

# SWP Comment

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## Taiwan's Threatened Democracy Stays on Course

Fear of China's Dictatorship Pushes Taiwan's President to a Landslide Victory

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Presidential and parliamentary elections were held in Taiwan on 11 January 2020. The island is de facto a sovereign state and a consolidated democracy but is claimed by the People's Republic of China. Taiwan's president, Tsai Ing-wen, who has been in power since 2016, and her Democratic Progress Party (DPP) won both elections by a clear majority. The DPP stresses Taiwan's de facto independence. The largest opposition party, Kuomintang (KMT), stands for closer economic cooperation with mainland China. The election campaign was marked by increasing pressure from Beijing on the island and by protests in Hong Kong. Hong Kong serves as a warning to the Taiwanese about what could happen if Taiwan becomes too close to the mainland or even merges with it: The island state could lose its democracy and freedom.

In the presidential elections in January, Tsai received 57.1 percent of the vote, Han Kuo-yu from the KMT 38.6 percent, and the third candidate, James Soong from the People First Party, 4.3 percent. In parliament, the DPP has lost 7 seats, but with 61 Members of Parliament, it retains a comfortable majority of the total 113 seats. The KMT won 38 seats; smaller parties and independent candidates won the remaining 14 seats.

The clear election victory for Tsai can be explained on the one hand by the fact that the KMT sent Han Kuo-yu, a weak presidential candidate, into the race. On the other hand, the electorate trusts the incumbent president, rather than the KMT, to protect Taiwan's democracy and freedom from the People's Republic.

In the parliamentary elections, the difference in votes between the DPP and the KMT was less marked: 6.4 percentage points. The seats are allocated through a mixture of majority and proportional representation. The reasons for the smaller difference in votes are, firstly, that some KMT supporters did not vote for the unpopular Han, but did vote for their party in the parliamentary elections; secondly, most small parties did not nominate their own presidential candidates, as there is no run-off vote. This favors a concentration of votes on just a few candidates. In the parliamentary elections, however, a part of the electorate then opted for smaller parties and independent candidates.



## **KMT: Strong Start, Weak Finish**

Han has experienced a rapid rise as a politician during the last one and a half years. In November 2018 he was elected mayor of Kaohsiung, the largest city in southern Taiwan, traditionally a stronghold of the ruling DPP. His unconventional and people-oriented manner, his image as a political outsider, and his promise to make Kaohsiung rich led many people to vote for him. Almost as fast as his meteoric rise was his fall — burning out after coming into contact with political and economic reality. Han is a classic populist who had promised a lot, but in the end was unable to keep his promises for Kaohsiung, instead “distinguishing himself” through the chaotic management of the city. In addition, there were private scandals, for example an issue concerning a luxury apartment, that damaged his image as a “man of the people.” Shortly after he won the KMT party primaries in July 2019, his decline in the polls began.

Internal conflicts within the KMT and the “blue camp” of KMT and smaller parties close to it contributed to his poor election results. One of the veterans of Taiwanese politics, 77-year-old James Soong, ran for president for the fourth time, supported by Terry Gou, founder of Apple supplier Foxconn and one of the richest men on the island. Soong also stands for a stronger rapprochement with mainland China and belongs to the “blue camp.” Gou himself was defeated by Han in the KMT preliminary election polls and then resigned from the KMT. He and Soong disputed Han’s competence to govern Taiwan. Even parts of the elite of the KMT had little use for the popular Han.

## **Mobilization for the DPP and a New “Third Force”**

In contrast, the “green camp” around President Tsai has shown itself to be united. Although she had to compete with her former prime minister, William Lai, in the DPP’s

internal party primaries, she was able to assert herself as a candidate. After being defeated, Lai called for support for the president and was nominated by her as a candidate for the office of vice president. In addition, the “green camp” was able to mobilize its electorate, including the younger generation. Voter turnout in the presidential elections was 74.9 percent, significantly higher than four years ago, when it was 66.3 percent.

With the “Taiwan People’s Party,” a third force — the “white” force — has finally entered the political stage alongside the “blue” and “green” forces. Founded by the mayor of Taipei, Ko Wen-je, the party wants to govern unideologically, pragmatically, and efficiently — it sees itself as a force between the “blue” and “green” camps. The party will have only five seats in the newly elected parliament; however, in the 19 constituencies in which it has been elected, it has achieved more than 5 percent of the vote almost everywhere — in one-third of the constituencies even more than 10 percent. It is widely believed that Ko will run for president in 2024. His lack of ideology and his deliberately open political positions, for example on relations with mainland China, are both his strength and his weakness.

## **Today Hong Kong, Tomorrow Taiwan?**

Apart from the “candidate question,” the second main reason for Tsai’s election victory is the fact that Taiwan’s relationship with mainland China overshadowed other issues in the election.

On 2 January 2019, President Xi Jinping reaffirmed in a keynote address on Taiwan that a union of the mainland with Taiwan is inevitable, if necessary by force. It should be carried out under the formula “one country, two systems,” which provides that territories within the People’s Republic of China can have a partially independent political system. The “one country, two systems” concept was developed 40 years ago

by Deng Xiaoping for Taiwan and later applied to Hong Kong and Macau. Although the People's Republic did not name a deadline for unification with Taiwan, Xi stressed that this issue should not be passed on from generation to generation. The unspoken end date is (at the latest) the year 2049: According to Xi, the "great rejuvenation of the Chinese nation" is to be completed on the occasion of the country's centennial anniversary – and this includes unification with Taiwan.

In Taiwan "one country, two systems" was, and is, rejected by the overwhelming majority of the population, as well as by all parties in parliament. Since Taiwan is de facto a sovereign state, the island republic can only lose under this concept.

The political line of conflict on Taiwan is different: between the ideal of an independent Taiwan, for which the DPP stands, and the ideal of a united democratic China, the Republic of China, which the KMT is striving for. The Republic of China was founded in 1912 and ended the Chinese Empire. It was ruled dictatorially by the KMT until the KMT was defeated by the Chinese Communist Party (CCP) in the Chinese Civil War and had to flee to Taiwan in 1949. The Republic of China still exists there today. Taiwan was successfully democratized in the 1990s. Neither the ideals of the DPP nor the KMT are currently attainable. Accordingly, the major parties are making efforts to maintain the status quo, that is, Taiwan's de facto independence: the DPP through closer ties to the United States and greater distance from mainland China, the KMT through close economic ties to mainland China.

In Taiwan, Xi's speech was perceived as a hardening of the position toward Taiwan, even if Xi essentially only reaffirmed the existing positions of the People's Republic on this issue. However, in his speech, he missed the opportunity to present new options for a solution to the conflict that would also be acceptable to Taiwan.

A turning point for the election campaign in Taiwan was the resurgence of the democracy movement in Hong Kong. It reached its first climax in June 2019 in a

peaceful protest march with up to 2 million people.

The protests had been sparked by the planned passing of an extradition law. The draft law provided that criminals wanted in mainland China could be extradited there. Many Hong Kong citizens feared that the law could be misused to extradite people there to the People's Republic who were critical of it. One of Hong Kong's most important achievements compared with mainland China is the largely intact rule of law. In mainland China, the judiciary has to bow to the instructions of the CCP in cases of doubt, which does not meet the standards of the rule of law. Protests in Hong Kong have quickly developed into a movement against the gradual erosion of the city's remaining freedoms by the People's Republic.

The situation in Hong Kong has made one thing above all clear to the Taiwanese: the considerably lower level of democratic freedoms under the "one country, two systems" concept compared to Taiwan. In addition, the central government in Beijing and the local government in Hong Kong have shown themselves to be uncompromising; the only concession made was the withdrawal of the controversial extradition law in September 2019. The other four demands of the protest movement have been, and are still being, ignored:

- 1) the introduction of free and general elections,
- 2) an independent investigation into police violence,
- 3) an amnesty for all accused protesters and the release of detainees, and
- 4) the demand that the protests not be characterized as riots.

Instead, the police reacted with harshness and brutality and have arrested several thousand protesters to date, many of them students. There have been numerous reports of the mistreatment of detainees. A small part of the protest movement has radicalized itself and committed violence against the police, whereas the vast majority remain peaceful and have the support of the Hong Kong people. On the one hand, the

People's Republic insists on the "one country, two systems" formula for Taiwan. On the other hand, the Taiwanese see that — compared to their democracy — even the much more limited democratic freedoms and rights in Hong Kong are being undermined by the CCP.

Tsai has stressed in several speeches and statements that Taiwan's democracy is non-negotiable and that "one country, two systems" is not an acceptable solution. She also expressed her solidarity with Hong Kong's democracy movement. At the same time, however, she avoided granting asylum to a larger number of protesters or otherwise offering support for the protest movement in order not to provoke mainland China. The KMT also rejects "one country, two systems," and Han said during the election campaign that this concept would only be applied in Taiwan "over his dead body." But the majority of Taiwanese fear that mainland China could expand its political influence if there were closer economic cooperation, as envisaged in Han's election platform.

### **Solid Economic Development**

President Tsai's first term in office was marked by sound economic management, democratic progress in Taiwan, difficult relations with mainland China, and close ties with the United States, Japan, and the European Union (EU).

The Taiwanese economy has grown steadily during Tsai's first term, averaging 2.5 percent per year from 2016 to 2019. With the reductions in pensions for civil servants, it has pushed through an important — albeit unpopular — reform for the financial sustainability of the social welfare systems. Many Taiwanese are dissatisfied above all with the almost two decades of stagnating wages and the simultaneous sharp rise in property prices. The president has not yet been able to solve this problem. This is one of the reasons why the DPP suffered a crushing defeat in the local elections in November 2018, with Tsai resign-

ing as party leader as a result. The focus in the election campaign on relations with mainland China, the protests in Hong Kong, and the disenchantment with Han helped Tsai to make a comeback in 2019. In addition, she has raised the minimum wage several times, implemented tax cuts, and taken other social policy measures, which has enabled her to regain her popularity.

### **Taiwan's Exemplary Democracy**

Under Tsai, Taiwan has made further progress in the areas of democracy and human rights. For example, the rights of Taiwan's 16 officially recognized indigenous peoples have been strengthened. In 2016, Tsai became the first president of the island state to apologize for injustices committed in the treatment of indigenous Taiwanese, who make up about 2 percent of the population. In addition, the authoritarian past was dealt with by setting up a commission to investigate the period of the KMT dictatorship from 1945 until the complete abolition of martial law in 1992 and to compensate victims. Germany's reappraisal of the German Democratic Republic (GDR) dictatorship serves as a model for this; in December 2019, a declaration of intent was signed to facilitate cooperation with the Agency for the Records of the State Security Service of the former GDR.

In 2019, Taiwan was the first country in Asia to introduce same-sex marriage. The island state is one of the continent's front-runners in terms of freedom of expression and religion, women's rights, LGBTQ\* rights, and freedom for civil society. Direct democracy has been developed in the form of simplified referendum procedures. Together with Japan and South Korea, Taiwan is the most developed democracy in Asia and the only Chinese democracy that has ever existed.

## Turbulent Relations with China

After her election in 2016, Tsai promised to maintain the status quo in relations with mainland China. In her inaugural speech, she acknowledged the historical significance of the talks between the two sides in 1992 without fully embracing the concept of the “1992 Consensus,” which goes back to an informal agreement between the CCP and the KMT: Although there is one China, there are different interpretations of which state precisely this one China was. The CCP means the People’s Republic of China, the KMT the Republic of China. Central from the CCP’s point of view is the recognition that Taiwan is a part of China, although not necessarily the People’s Republic.

The DPP has never accepted this concept and takes the view that the Taiwanese people must decide on Taiwan’s sovereignty. In her inaugural speech, Tsai went a long way toward accommodating mainland China by explicitly mentioning the 1992 talks.

She had not received a mandate for further steps toward integration with mainland China. She did, however, leave in force the 21 agreements that had been ratified by the KMT with mainland China under her predecessor, Ma Ying-jeou, which primarily concern economic integration. She rejects demands for Taiwanese independence, as raised by the radical wing of her party.

For Xi’s government, however, Tsai’s inaugural speech and its policies offered too little: The People’s Republic demands the recognition of the “1992 Consensus” and further steps toward integration with the aim of uniting Taiwan with the mainland under the formula “one country, two systems.” As a consequence, Beijing broke off all contact with the government in Taipei after Tsai assumed office in May 2016.

## “Hide a Dagger behind a Smile” – China’s Taiwan Politics

After the breakdown of relations, the People’s Republic pursued a double strategy of “carrot and stick” toward Taiwan. On

the one hand, it adopted the “31 measures” in 2018 and a further “26 measures” in 2019 to create incentives for Taiwanese workers and companies to work and invest in mainland China; among other things, Taiwanese workers and companies were put on an equal footing with mainland Chinese in many areas. Apparently, these measures have not yet had the desired effect – investments by Taiwanese companies on the mainland have been declining since 2016. However, mainland China remains the largest market outside Taiwan for Taiwanese workers and companies, with around 1 million Taiwanese working there.

On the other hand, the People’s Republic has put Taiwan under a lot of pressure. Firstly, warships and fighter jets regularly circle the island. In addition, Taiwan is the victim of an estimated 15 million cyber-attacks per month from the People’s Republic.

Secondly, the People’s Republic of China has further restricted Taiwan’s already limited international scope. Since 2016, the People’s Republic has persuaded seven states to recognize the People’s Republic diplomatically instead of the Republic of China. This means that Taiwan is now officially recognized as a state by only 15 countries, in Europe only by the Holy See. Pressure is being exerted on international companies to add the word “China” whenever Taiwan is mentioned: In 2018, for example, more than 30 airlines were prompted to change “Taiwan” to “Taiwan, China” on their websites. Most of them complied with the request so as not to jeopardize their presence on the mainland Chinese market.

Thirdly, the People’s Republic exerts influence on the media in Taiwan. One strategy is to buy up media companies in Taiwan through China-friendly entrepreneurs, who then spread the propaganda of the People’s Republic. An example of this is the *China Times* of Taiwanese “cookie tycoon” Tsai Eng-meng, who makes most of his profits on the mainland. The *China Times* and other “red media” apparently receive direct instructions from Beijing on how and what they should report on. Another strat-

egy is to use social media to spread misinformation. With the help of fake accounts, social media increases the popularity of pro-Chinese politicians in Taiwan. For example, Han owes his rapid rise to hundreds of thousands of fake users on Facebook, inflating his popularity in fan groups.

Taiwan's democracy is probably the world's biggest victim of the "sharp power" of the People's Republic, a form of destructive power that seeks to undermine the attractiveness and legitimacy of a political system. The aim is to weaken the Taiwanese government and divide Taiwanese society through misinformation, propaganda, threats, and subversion.

### **Taiwan Strengthens Its Own Resilience**

In response to growing pressure from mainland China, the government of Tsai has strengthened Taiwan's resilience. Planned defense spending for 2020 has been raised to \$13.1 billion, compared to \$10.7 billion in 2015. The development and construction of its own submarines is boosting the domestic defense industry.

The parliament has passed several laws against mainland Chinese influence on media and politics, the last measure being the "Anti-Infiltration Law" at the end of December 2019. Among other things, these laws prohibit Taiwanese parties from accepting money from the People's Republic and tighten restrictions on retired officials and soldiers from participating in CCP activities on the Chinese mainland.

The Tsai government is also working to reduce economic dependence on mainland China. To this end, it has initiated the "New Southbound Policy," which aims to strengthen economic, cultural, and social relations with South and Southeast Asia. For example, the inhabitants of many of these states can now enter Taiwan without a visa, which has led to an increase in tourism from these regions. In addition, more and more travelers are coming from Japan and South Korea. In 2019, Taiwan set a new

record for visitors, with 11.8 million people. In tourism, Taiwan's government has succeeded in reducing its dependence on mainland China. Although the mainland Chinese are still the largest group, with 2.7 million people in 2019, under Tsai's predecessor, President Ma, there were still 4.1 million at the peak of 2015, with 10.4 million visitors in total. The situation is more difficult for exports: Mainland China and Hong Kong remain by far the largest export markets for the island state, with a combined export share of around 40 percent, far ahead of the United States (12 percent) and Japan (7 percent). This share of around 40 percent has remained largely stable for 15 years. It will take a lot of patience and determination to reduce Taiwan's close economic ties with mainland China.

After all, Taiwan's government is counting on intensive relations with other developed democracies, first and foremost with the United States, but also with Japan and the EU. Both sides consider relations between the United States and Taiwan to be very good. For example, the United States passed the "Taiwan Travel Act" in 2018, which allows meetings at the government level. Both houses of Congress unanimously adopted the law, a signal of the cross-party and visible support Taiwan enjoys in the United States. In the same year, the United States opened a new large building in Taipei for its unofficial representation, the American Institute.

The United States is sending warships through the Taiwan Strait more frequently than in the past and regularly sells weapons to Taiwan. The last major package, agreed in 2019, provides for the sale of 66 F-16 fighter aircraft of the latest generation.

In two high-profile speeches on US policy toward China, delivered in October 2018 and 2019, respectively, US Vice President Mike Pence made positive statements about Taiwan; both times he said, "America will always believe that Taiwan's embrace of democracy shows a better path for all the Chinese people."

US policy is to maintain the status quo in the Taiwan Strait. They are signaling to the

People's Republic that they are supporting Taiwan in order to prevent mainland military actions against the island. If the pressure of the People's Republic on Taiwan increases further, the United States will probably be forced to make an even stronger commitment to defend the island state if it wants to prevent military actions by the People's Republic.

Taiwan's relations with Japan and the EU have also developed in a positive manner during Tsai's first term of office. Japan has traditionally maintained close relations with the DPP. The EU regards the human rights situation in Taiwan as being exemplary in Asia and bases bilateral relations on shared values and good economic relations.

### **Threat to Taiwan Increases**

For President Tsai's second term of office, a continuation of her policy of the past four years is expected.

As far as relations with mainland China are concerned, much depends on the government in Beijing. One option would be for the People's Republic to maintain, or even increase, the pressure on Taiwan, and a second option would be for it to change its policy on Taiwan in favor of more dialogue and compromise. This second possibility seems unlikely at present. It would, however, be the prerequisite for peaceful unification, which is the publicly expressed goal of the government in Beijing.

In her speech on election evening in 2020, President Tsai again emphasized her willingness to engage in dialogue and understanding with the mainland. The basis must be a commitment to peace and the renunciation of threats, a dialogue based on mutual respect and parity, and respect for the democratic will of the Taiwanese. The Taiwanese must be allowed to decide on their own future in a democratic process.

The harsh attitude of the People's Republic over the last four years has been counterproductive and has further alienated Taiwan from the mainland. Thus, Beijing's

policy has weakened the KMT. The party's problem is that it wants to continue the policies of President Ma (2008 – 2016). In doing so, it overlooks the fact that the People's Republic is not the same today as it was 10 years ago, but rather that it is more aggressive and demanding toward Taiwan while becoming more repressive at home. Moreover, the KMT has hardly any voters under the age of 40 because they do not identify with the Republic of China and usually see themselves exclusively as Taiwanese. The comparatively solid performance of the KMT in the parliamentary elections shows, however, that with suitable – young – personnel and new ideas, the party can become competitive again.

Initial reactions from the People's Republic indicate that it is continuing its policy of putting pressure on Taiwan and sticking to the "one country, two systems" formula. The repression by the CCP in Tibet, Xinjiang, and Hong Kong demonstrates its lack of ability to compromise and grant political freedom. In current Chinese politics, it is also less risky for politicians to adopt a tough and nationalistic stance than to be willing to compromise and be open to new ideas and concepts. Accordingly, the People's Republic will continue to try to infiltrate Taiwan's democracy and spread misinformation as well as increase military and diplomatic pressure.

### **EU: Safeguarding the Status Quo and Supporting Taiwan's Democracy**

The most recent strategy paper on EU – China relations of March 2019 characterizes bilateral relations in this way: cooperation, balancing mutual interests, competition, and rivalry in terms of values and political systems. Taiwan only appears in a footnote. Following on from the EU Strategy Paper of 2016, the Union is basing its relations with Taiwan on the "One China Policy," the further development of relations with Taiwan on the basis of shared values, and peace in the Taiwan Strait.

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The Union's most recent strategy paper illustrates the tensions in relations in which it finds itself with the People's Republic. On the one hand, China is an economic and political partner in trade and investment as well as the solution for global problems such as climate protection; on the other hand, the People's Republic is a rival that propagates an authoritarian model of government and undermines global norms such as human rights.

European policy toward Taiwan also finds itself in this area of tension. The island state shares European values of democracy and human rights. As with the support for human rights defenders in mainland China and Hong Kong or taking action concerning the repression of people in Xinjiang and Tibet, the EU must consider what it values in its relations with Taiwan in promoting democracy and human rights. The planned EU – China summit in Germany in September 2020 is an appropriate time for such a discussion on a "Taiwan strategy."

In addition, EU member states should engage more with the United States and Japan on how to maintain peace and stability in the Taiwan Strait and how the world's democracies can better support one of their own.

There are many opportunities for co-operation with Taiwan below the level of formal state recognition from which both sides could benefit and which can be intensified: in technology and science, the energy revolution, and the promotion of human rights. In Germany and Europe, Taiwan is not sufficiently understood as the valuable partner it is – as a successful democracy and a technologically innovative economy. Its IT industry, for example, is one of the world's most advanced.

At the same time, the EU could offer to organize dialogues and conferences involving itself, mainland China, and Taiwan. These dialogues should, among other things, try to make mainland China more understanding of Taiwan's democracy and values. Tsai's election victory, for example, is ex-

plained by Chinese media as being the result of the fraud and dirty tricks of the DPP and the influence of the United States, without giving any facts or evidence. Taiwan's democracy is only "a coat under which the forces of Taiwanese independence hide," as a professor from the People's Republic said at a recent conference in Shanghai. Just as with the situation in Hong Kong, Beijing cannot imagine that people want to live in freedom.

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