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Discussion Paper

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**“Progress Amidst Stability” and Rebalance -
Politics in Taiwan and Cross-Straits Relations in the aftermath of
2012 election**

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The 2012 election campaign of the Taiwan region ended with Ma Ying-jeou, the KMT candidate, winning 800 thousand votes, paving the way for his second term in the top position. With a margin of 6 percent, Tsai Ing-wen, the DPP candidate, lost the campaign. It is expected that cross-Straits relations will continue to go in the direction of peaceful development. And “progress amidst stability” and “rebalance”, the two fashionable words, can be used to describe the prospects of the politics on the Taiwan Island and the general trends of cross-Straits relations.

I. Rebalance of the political Structure on the Island

1. *The “1992 consensus” winning over “the Taiwan consensus”*

Some commentators attribute Ma Ying-jeou’s success to five factors, that is, the strong support from Chinese mainland, the US, the seniors in the KMT represented by Lien Chan and Wu Poh-hsiung, the favorable climate on election day, and strong assistance of his wife. Though different at degrees, the five factors did contribute to Ma Ying-jeou’s winning. Ma’s adherence to the “1992 consensus” and the policy of peaceful development of cross-Straits relations especially contributed significantly to his winning the campaign. It is due to this policy that Ma won the confidence of both the mainland and the US.

Since taking office in May 2008, Ma Ying-jeou abandoned his predecessor Chen Shui-bian’s policy, which seriously worsened cross-Straits relations and pushed the sides across the Straits to the verge of war and confrontation. Ma not only materialized “the three direct links” but also resumed exchanges between the ARATS and the SEF. Therefore, the two sides across the Straits have been able to conduct consultations, communications and exchanges on issues on the basis of keeping to the principle of “One China” and opposing “Taiwan Secessionism”, and have signed a series of agreements on economic, trade and cultural cooperation, including ECFA. During Ma’s first term, the Taiwan Island enjoyed political stability and economic development, and cross-Straits relations have been the best in the past 60 years. Therefore, Ma Ying-jeou’s success primarily lies in his adhering to the “1992 Consensus”.

Though Tsai Ing-wen, Ma’s major competitor in 2012 and the DPP candidate, proposed the “Taiwan Consensus”, she had not delivered any clear definition on the “Taiwan Consensus” beyond her open opposition to the “1992 Consensus”. She used to explain that the DPP stands for developing relations with China starting from Taiwan identity and centering upon Taiwan values. Due to its ambiguity, the “Taiwan Consensus” had been questioned by some entrepreneurs. They think that the “Taiwan Consensus” just means “Taiwan secession”, which will cause the collapse of Taiwan’s economy.

Ten days before the election, the DPP tried to clarify that the “Taiwan Consensus” does not equal “Taiwan secession”, but includes all the options from independence to unification, and to the KMT proposed the “1992 Consensus”. It seems that the DPP just wanted to make the “Taiwan Consensus” a framework that can hold everything. But the constituents did not have confidence in it. The final outcome of the election indicates that the constituents care about the peaceful development of cross-Straits relations, economic growth and stable political situation. And the “1992 Consensus” wins over the “Taiwan Consensus”.

2. *The political structure with the blue having modest advantage over the green*

- (1) The strengths of the blue and the green camp are getting closer. In sharp contrast with the outcome of the campaign in 2008, the distance between the blue and the green was significantly narrowed. And the green camp will have a bigger and more obvious checking role in policy making.
- (2) The two-party politics has become more stable. Since the strengths of the two political blocs are getting closer, the two-party politics will become more mature. The KMT will have a dominating role while the DPP having a supervising role. Though some other small parties formed new party blocs in “the legislation body”, they will have no power to significantly change the two-party structure.
- (3) The DPP lost the campaign, but gained strength. Shortly after losing the campaign in 2008, a DPP veteran said that the DPP will not be able to reassume its strength and position in the coming ten to twenty years. But in less than four years since then, the DPP has been able to increase the number of its votes by 4 percent. If without open speeches supporting Ma Ying-jeou from some big enterprises, and without concerns of some swaying constituents, it should not be impossible for the DPP to win back the power. The DPP’s gaining not only lies in winning more votes, but also in strengthening its position in southern Taiwan. The DPP got 530 thousand more votes than the KMT in southern Taiwan with a steady growth of 5 percent both in Tainan and Kao-hsiung, which is a lethal blow to the KMT.
- (4) The competition between the blue and green blocs will be replaced by their internal adjustments. After losing the campaign of 2012, Tsai Ing-wen, the DPP candidate, resigned the post of the party chief. And Chen Chu, Mayor of Kao-hsiung, became the acting Chairwoman of the DPP. From January 14 to May 27, the DPP’s agendas were actually focused on internal power reconfiguration and the competition for party chief.

After Su Tseng-chang was chosen to the new Chairman of the DPP, he offered some important positions to the members of other factions within the party so as to achieve balance within the party.

It is the same with the KMT. After the election, the KMT also faces the problem of internal adjustment. Shortly before the election, it was rumored that there are some voices demanding Ma Ying-jeou to give up the chairmanship of the KMT. After Ma Ying-jeou settles the name list of the administration team, the problem of power succession also quagmires Ma Ying-jeou and the Pan-blue bloc. This is relevant for the future of the KMT. How to prevent someone within the bloc from disturbing the water as James Soong did in the 2012 election is another challenge for Ma Ying-jeou.

- (5) Internal affairs prevail in cross-Straits relations. More than seventy percent of Ma Ying-jeou's inaugural speech on May 20 dealt with internal issues. To be responsible for the constituents, he has to address concrete concerns of the people. Ma has to maintain economic growth, create conditions for sustainable development, increase employment, and stimulate consumption, and increase investments as well within the context of European debt crisis. Ma also has to make the people feel the growth.

II. Progressive but stable cross-Straits relations and the rebalance between China and the US

The 2012 campaign was actually a confidence voting for the "1992 Consensus". It was not only the common position of the two sides across the Straits but also in line with the interests of the US to stick to the "1992 Consensus". The US support for the "1992 Consensus" suggested that Ma has found the exact point that could deliver a balance with China and the US. Ma's policy regarding cross-Straits issues and how to make a balance between China and the US is worth observing.

1. To maintain the status quo will be Ma Ying-jeou's primary principle in dealing with cross-Straits relations

Ma Ying-jeou in his inaugural address suggests that he is committed to maintain the status quo of "no unification, no independence and no use of military force" within the framework of "the ROC Constitution", and to push forward the peaceful development of the two sides across the Straits on the basis of the "1992 Consensus", that is, "one China but different definitions". In 2008, Ma was facing the task of defining the peaceful development policy, and in 2012, he is facing the task of consolidating and continuing his previous policy.

Ma also thinks that currently, his team has to deal with urgent internal economic issues. Regarding cross-Straits relations, he intends to seek progress and

development amidst stability. Any initiated new political agendas will cause resistance from the green camp, thus damaging his efforts to address internal problems.

There is another factor, which might be more important, that is, the US factor. The US, on the one hand, hopes to maintain stable cross-Straits relations, and opposes Chen Shui-bian and the DPP's policy to drag the US into troubled waters; on the other hand, the US has no interest to see closer cross-Straits relations, and has not interest to see breakthroughs in political, military and security issues. The US factor, as a concern for Ma Ying-jeou, is even more important than the opposition from the green bloc. As a result, Ma Ying-jeou's policy, though satisfying to none of the parties, is acceptable for all.

2. Ma Ying-jeou is seeking balance between China and the US

Ma's first term witnessed favorable development of relations between Taiwan and the US. Since taking office in 2008, Ma Ying-jeou had been able to win confidence and support of the US, and the relations between Taiwan and the US have steadily improved. Ma expressed explicitly that he would regard improving relations with the US as his primary objective. For such an objective, Ma repeatedly assured the US that he would follow the principle of "no unification, no independence and no use of military force", and would consult with the US on major decisions regarding cross-Straits relations. He also expressed his strong desire to purchase arms from the US. Ma's efforts were kindly accepted and rewarded as well. The US not only offered strong support for Ma but also expanded interactions with Ma's administration. The US even openly praised that Taiwan and US relations were in the best period.

Strengthening ties with the US will still be Ma's primary objective in his second term. On the night of January 14, the very day that Ma won the election, Ma declared that Taiwan would join the TPP, which is dominated by the US. In the sworn-in address, Ma even proposed the eight-year timetable to join in the TPP. Regardless of its potential damage to his commitments to achieve cross-Straits peace through peaceful reconciliation, Ma also talked about arms sales, which far exceeded the levels of his predecessors, in terms of quality as well as in terms of quantity. Regardless of criticisms from the opposition and the people, Ma pushed to waiver the bill to restrict import of American beef.

The above mentioned policy is related to the US rebalance strategy in the Asian-Pacific area. The US regards Taiwan as one significant part of Asian-Pacific strategy, and does not want Taiwan to move closer to the mainland, which might undermine its interests.

Besides, Ma's policy is nothing different from his previous practice. For instance, after signing ECFA with the mainland, he openly expressed his position

that Taiwan will join in TPP. While maintaining peaceful development in cross-Straits relations, he increased the budget for purchasing arms from the US.

It should be noted that this kind of policy of making balance is very dangerous. If not managed well, this new move will make Taiwan one part of the US containment strategy against the mainland, and the prospect of peaceful development of cross-Straits relations might be destroyed.

3. We should keep up the mainstream of peaceful development of cross-Straits relations while deepening exchange and cooperation between the two sides

Currently, peaceful development is still the mainstream of cross-Straits relations, and Ma Ying-jeou's succession will be conducive to maintaining the trend. Ma's adherence to the "1992 Consensus" means that peaceful development of cross-Straits relations in the last years will be continued. We have confidence in winning the trust of Taiwan people.

In the coming four years, cross-Straits relations will enter into the stage of consolidating and deepening peaceful development. We will fully implement ECFA, institutionalize cross-Straits economic cooperation, and step up economic, cultural and people-to-people exchanges. Meanwhile, we will also work to change the DPP's attitudes, and those of the people in central and southern Taiwan. Just as known to all, we have finished negotiating on all easy issues, and will come to address difficult ones, which will need patience and political wisdom on both sides. While following closely the direction of peaceful development, we should be adequately prepared for the coming tough job. We should firstly deal properly with internal problems on the mainland side so as to deal with difficulties in cross-Straits relations. Demonstrating goodwill and increasing trust will be crucial in moving forward cross-Straits relations.