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# Democratization and Cross-Strait Relations

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Despite predictions at the time of Chen Shui-bian's election in 2000, tensions across the Taiwan Strait have been remarkably low since then. President Chen has taken pride and credit for this and has indicated his intention to maintain this relatively low tension for the remainder of this presidential term.

For its part, the People's Republic of China's approach toward Taiwan combines several elements: a firm resistance to any political dealing with Chen's administration so long as it refuses to endorse the 1992 consensus on "one China"; unceasing efforts to block Taiwan's attempts to gain greater international recognition; the expansion of economic and cultural ties that will link Taiwan more closely with the mainland; and a steady enhancement of military capabilities that threaten Taiwan. The broad outlines of these Chinese policies have remained constant. This policy reflects the PRC's preoccupation with its domestic agenda and challenges and its belief that the various pressures on Chen will lead him to adhere to the pledges made in his inaugural address in 2000, and repeated recently, not to take provocative actions so long as the People's Republic of China (PRC) does not use force against Taiwan.

## **How Does the State of Democracy affect Cross-Strait Relations?**

The most basic implication of Taiwan's vigorous democracy for cross-strait relations dates from the nineties. Democracy has meant that an autocratic administration could no longer pursue reunification without regard for the will of the people. It is hard to exaggerate how profoundly democratization has affected cross-strait relations. When democratization freed people to express their views, a strong sense of distinction from the mainland and a separate identity for Taiwan, vis-à-vis the mainland and internationally, emerged. One need only look to Lee Teng-hui's drive to visit the United States, Clinton's decision to approve that visit and Beijing's reaction during 1995 and 1996. While Americans instinctively understand how politicians in a democracy are responsive to public pressures, it has taken the Chinese a long time to absorb this lesson.

The Chen Shui-bian presidency reflects several particular twists on this basic theme. The first derives from the continuing lack of consensus within Taiwan on cross-strait relations and more broadly on the island's long term goals. Chen Shui-bian was elected with a weak plurality – 39 percent of the vote. Moreover, his support base was primarily on the side of the political spectrum that favors strengthening Taiwan's identity separate from the mainland. This has meant that Chen has not had a clear mandate to shape cross-strait policy and that he has constantly fluctuated between appealing to his core base of support among Democratic Progressive Party (DPP) fundamentalists and appealing to the broad middle of the Taiwan electorate, as he tried to do in his electoral campaign. Lee Teng-hui's creation of the Taiwan Solidarity Union (TSU) has only

complicated Chen's dilemmas. DPP hopes that the 2001 Legislative Yuan (LY) elections would lead to an LY majority supporting the president were not realized. With the recent shift of two independent legislators to the People First Party (PFP) LY caucus, the pan-blue camp has regained a majority in the LY.

Evidence of the competing domestic pressures on Chen is visible constantly. The controversies regarding policy on Taiwan investments in eight-inch wafer plants in China, charter flights and direct air links have reflected these competing pressures. Even Chen's apparent success at the Economic Development Advisory Conference in 2001 in ditching the "be patient, go slow" policy for a new "active opening, effective management" policy demonstrates the point. This is because the two elements of this new policy have been in recurring conflict, with the business community broadly supporting "active opening" and DPP fundamentalists and the TSU emphasizing the need for "effective management."

When Chen speaks to the business community, he emphasizes certain themes different from the points he emphasizes when he speaks to his DPP base. His August 2002 remark about "one country on each side of the strait" is an example of this. One result has been constant bureaucratic infighting for Chen's ear; another has been hesitant and inconsistent policy implementation. Consequently, the PRC has tended to discount the importance of Chen's public statements.

Taiwan's lack of consensus, or put another way, the sharp divisions in attitudes and policies toward the mainland, have provided fertile ground for meddling by the PRC. The communist penchant for united front tactics has been very visible in China's efforts to cultivate Chen's opponents since his election. The Chinese appear to believe that the Kuomintang (KMT) will be easier to work with. This underestimates the complexities of Taiwan politics. To the extent that individual KMT or PFP leaders may appear better disposed toward the PRC, those very individuals will need to bend over backwards politically to prove that they are committed to protecting Taiwan's interests. Ultimately, the majority preference for the status quo is going to have a defining effect on the political behavior of all Taiwan politicians.

Taiwan's unique dual leadership arrangements have contributed to Chen's political problems. Chen's two biggest policy debacles – the Fourth Nuclear Plant issue in 2000 and the agricultural credit cooperatives fiasco in 2002 – were significantly exacerbated by this feature of Taiwan politics. The Fourth Nuclear Plant controversy caused the collapse of Chen's "all people's government" experiment and seriously marred Premier Chang's tenure. The agricultural cooperative issue nearly led to Premier Yu's resignation. None of the vehicles for policy coordination that Chen has tried has worked well. His failure to shape farsighted policies and then follow through with their implementation has been at the heart of these policy failures. While these were both purely domestic issues, Chen's problems were exploited by PRC propagandists who delighted in belittling Chen's political skills. The PRC's incentive to deal seriously with Chen is thus diminished.

### **Recession Induced Self-doubt**

A third factor that has had a perverse impact on cross-strait relations is the psychology of pessimism that gripped Taiwan as a result of its first post-war economic recession in 2001. In the late 1990s, Taiwan had been riding a wave of self-confidence created by its peaceful transition to democracy

and its successful weathering of the Asian financial crisis. The 2001 recession produced a profound psychology of self-doubt that has been fed by rising unemployment, declining domestic and foreign investment, severe strains in the banking system and recurrent political scandals affecting all political parties. The trademark fear of this self-doubt is the litany one hears about the “hollowing out” of the Taiwan economic miracle. The government’s problems in managing macro-economic policy, exacerbated by its lack of a legislative majority, have contributed to this pessimism.

The mood of pessimism on Taiwan has in turn had a significant effect on cross-strait policy making. The economy’s problems have been exploited by those who fear closer ties with the mainland to devise new justifications for opposing cross-strait policy initiatives. Lee Teng-hui and Vice President Lu have been in the forefront of these obstructionist efforts. The Mainland Affairs Council report on the implications of opening direct travel and transportation to the mainland, which is due to be released shortly, will likely provide additional evidence of how pessimism is inhibiting policy making.

Finally, Taiwan is now entering the presidential election process. As in all democracies, election periods tend to hamper and delay policy making, particularly on issues over which the electorate is deeply divided, as it is on cross-strait policy. So it is hardly surprising that Chen is predicting that there will be no dramatic developments in cross-strait relations in the year ahead.

### **The Mirror Image of Island Pessimism: PRC Self-Confidence**

For many months now, visitors to the PRC have been struck by the mood of self-confidence evident among Chinese foreign policy analysts. There is self-confidence generally about China’s place in the world and specifically vis-à-vis Taiwan. Several factors contribute to this self-confidence with respect to Taiwan. One is the relative economic performance of the Taiwan and mainland economies. Linked to this is the immense appeal of the mainland market to Taiwan investors and exporters. In 2002, the mainland became the largest export market not just for Taiwan, but also for Japan and South Korea. What worries Taiwan only encourages the mainland. A second factor is PRC awareness that its military modernization has to a degree intimidated Taiwan. Chen’s recent public campaign for the withdrawal of PRC missiles and the talk in Taipei and Washington about how the cross-strait military balance is shifting provide evidence of the effects of this intimidation. Another factor is the PRC’s growing confidence that the United States, despite its support for Taiwan’s security, can be counted on to restrain the Taiwan government from pursuing overt independence. Finally, some observers believe that China’s Taiwan experts now understand better that the pro-status quo majority in Taiwan sets limits on how far Chen, or any other Taiwan leader, can go in promoting pro-independence policies.

Whatever its causes, China’s mood of self-confidence appears to have two practical implications for cross-strait relations. The first is that the PRC is more willing to show tactical flexibility in its dealings with Taiwan. Recent examples of this flexibility include: Qian Qichen’s statement that cross-strait transportation links can be termed “cross-strait” rather than “domestic” routes; China’s handling of the proposal for charter flights at Chinese New Year; the more moderate language on Taiwan included in the 16th Party Congress report; and China’s willingness to discuss World Trade Organization-related economic issues with Taiwan in Geneva.

China's increased flexibility could possibly create opportunities for progress on non-political cross-strait issues. However, in the short term, such flexibility is likely to complicate Chen's policy-making problems. This is because it is easier for Chen to manage his competing domestic constituencies when the PRC is taking a hard line. Flexibility on China's part pressures Chen to make choices that will alienate one faction or another in Taiwan.

The second implication of PRC self-confidence is likely to be evident during the election campaign. Self-confidence will reduce China's past penchant for threatening Taiwan on the eve of major elections. Even if the pan-blue camp does not get its act together, cool heads in Beijing will probably prevail. If this is the case, Chen will not be able to count on PRC hostility as a tool for energizing electoral support. The DPP may therefore toy with ideas for provoking PRC hostility. Or it may try to create the appearance of PRC unreasonableness, as Chen did so successfully in manipulating the Asia Pacific Economic Cooperation representation issue to DPP advantage in the 2001 LY elections.

In conclusion, this analysis may seem to imply that democracy creates problems. This is not the case. The problems exist in society. Democracy only provides the freedom for their reflection in political life. As Churchill said, "democracy is the worst form of government except all the others that have been tried." A country that wrestled without success to reach consensus on a national energy policy in the decade after the 1973 oil shock should have considerable sympathy for the problems Taiwan's democracy has in building consensus on the crucial issues involved in its relations with the mainland.