moreover, the PRC rebuffed Chen's early efforts to improve cross-strait relations, citing the DPP's pro-independence platform as an impediment to such progress. As a result, an emphasis on Taiwan nationalism, identity, and de-facto sovereign status became the centerpieces of much of Chen's eight years in office — a

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<sup>2</sup> Shelley Rigger, Brown Associate Professor of East Asian Politics, Davidson College, in a discussion roundtable on Taiwan, March 23, 2008.

<sup>3</sup> The day before the 2004 presidential election, President Chen and his running mate were shot and wounded as they campaigned; after the polls closed, the Central Election Commission declared 327,297 of the votes invalid due to polling place irregularities. The Chen-Lu ticket won by a margin of 29,518 out of over 13 million votes cast — a result the KMT challenged as suspicious. See CRS Report RS21770, *Taiwan in 2004: Elections, Referenda, and Other Democratic Challenges*, by Kerry Dumbaugh.

decision that took a toll on U.S.-Taiwan relations and contributed to much divisiveness in Taiwan's political scene.<sup>4</sup>

From the time it was voted out of power in 2000, the KMT has sought to portray itself as a more responsible steward than the DPP for Taiwan's future. The party gained political mileage from portraying President Chen as insufficiently attentive to the needs of Taiwan's economy and business community. KMT Candidate Ma pledged to revive Taiwan's economy by negotiating a comprehensive economic agreement with the PRC and seeking to reduce restrictions on cross-strait links, such as direct air flights and financial matters, that limit Taiwan's ability to engage in the booming Chinese economy. The KMT also soundly criticized President Chen's posture toward China as provocatively confrontational and promised to replace it with a policy of engagement and cooperation with Beijing. Still, the KMT was forced to find ways to accommodate itself to the appeal of the DPP's pro-independence political views, which resonated with a not insignificant portion of the electorate. In an attempt to walk this fine line during his 2008 campaign, Ma Ying-jeou promised that, in addition to economic prosperity, as president he would advocate "three noes": no negotiations on unification with the PRC; no pursuit of de jure independence; and no use of force by either side.

## Domestic Political Implications

**For the KMT.** The decisive KMT election wins in 2008 provide new opportunities for the government to overcome the political gridlock of the past few years. Experts watching the Taiwan political scene hold that in the last eight years the KMT has moved toward a new political centrism and has adapted its policies to reflect the preferences of Taiwan's middle class.<sup>5</sup> This shift appears to have paid off for the party not only in the 2008 legislative and presidential election victories, but in other recent election successes for county and city government leadership, the majority of which the KMT also now controls. For some, then, the KMT presidential victory was as much a "win" for the party as it was a vote of no-confidence for the Chen Administration.

President-elect Ma himself has a reputation for thoughtful conciliation, and many observers have suggested that his early choices will be important determinants in the course Taiwan follows in the next few years. For instance, observers wonder whether Ma will be able to restrain those in his party who may want to drive home the KMT's success by revisiting the failures of the Chen Administration, or instead will chart a more charitable and forward-looking policy direction that will help to heal Taiwan's political wounds. They will watch to see if he appoints old guard KMT members to all the important posts, or broadens his government to include younger party members and DPP and other non-KMT representatives. They wonder whether he will be able to craft economic and political improvements in relations with China without being seen as having compromised Taiwan's interests to those of the PRC. With the KMT's solid majority now in every aspect of government, there will be no doubt about where responsibility lies for any perceived "failures" in these early tests.

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<sup>4</sup> See CRS Report RL33684, *Underlying Strains in Taiwan-U.S. Political Relations*, by Kerry Dumbaugh.

<sup>5</sup> Shelley Rigger in a conference in Taiwan, March 23, 2008.

**For the DPP.** Analysts suggest that the DPP did not make the kind of centrist adjustments to public sentiment that the KMT made in recent years, instead staying close to the issues of its more radical core supporters. In the wake of effectively having been crushed in two electoral outings in 2008, the party now is facing a period of reassessment and re-building as it considers how to broaden its electoral appeal and maintain its vitality in the face of such KMT dominance.<sup>6</sup> How it succeeds at this task is seen as important, since many believe both U.S. interests and the health of Taiwan's continued democratic development would seem to be better served by a robust opposition rather than an anemic one.

In the aftermath of the election, views have been mixed about the DPP's near-term prospects. There are different views how robust the party's apparent 42% electoral support is: will it shrink or even collapse if the KMT can deliver improved economic performance and a stronger international role for Taiwan, or is it strong enough at 42% to remain a viable opposition force? Some fear that the party's hard-core, pro-independence base may blame moderates within the party for the 2008 losses and will seek to strengthen the party's hand by purging or marginalizing moderate members and re-emphasizing the party's radical core values.<sup>7</sup> Others believe that the DPP's future would be tenuous with such a narrow approach, and that the only fertile ground for carving out a greater than 42% electoral margin is within Taiwan's political center. They suggest that the DPP seek to broaden its base while working harder in the interim to supervise KMT performance.<sup>8</sup>

**For Democratic and Political Development.** For some, Taiwan's 2008 presidential election means that Taiwan's democratic development has been validated by having passed the "Huntington test" for established democracies — that is, having two successful, consecutive changes of government through a free and peaceful electoral process.<sup>9</sup> Observers who may have harbored concern about how the DPP's supporters would take such a defeat were reassured greatly by the gracious concession speech of Frank Hsieh and the widespread apparent DPP acceptance of the results of the democratic process. To some watching the March 22 election, the Taiwan electorate also appeared to have attained a new level of maturity and sophistication, apparently motivated more in its election decisions by pragmatic calculations of governmental performance than by more emotional issues involving U.N. membership or sovereignty issues.<sup>10</sup> In sum, many

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<sup>6</sup> Frank Hsieh himself cited the need for a thorough party reassessment, saying "we must let the sound of reform ring out." (Reuters, "Taiwan's DPP chairman quits after election defeat," March 26, 2008.) See also a statement to this effect by Shelley Rigger, "Taiwan ruling party to retool after another defeat," *Reuters*, March 24, 2008.

<sup>7</sup> Observers of Taiwan elections reported this view from conversations with DPP moderates.

<sup>8</sup> Suggestions of Larry Diamond, conference in Taiwan on the implications of the election for Taiwan's democratic future, March 23, 2008.

<sup>9</sup> Samuel P. Huntington defined this process in his book *The Third Wave: Democratization in the Late Twentieth Century*, Norman and London, 1991. Taiwan qualifies under this definition by virtue of the DPP having wrested power from the KMT in 2000 and the KMT having regained power in 2008.

<sup>10</sup> Many U.S. and other foreign election observers were in Taiwan before and after the March 22 (continued...)

have welcomed the election results as a sign that Taiwan's democracy has continued to ripen and mature.

## Implications for Taiwan's PRC and U.S. Relationships

**For Relations with the PRC.** By most accounts, Ma's election presents a huge opportunity to lay a new framework in Taiwan-PRC relations — one that moves toward cross-strait improvements and new understandings, and away from the more confrontational policies of the past. Ma will be faced with multiple delicate balancing acts. He will have to improve cross-strait relations — and Taiwan's economic opportunities on the mainland — while not appearing overly eager to core DPP supporters who worry that he will sell out Taiwan's interests in pursuit of mainland ties. He also will have to strike a balance between those in the electorate who favor unification with China; those who argue for a strong defense for Taiwan and the continuation of U.S. weapons purchases; and those who urge significant improvements in Taiwan's relations with Beijing.

Despite the challenges that Ma faces, many believe that the election results have placed the real burden for an improved Taiwan-PRC situation squarely on Beijing. According to some observers, the Taiwan electorate's choice of Ma and rejection of the two referenda to which Beijing objected are seen as a first step toward cross-strait improvements. Having railed against President Chen for eight years while wooing the KMT, the PRC now will have to follow through with creative initiatives with the Ma regime if it is to capitalize on the election results. The opportunity would appear to be too good to miss. Rebuffing a new and more conciliatory Taiwan government could damage the PRC's credibility that it wishes to pursue a peaceful and constructive solution for cross-strait ties. Any perceived PRC reluctance also could serve to revitalize U.S. and congressional opposition to the PRC's Taiwan policy — opposition which has remained muted in recent years in part because of mutual U.S.-PRC problems with Chen.

Observers suggest there are a number of options now for Beijing to make a meaningful gesture toward Taiwan that would not impinge on PRC sovereignty claims. These could include a willingness to invite (or to be willing to discuss inviting) Taiwan to be a "meaningful participant" in the World Health Organization (WHO); an invitation to restart cross-strait talks on a mutually acceptable basis; a halt to petulant posturing against Taiwan in APEC and other multilateral organizations; or a suspension of Taiwan-focused military exercises and other military maneuvers in the strait, among other acts.

In the wake of the election, PRC Premier Wen Jiabao has expressed hope that cross-strait talks can resume quickly on the basis of the "1992 consensus."<sup>11</sup> Unfortunately, past experience demonstrates that the PRC often is unable to adopt creative and flexible policy initiatives at times of great tension — as is currently the case with the crackdown against

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<sup>10</sup> (...continued)

election, including this author. This report draws heavily on these personal observations and insights.

<sup>11</sup> Purportedly, the "1992 consensus" was a mutual agreement between the PRC and Taiwan governments on a formula of "one-China, two interpretations." President Chen during his tenure suggested the agreement was really a "one-China" policy that compromised Taiwan sovereignty.

demonstrations in Tibet — or when there is intense pressure to be seen to be successful — as there is now in the months leading up to the 2008 Summer Olympics in Beijing. In addition, some have suggested that Beijing remains concerned about potential controversies that could arise during the remainder of President Chen's term, before Ma takes office on May 20, 2008. For these reasons, many feel that, at least in the short term, Beijing may be unable to make an important overture to the incoming Taiwan regime.

**For U.S. Relations.** U.S. officials say they have had strong ties with Taiwan's DPP government and had developed a considerable network of working economic and military ties with Taiwan under President Chen. But such problems of trust had developed between President Chen himself and U.S. officials that many believe the bilateral atmosphere can only improve under the new KMT leadership.<sup>12</sup> President-elect Ma has said he will place a high priority on repairing any residual difficulties in Taiwan's relations with the United States. Still, some observers in the past have expressed concern that the United States may have underestimated the importance of the sea change in KMT thinking that arose from the visits to the PRC by senior KMT officials beginning in 2005.<sup>13</sup> Those visits, according to this view, may have given pro-China interests in the KMT a new, alternate vision for Taiwan's future. If this concern is founded, one consequence could be the growing inurement of the KMT to U.S. pressure or interests. For instance, Taiwan could resist U.S. pressure that it increase military spending on the grounds that such expenditures are too high, too confrontational, and may be unnecessary in light of potential improvements in cross-strait interactions. Some worry then that the KMT, driven in large part by economic imperatives and pressures from the Taiwan business community, could reach an accommodation with Beijing that ultimately may damage U.S. regional interests.

In other respects, the continued success in 2008 of Taiwan's democratic development is a welcome validation of U.S. goals and values. It also further emphasizes the unique and delicate challenge for U.S. policy that Taiwan poses: our ninth largest trading partner with a vibrant and free democratic government on an island claimed by the PRC, with which the United States has no diplomatic relations but does have defense commitments, and whose independence from China U.S. officials say they do not support. Under the new KMT government, then, the United States will be faced with challenges familiar from past years, including decisions on new arms sales; how to accommodate requests for visits to the United States by Ma and other senior Taiwan officials; the level of U.S. relations with the Ma government; whether to pursue closer economic ties; and what role, if any, Washington should play in cross-strait relations.

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<sup>12</sup> On March 28, 2008, Ray Burghardt, Chairman of the American Institute in Taiwan (AIT) which represents American interests in Taiwan, expressed confidence that the United States would have "excellent" relations with the incoming government.

<sup>13</sup> This was a view expressed to the author by one U.S. AIT official in Taiwan in 2006.