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Discussion Paper

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**The Second Ma Administration's Domestic Challenges
Implications for Cross-Strait Relations**

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0) Introduction

After an extended period of domestic political weakness with abysmal results in public opinion polls, President Ma Ying-jeou won the presidential part of the two-in-one elections in January 2012 with a respectable result. In the elections for the Legislative Yuan (LY) that took place on the same date, Ma's political party, the Kuomintang (KMT), won a majority of seats. The election results thus seem to provide the preconditions for a continuation of the president's policies, including those directed at an improvement of Taiwan's relations with Mainland China, one of the major points of controversy among the main contenders in the election campaign, Ma Ying-jeou and Tsai Ying-wen.

Some remarks Ma Ying-jeou made during the presidential campaign, especially his talk about the chances for a peace initiative towards China should he be re-elected, have been interpreted as indicators that he will continue to pursue an active policy vis-a-vis the Mainland, a policy that might also touch upon political issues that have been avoided in his first term in office. This paper will argue, however, that such a development seems to be rather unlikely. During his second term of office President Ma will be confronted with a number of serious domestic challenges that will leave him with little room for manoeuvres in the domain of China policy and limit his capacity to undertake new initiatives.

In order to support this argument this paper will first look at the domestic developments on Taiwan in the space of time between the 2-in-1 elections in January and the start of Ma Ying-jeou's second term of office on May 20, 2012. In a second part the major domestic challenges that Ma will have to confront during his presidency will be discussed.

I) Developments since the 2-in-1 elections in January 2012

Since the election campaign and the results of the 2-in-1 elections of January 2012 will be analysed in detail in Jon Sullivan's paper I will limit myself to a few observations here.

While the campaign displayed the future course of Taiwan's policy towards Mainland China as a major focus, a focus that dominated the exchanges between the blue and green camps during the campaign's final phase, a number of issues concerning domestic problems also acquired a prominent place in the debates, with the topic of distributional justice raised by Tsai Ying-wen exerting a strong impact.

Most commentators interpreted the fact that both Ma Ying-jeou and the KMT suffered a reduction in their respective share of votes compared with the results of the 2008 elections as indicating that the president and his party have lost support among the voters, I would argue, however, that the results of the 2008 elections

were exceptional. In these elections the voting behaviour of Taiwan's citizens was strongly influenced by the developments in the last phase of Chen Shui-bian's presidency. These extraordinary circumstances influenced voter turnout, a considerable number of DPP supporters abstained from voting. Therefore, the election results did reflect the general level of support enjoyed by the political parties. The outcome of the 2012 elections thus represents a return to the level of support DPP and KMT enjoyed before 2008.

In the second part of the elections, the legislative one, the KMT succeeded in obtaining a majority of the mandates in the LY. It was unable to maintain the supermajority it enjoyed in the preceding legislature, however. This loss will not endanger the legislative support the second Ma administration enjoys in the LY, but it is likely to further complicate the relationship between the administration and the legislature, a relationship that had been quite strenuous during Ma's first term of office.

→ *Changes of Personnel in the Executive Yuan*

The considerable interval separating the start of the terms of office of the president and of the legislature represent one of the curious aftermaths of the decision to combine these two elections into one single event. While the LY's term of office began shortly after the election, the president's term began only on May 20. According to entrenched parliamentary routines, the interval necessitated two mass resignations of the cabinet, one before the start of the new legislature, the second one in the wake of the president's inauguration in May.

Having been elected Vice-President incumbent Premier Wu Den-yih resigned from his office and was replaced by Sean Chen, his former Vice-Premier.¹ Chen can be characterized as a technocrat with a background in finance. By appointing a 'finance and economy cabinet' (*Caijing neige*) president Ma again opted for the nomination of premier with solid professional, but limited political experience, despite the negative experiences with a similar choice at the beginning of his first term.²

The new line-up of both cabinets was characterized by continuity in most of the major positions, both among ministers with and without portfolio. The basically technocratic orientation of the cabinet personnel was maintained.³ Continuity also

1 Hsiao, Fuyuan; Taiwan's New Cabinet: Experience Seasoned with a Bit of Zest. In: Commonwealth Magazine :490 (February 16, 2012)

2 For a detailed analysis of the first Chen cabinet see Lin, Jingyin; Xin neige renshi you Jin Pucong fengge. In: Xin Xinwen/The Journalist :1300 (2.2.2012), 8-10

3 Lin, Enru; Sean Chen announces new Cabinet. In: China Post online edition, February 1, 2012; The China Post news staff; Ma makes minor changes to Cabinet line-up. In: The China Post online edition, May 20, 2012

characterized the president's choice of personnel for his main advisory body, the National Security Council, where Hu Wei-chen continued as secretary-general.⁴

The more remarkable changes in the cabinet line-up comprised Jiang Yi-huah, a former NTU professor specializing in political philosophy before being nominated as minister of the interior, who was elevated to the position of vice-premier and Lung Ying-tai, a noted writer and essayist with a strong attachment to Chinese culture. She was appointed as head of the newly established ministry of culture, purportedly entrusted with the task of realizing President Ma's plan of 'building up the nation using culture.'⁵ The former chief whip of the KMT's parliamentary party, Lin Yi-shih, was appointed secretary-general of the Executive Yuan (EY).⁶

The new cabinet quickly encountered a number of serious problems, problems quite similar to those bothering its predecessor in the first Ma administration. Coordination between ministries was deficient, serious political issues affecting large parts of the population were treated as technical ones and several cabinet members had to resign shortly after taking office.⁷

→ *Organizational Reform*

For the time being, the work of the EY will be also be complicated by ongoing changes in the body's organizational structure. The first stage of institutional reform comprised the reorganisation and streamlining of the complicated amalgam constituting the EY and came into effect on May 20. The unwieldy conglomerate of ministries, commissions and councils was reduced from 37 to 29 entities. Several commissions and councils were dissolved or amalgamated, some were elevated to the rank of ministry.⁸

An additional round of institutional reorganisation is scheduled to take place at the beginning of 2013. It is encountering serious difficulties, however. In addition to the unavoidable problems of rearranging and integrating bureaucracies the reform process seems to be confronted by outright opposition from within the bureaucratic apparatus. Major features of the reform are challenged by the personnel affected, the restructuring process continues to be marred by problems.⁹

4 Yeh, Joseph; Nat'l security heads to stay on: report. In: The China Post online edition, May 3, 2012

5 Lin, Enru, op.cit.

6 Lin had to abdicate this office and was arrested on charges of bribery in July 2012. Comp. The China Post news staff and CNA; Lin Yi-shih listed as defendant in bribery case. In: The China Post online edition, July 2, 2012

7 The China Post news staff; Personality 'problem' extends far beyond Christina Liu. In: The China Post online edition, June 4, 2012. See also the interview of Chu Yun-han in *Yazhou zhoukan* 26:22 (03.06.2012), 10-11

8 For a complete list see *Taiwan heute*, 3/2012 (1.5.2012), 2

9 Shih Hsiu-chaun; Minister quits amid speculation over restructuring. In: *Taipei Times* June 20, 2012, P. 3

→ *Deficiencies in the Decision-making Process*

As a consequence of the technocratic policy approach dominating the EY as well as a lack of coordination between the various agencies of the yuan the decision making process of the Ma administration is encountering difficulties in some major policy areas. In addition, the involvement of the KMT's parliamentary party in the administration's policy making process continues to show deficiencies.

As a consequence of these deficiencies the Ma administration encountered a number of severe political problems in the interval between the end of the elections and the start of its second term of office, the result of a combination of inadequate judgement of the political implications of decisions and insufficient preparation of public opinion. These mistakes seriously impaired the administration's popular support.

In addition to the elevation of the prices for electricity and petrol, a move that has provoked considerable criticism from the public, the most important instance of this persistent combination of political misjudgement and insufficient consultation can be found in the turmoil encompassing the government's efforts to open Taiwan's domestic market to imports of American beef.

The 'American beef' issue is of a highly delicate nature politically, since its ramifications touch upon the fields of domestic as well as foreign economic policy. It intertwines strong popular emotions domestically with the credibility of the Taiwanese government as a signatory to international accords, a combination that had already created troubles at its first appearance. When a decision on the importation of American beef was considered by the Ma administration in the first half of its tenure, the government was unable to find an adequate solution for this sensitive issue and choose to postpone it until after the 2012 elections, instead. When the issue first flared up, the government retreated before considerable public apprehension concerning the danger of infection with the 'mad cow disease' (BSE), a fear that had been stimulated by the activities of consumer protection associations and the political opposition.

Undaunted by this experience the EY under Premier Chen treated the second tabling of the relevant bill once again as a primarily technical problem, utterly disregarding the political repercussions. As a result, public opinion and the political opposition created sufficient pressure to interrupt the deliberation process in the LY and provoke profound divergences of opinion among the members of the KMT's legislative caucus concerning the adequacy of the bill.

Efforts by the administration, the party leadership and finally by Ma Ying-jeou himself to ensure the unanimous support of the bill by the KMT parliamentary

party were to no avail, giving rise to speculations that Ma may have turned into a lame duck president even before his second term had begun.¹⁰

→ *Dwindling popular support*

During his first term President Ma did not enjoy a strong support of popular opinion. This lack of popular support seems likely to continue into his second term. An opinion poll taken by TVBS in the week before his inauguration revealed that his standing in public opinion had reached a new nadir. According to the survey's findings only 20% of Taiwan's population expressed satisfaction with the president's performance, while 64% were dissatisfied. Only 37% expressed trust in the president, while 53% declared their mistrust. Concerning the perspectives for Ma's second term, only 32% expressed confidence in his future political performance, while 60% stressed their lack of confidence, the highest result ever recorded on the island.¹¹

President Ma and his administration are thus starting their second term in office with a severe lack of public confidence concerning its administrative competence and political programme. This lack of support will create additional difficulties for the administration's efforts to cope with upcoming challenges, both domestic and foreign.

II) Challenges

President Ma and his administration will face a number of challenges in their second term of office originating from a wide range of issues – in addition to the effects the global economic crisis will exert on the island's economy. In an article discussing the major tasks that the new administration will have to confront, the magazine *CommonWealth* listed four major topics: the first one - a topic that also featured prominently in the election campaign - is the question of 'distributional justice'. It has gained in salience, since the discrepancy in incomes on Taiwan has continued to grow under the 1st Ma administration. Closely related to this problem is a growing sense of restlessness among Taiwan's younger generations who is confronted with increasing difficulties to find employment and affordable housing.¹²

A second challenge is posed by the island's fiscal situation. The consequences of the financial crisis, the 'economic tsunami' in Ma Ying-jeou's phrasing, were compounded by the government's programme to stimulate private consumption as

10 Hsu, Jenny W.; Taiwan's President: Already Starting to Quack? In: *China Realtime Report*, May 31, 2012

11 TVBS Poll Center; *Ma Congtong lianren jiuji qian manyidu mindiao*. Taipei May 2012

12 Lin, Rebecca, and Ting-Feng Wu; *Ma Re-elected, Faces Huge Challenges*. In: *CommonWealth Magazine* :489 (January 18, 2012)

well as the tax rebates for companies and investors in order to stimulate investment. Currently, the national debt is hovering near the limit permitted by the constitution.¹³

A special challenge is posed by the state of the tertiary educational sector, characterized concurrently by overcapacity and inadequate curricula. The educational policy pursued by the Chen Shui-bian administration has resulted in a significant increase in the number of institutions offering tertiary education, the quality of the education they offer is often dubious, however. On a more general level, the whole direction of the government's educational policy has been called into question. There seems to be a growing mismatch between the subjects taught at the universities and the skills required by employers.¹⁴

Turning to the institutional level of politics the relationship between the executive and the legislature poses a persistent challenge with a strong likelihood of further aggravating during the administration's term of office. This problem is not a new one.¹⁵ It has become more complex, however, due to a number of changes in the political system that occurred recently, one being the adoption of a new electoral system, the other the restructuring of the nomination processes used by the two large political parties. Both have resulted in a growing independence of the members of the LY vis-a-vis their parties at the same time that their inclination to pursue the interests and opinions of their constituencies has increased. Thus, Taiwan's members of parliament seem to be less inclined to follow party discipline.

This development posits a severe challenge to the political acumen and the communicative capabilities of the administration whose technocratic orientation seems to provide only few of the resources needed to cope with the changing situation.

→ *Golden Decade*

President Ma is also facing a self-imposed challenge, the realisation – of at least some parts - of his political vision of a 'Golden Decade' for Taiwan.

In the run-up to the 2-in-1 elections he formulated this political vision elaborating its various aspects in a sequence of press conferences. Entitled 'Golden Decade National Vision' it comprises Ma's perception of the challenges the island will confront during the coming decade as well as a number of policy proposals to meet them. The concept also provided guarantees for the people of Taiwan and –

13 Kao, Camaron; MOF to focus on national debt from May. In: The China Post online edition, May 15, 2012

14 Commonwealth, op.cit.

15 Comp. Halbeisen, Hermann; After the 2008 Elections: Domestic Politics on Taiwan. Paper prepared for the 'Fifth Annual Conference on 'Sino-European and Cross-Strait Relations'', Xiamen, May 31st - June 2nd, 2008

since the time-frame envisioned for the realisation of the concept surpasses his term of office – mentioned the measures that will be prioritized during his presidency.

As far as the aims that should be realized in the coming decade are concerned Ma mentions eight objectives: establishment of a robust economy, creation of a just society, an efficient government free of corruption, a high-performance educational system, comprehensive development of Taiwan, a sustainable environment, maintenance of peaceful relations with China and the creation of an international environment beneficial for Taiwan.¹⁶

Since some of the objectives touch upon issues that elicit considerable controversy if not outright apprehension in parts of Taiwan's population – as in the case of the future relationship with China, Ma Ying-jeou supplements the visionary part of his programme with guarantees in order to remove any doubts. These guarantees comprise the protection of Taiwan's sovereignty as well as its security and prosperity. The theme of security is further elaborated in the third guarantee, which calls for harmony between the ethnic groups on Taiwan and for peace in the Taiwan Strait. The fourth guarantee, finally, pertains to the sustainability of the environment and the establishment of a just society on the island.

Within this comprehensive programme comprising social, ecological, economic and political objectives two policy areas are assigned the status of priorities: economic growth and relations with China, those two policy areas that constituted the key areas of Ma's first administration.¹⁷

Ma encountered considerable difficulties in realizing his economic promises during his first term of office. The realisation of the economic growth targets outlined in the 'Golden Decade National Vision' seems to be equally difficult to achieve given the fact that Taiwan is again experiencing the repercussions of the economic crisis in the US and the Euro-zone.¹⁸

→ *Implications of the Electoral Calendar*

One determinant that President Ma will have to factor into his political calculations relates to the impact the changes in Taiwan's electoral calendar will exert on the behaviour of the political actors on the island.

16 Office of the President, Republic of China (Taiwan); President Ma holds press conference to express his vision for a 'golden decade', 29.09.2011; Anon.; Ma Ying-jeou introduces 'Golden Decade, National Vision' blueprint. In: The China Times online, 16.10.2011; CNA and Staff Reporter; All in Taiwan will share fruits of 'golden decade'. In: WantChinaTimes.com, 30.09.2011; Anon.; President Ma holds fourth in a series of press conferences to introduce 'golden decade' vision. In: Taiwan Post online, 13.10.2011

17 op.cit.,

18 The China Post news staff; Tougher economic reality in Ma's 2nd term: experts. In: The China Post online edition, May 21, 2012

In 2010 Taiwan's electoral landscape underwent a substantial change, a change that will exert significant influence on the timeframe of domestic politics and the strategies of the political contenders. The establishment of three new special municipalities led to a reorganisation of the electoral cycle: on the national level the elections of the president and the legislature have combined in the so-called 2-in-1 elections, on the local level the elections of all relevant offices will be combined into the so-called 7-in-1 elections. Both elections will take place every four years – with a two-year intermission between the national and the local elections.

Ma's electoral calendar will from now on be divided into two two-year periods: in 2014 the 7-in-1 elections will be held, which have the potential of becoming Taiwan's version of midterm elections, providing the voters on Taiwan with an opportunity to express their judgement on the performance of the administration. The results of these elections will certainly exert considerable influence on the 2-in-1 elections due to take place in early 2016.

→ *Challenges for the chairman of the KMT*

Given its potential repercussions on both Ma's and the KMT's political prospects this timetable will exert considerable pressure on the political strategy of the Ma administration, but also on Ma in his capacity as chairman of the KMT. As party chairman, Ma will have to deal with at least four tasks: the selection of candidates for the upcoming seven elections; conceive measures that will maintain the party's strongholds in the northern half of the island while strengthening its support in Southern Taiwan; continuing the reform of the party reform in order to achieve his aim of turning the KMT from a membership party into an election machine; and, finally, to identify new issues and policies that will strengthen the party's appeal among the voters among belonging to the younger generations.

Since his return to the party chairmanship in October 2009 Ma has spent considerable effort to change the party's nomination procedures and to promote candidates unconnected to local factions to participate in the elections. While he succeeded in fielding candidates with a more pronounced intellectual and technocratic background the success in arranging sufficient local support for these candidates was limited. Quite a number of these candidates were unable to gain the support of local party chapters and thus fared badly in the elections.

An unintended side-effect of the new nomination process that has made popular support for a candidate the dominant criterion for his selection has been that once elected the new politicians concentrate on catering to their local constituencies and lend only limited support to the party line or the administration's priorities.

In the 2014 elections the incumbent KMT mayors of Taipei and Taichung cannot compete again. Given the strategic importance of both cities and the

tenuous hold the KMT exerted over Taichung in the 2010 elections, the choice of appropriate candidates is of utmost importance for the KMT's political prospects. Judging by some media reports the first moves in the competition for the nominations have already been made.¹⁹

→ *Relationship between administration and legislature*

The administration's failure to deal adequately with the 'American beef' issue has already been mentioned. The difficulties both president and premier encountered in handling this issue are representative for the serious deficiencies that characterize the Ma administration's dealings with the LY.

While maintaining a majority of seats in the 2012 legislative elections, the KMT lost the supermajority it enjoyed in the preceding legislative term. This loss generates a number of implications concerning the LY's procedures. The KMT parliamentary party can no longer control the legislative agenda, a capability that had proved to be extremely helpful in expediting the legislative handling of the agreements related to cross-strait relations and ECFA. Furthermore, administration and KMT parliamentary party have been – and certainly will be in the future – confronted with boycotts and blockades of parliamentary procedures by the opposition parties that created havoc with the administration's policy agenda.²⁰

It seems that the Ma administration has not yet fully recognized the implications of these changes in the relationship nor has it adjusted its approach or intensified its interactions with the legislature as a whole and the KMT party caucus in particular. According to some reports, for several EY ministers the idea of maintaining close relations with the party caucus in order to generate support for their bills and avoid political problems seems to be quite outlandish.²¹

III) Conclusion

At the start of his second term of office President Ma is confronted with faltering public support. His administration is shaken by political mistakes, unpopular decisions and the resignation of cabinet ministers. Given the worsening global economic situation it will be difficult indeed for the president to regain a comfortable margin of public support.

19 The China Post news staff; Parties face dilemma over Taipei mayoral candidates. In: The China Post online edition June 25, 2012

20 Shih, Hsiu-chuan; Legislature to convene on Friday. In: Taipei Times, February 18, 2012, p. 3

21 In the interview cited above Chu Yun-han related that the behaviour of some ministers reminded him more of knight-errants fighting alone for a just cause than of politicians attempting to orchestrate popular and legislative support for their bills.

If Ma really intends to undertake several of the reforms formulated in his political vision without contemplating the repercussions these initiatives may exert on the KMT's prospects in the next elections, a fear that has been articulated several times in publications close to the blue camp, his time frame will be limited to about 18 months. In addition to leading his administration to successfully accomplish its political aims he will also have to play an active role as party chairman and continue the reform of the KMT party apparatus.

In the wake of the 7-in-1 elections the KMT will have to start the selection process for a presidential candidate for the 2016 election. It is highly unlikely that the incumbent president will obtain the support necessary to implement policies that do not enjoy popular support.

Given the size and nature of the domestic political problems he is facing Ma thus will not control the resources needed to undertake new initiatives in cross-straits relations.