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**Whither the KMT?**

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## Whither the KMT?

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### The dissolution of Ma Ying-jeou's presidency

The January 16, 2016 elections represent the sixth time that the ROC president has been elected by popular vote and the eighth general election of all representatives to the Legislative Yuan. The elections also represent the third turnover of party-in-power, and the first time that the Democratic Progressive Party (DPP) has won simultaneous control of the presidency and the legislature. The elections to choose Ma Ying-jeou's 馬英九 successor and determine the composition of the 113-seat Legislature were conducted against a backdrop of widespread discontent with Ma's policies and performance. Ma's approval ratings sunk below those of Chen Shui-bian 陳水扁 (whose corrupt activities as president landed him in jail when he stepped down), at one point reaching single digits. The writing was on the wall for the KMT with a catastrophic performance in the "9-in-1" local elections held in November 2014. However, the KMT's woes ran deeper than an unpopular president. With its "old guard" and "princelings", the party appeared to have lost touch with the electorate, neglecting its changing demographics and preoccupations. The extent of this estrangement should have been clear in the spring of 2014, when two years of large-scale popular protests over various issues culminated in students occupying the Legislature for three weeks. Inexplicably, the KMT, which had long proved so skilful in adapting from authoritarian rule to the conditions of democratic competition, failed to heed the warnings. Instead the mid-term campaign strategy relied on using vastly superior financial resources to attack opponents via negative campaigning and by leveraging long-nurtured factional networks. In the post-Sunflower era, these tactics failed to connect with voters, particularly the younger generation and their lived reality of stagnant wages, poor job prospects and little hope of getting on the property ladder.

The election losses mark a dramatic change in fortunes for the KMT. In 2008, Ma entered office with 58% of the vote and a substantial legislative majority for his party. His aims were to stabilize cross-Strait relations after a period of instability and deadlock during his predecessor Chen Shui-bian's tenure from 2000-2008; to revive Taiwan's economic fortunes through closer integration with the Chinese economy; to balance the imperative of economic incentives with the maintenance of "national dignity"; and to roll back the "de-Sinicization" elements of Chen's "Taiwanization" program by emphasizing Taiwan's Chinese cultural heritage and situating Taiwan within the framework of the greater Chinese nation. The underlying device Ma used to pursue these aims was the "1992 Consensus", a

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rhetorical position regarding Taiwan's status vis-à-vis China characterized by "One China, respective interpretations". The ambiguities of the "1992 Consensus" created space for the two sides to develop a workable platform and a generated an unprecedented level of momentum, yielding a number of practical agreements across several socio-economic sectors, including a limited free trade agreement, the Cross-Straits Economic Cooperation Framework Agreement (ECFA). The reinvigoration of semi-official frameworks and the institutionalization of party-to-party talks culminated in the first-ever meeting of sitting PRC and ROC presidents in Singapore in November 2015. The Ma administration demonstrated that it is possible for Taiwan to cooperate with China, reversing the trajectory of his predecessors.

Ma's policy of opening up parts of the Taiwanese economy to Chinese investment and expanding and deepening cross-Strait economic integration had some positive results. Taiwan's exports grew robustly during President Ma's first term despite the global financial crisis. Total annual exports grew 20% from 2008 to 2011, with one third of that rise coming from exports to China, which totalled US\$557 billion in the first seven and a half years of Ma's tenure (more than double the US\$257 billion of China-bound exports in the equivalent period of the Chen Shui-bian administration).<sup>2</sup>

Although most economic indicators rebounded impressively in 2010, the effects of this recovery were less felt in the population at large than in specific sectors of the economy. Under Ma, Taiwan's famously even distribution of wealth became a thing of the past and social mobility was no longer something that Taiwanese could take for granted. Education in particular no longer appeared the passport to mobility it once was, with an increasing proportion of graduates earning a desultory NT\$22,000 starting monthly salary (US\$650). Average disposable income rose just 1.6% for Taiwanese from 2008 to 2014, while the cost of living rose 7.9% in the same period, producing widespread feelings of relative deprivation exacerbated by inflated property prices. The Ministry of the Interior (MOI) estimated in the first quarter of 2015 that the price of a home was 16 times the average annual income for Taipei residents and 8.5 times average annual income in Taiwan as a whole. The MOI's national housing price index estimated that prices nationwide rose 45% from March 31, 2008, to March 31, 2015.<sup>3</sup>

While numerous economic agreements were signed, there were significant difficulties in implementation and the intended keystone policy of Ma's second term, the Cross-Strait Service and Trade Agreement (CSSTA), failed to achieve ratification in the legislature. Furthermore, in attempting to push through the CSSTA, Ma overplayed his hand, causing rifts between different branches of government, within his own party, and an outpouring of popular discontent

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2 <http://www.trade.gov.tw/english/Pages/List.aspx?nodeID=94>

3 <http://pip.moi.gov.tw/V2/E/SCRE0102.aspx>

dramatically manifest in the Sunflower Movement and student-led occupation of the Legislature in spring 2014. The Sunflower protests, primarily motivated by Ma's apparent authoritarian and opaque decision-making, marked a watershed halfway through his second term. While widespread feelings of economic dissatisfaction took hold, corporations and individuals with political connections profited from opening up Taiwan's economy to China. Squandering a long-held reputation as stewards of the "Economic Miracle" in the 1960s and 70s, the KMT came to represent the privileged and well connected.

While the extent of Taiwan's participation in international society remains incommensurate with an economy of Taiwan's size, or a consolidated liberal democracy and global trading power, it did expand during Ma's tenure. Taiwan's small group of diplomatic allies remained stable; Taiwan was able to join several international organizations (increasing to 37 under Ma, including the World Health Organization's health alert system); and ROC citizens now enjoy visa-free entry, landing-visa privileges, and other entry facilitation programs in 153 countries, including the US and EU. President Ma's administration emphasized these successes as indicators that it acted with resolve to uphold Taiwan's "dignity" and "respect". Notwithstanding Ma's satisfaction at these developments, the proportion of Taiwanese people identifying as "Taiwanese only" increased notably from 45% to 60% through his tenure. Yet Ma's presidential discourse went against this trend, emphasizing Chinese identity.<sup>4</sup> President Ma's references to his own and Taiwan's Chinese origins illustrate a personal commitment to the centrality of Chinese nation to Taiwan that appeared incompatible with the lived reality and national identity preferences of a majority of Taiwanese, particularly younger people for whom Ma's pet notion of being descended from the Yellow Emperor is incongruous. Despite instrumentally appealing to a sense of Taiwanese identity during his election campaigns, Ma increasingly identified with the Chinese nation. As a result of Ma's discursive behaviour and the deliberate marginalization of the "Taiwanese wing" of the party, the KMT returned to its roots as the party of Chinese nationalism, aligning with "Chinese-ness" at a time when the appeal of "Chinese-ness" had become increasingly marginal.

### Anatomy of an electoral disaster

The KMT endured a tortuous presidential campaign, with intraparty intrigue consuming attention from the beginning of the cycle to the end. Controversies embroiling KMT elites revealed divisions within the party and a deficit of effective leadership. The incumbent president's unpopularity ensured that any

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<sup>4</sup> Sullivan, Jonathan and Eliyahu V. Sapir (2013) Strategic cross-Strait discourse: Comparing three presidential terms. *China Information* 27(1): 11-30.

KMT candidate would face an uphill struggle, and this seemed to discourage most aspirants from running. Eric Chu, the only KMT candidate to win a special municipality election in 2014, was widely considered “next in line” for the KMT, but he repeatedly refused to run for president, promising his New Taipei City constituents that he would faithfully serve out his second term as Mayor. Other potential candidates, like former Taipei mayor Hau Lung-pin 郝龍斌 chose not to step into the vacuum. When the KMT’s registration period for aspiring presidential candidates ended, the only two registrants were former health minister Yang Chih-liang 楊志良, who had no electoral experience, and Deputy Legislative Speaker Hung Hsiu-chu 洪秀柱, a Chinese nationalist who had never run in a first-past-the-post general election and whose electoral base was in the most KMT-friendly areas.

With the candidates announced, the campaign settled into an equilibrium with Tsai running far ahead of Hung and Soong, who were splitting a minority of the votes. With Hung’s support never exceeding 20%, and concern growing about the spill-over effects of her extreme positions on the prospects of its legislative candidates the KMT’s Central Standing Committee turned the race on its head by calling an extraordinary party congress to rescind Hung Hsiu-chu’s nomination and nominate Chairman Eric Chu 朱立倫 in her place. Chu acceded, breaking his countless promises not to run. The party congress was held October 17, violating the KMT charter, which stipulated that two months’ notice must be given for any KMT party congress. Moreover, because the KMT charter did not vest a party congress authority to rescind a rule- and law-abiding presidential candidate’s nomination, the party congress had to first pass a resolution to amend the party charter in order to give itself the power to replace Hung with Chu the very same day. The KMT and Chu were heavily criticized for dumping Hung, and having gone back on his word, Eric Chu’s presidential poll numbers turned out to be almost as low as Hung’s had been. His running mate, Jennifer Wang 王如玄, a lawyer who helped pioneer women’s rights legislation, became mired in scandal almost as soon as she was selected. The revelation that she’d handsomely profited from buying and selling over a dozen military housing units, using complicated legal structures to avoid running afoul of the law, and was living in publicly subsidized civil servant housing damaged KMT support among some of its most loyal members, military veterans, who had already been turned off by the replacement of ideological fellow-traveller Hung Hsiu-chu.

Although he performed as competently as could be expected, Chu failed to distance himself from President Ma’s record or policies. Opposition legislative candidates seized the opportunity to damage KMT candidates and incumbents by associating them in voters’ minds with the party’s unpopular headliners. The results bear this out. Tsai Ing-wen 蔡英文 won the presidential election with 56% of the vote. Eric Chu finished second with 31% and James Soong 宋楚瑜 third

with 13%.<sup>5</sup> Tsai's 25-point margin of victory was the largest since Lee Teng-hui's 31-point win over three opponents in 1996, and her vote total of 6.894 million was second only to Ma Ying-jeou's 7.658 million in 2008. Tsai won every region except the sparsely populated counties of Hualien, Taitung, Kinmen, and Lienchiang, where Chu placed first, and she earned over 50% of the vote in each of the six major cities.<sup>6</sup> Her performance was the best ever by a DPP presidential candidate, while Chu's was the worst by a KMT candidate since Lien Chan's 連戰 third-place, 23% result in 2000. At 66%, voter turnout reached a historical low for an ROC presidential election, 8 points lower than the 74% turnout of 2012. In the 113-seat legislative election, 68 seats went to the DPP, 35 to the KMT, 5 to the NPP, 3 to the PFP, 1 to the Non-Partisan Solidarity Union (NPSU), and 1 to an independent.<sup>7</sup> The NPP formed its own caucus, led by Soochow political science professor Hsu Yung-ming 徐永明, which is expected to sometimes assist the DPP caucus led by Ker Chien-ming 柯建銘 and other times pressure it from the left. With the PFP caucus working independently from the KMT's, the KMT caucus is without coalition partners. The DPP has a legislative majority and the KMT a legislative minority, both historic firsts. Overall, the results of the 2016 elections were similar to the 2014 'mid-term' elections and were consistent with opinion polls through the campaign. The election eve scandal involving the teenage pop singer Chou Tzu-yu 周子瑜, forced by her Korean record company to apologize for holding an ROC flag, had a minimal effect on the results.

### Was 2016 “normal politics” or a fundamental shift?

Of concern to analysts of Taiwanese politics is whether the 2016 elections are a normal feature of the election-governance-election cycle, or if they can be characterized as representing a more fundamental shift. Put differently, can the election results be explained by short-term factors such as the state of the economy or dissatisfaction with the outgoing president? Or was this a “change election”, one that symbolizes a significant shift in the electorate and in the parameters of political competition? As intimated above, Ma was an unpopular president benighted by a succession of protests, scandals, corruption cases, party infighting and poor economic indicators. These are, in terms of a four or eight-year cycle, “short term factors”, and voters who switched to the PFP or abstained because of their dissatisfaction with Ma's performance may well return to the KMT in the next cycle. Facing a similar defeat in 2008, the DPP was able to regroup and by the 2010 special municipality elections it was relatively competitive. However,

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5 <http://db.cec.gov.tw/histMain.jsp?voteSel=20160101A1>

6 The special municipalities of New Taipei (55%), Taipei (52%), Taoyuan (51%), Taichung (55%), Tainan (68%), and Kaohsiung (63%).

7 <http://db.cec.gov.tw/histMain.jsp?voteSel=20160101A2>

three separate indicators suggest that a KMT revival may be more difficult than the DPP's. The DPP's disastrous performance in 2008 was more or less attributable to Chen Shui-bian's corruption and excessive ideological polarization. Ma, by contrast, despite low overall approval ratings, had relatively good "character" (品格) evaluations. Simply replacing Ma is unlikely to reverse the KMT's across the board decline in party identification, dissatisfaction with KMT positions on key issues, and the KMT's failure to adapt to long term trends in national identity preferences.

Analysis of the 2016 elections alone is insufficient to establish a trend in the KMT's fortunes. Any single election can be determined by short term and/or idiosyncratic features, and it is not unusual for two-term administrations to suffer at the polls. Party identification provides a less volatile indicator of favourability towards the KMT. Longitudinal surveys show that the KMT has long maintained a healthy lead over the DPP; even during the Chen administration the KMT had a 10-15% advantage, peaking at nearly 45% in 2011. Starting almost immediately after Ma's re-election the percentage of KMT and DPP identifiers converged. From 2013 KMT identifiers decreased as DPP overtook them, and since 2014 the DPP has had a 10% advantage. Furthermore, the swing in party identification shows that the KMT's decline, and DPP rise, has occurred across the board, regardless of age, education, ethnicity, gender, location and occupation. The latter is especially worrying for the KMT, with large swings among public sector workers and farmers. Given these changes, the KMT will not likely be able to revive its fortunes through appeals to one demographic or sector.

Long term trends in national identification preferences are a further concern for the KMT, as finding a way to represent Taiwanese identifiers will require a re-assessment of the Chinese-centric path that the party took under Ma. Progressively over time the large gap between Chinese and Taiwanese identifiers has closed, converging in 2008. Since then people identifying as exclusively Taiwanese has continued to increase, and is currently around 65%. Nathan Batto's analysis of vote switchers, i.e. people who voted for Ma in 2012 and Tsai in 2016, shows that "Ma voters who now support the DPP are less likely to be Mainlanders, more likely to have an exclusively Taiwanese identity, more likely to support Taiwan independence, and more dissatisfied with Ma's performance on the cross-straits issues and the economy. In other words, these voters seem to have discovered that they were on the wrong side of the blue-green divide and changed sides accordingly."<sup>8</sup> Since younger voters, and future voting cohorts, are more likely to identify as Taiwanese, demographic attitudinal trends are going to continue to be disadvantageous for the KMT if the party is unable to re-connect with voters and advance a platform that appeals to their interests.

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<sup>8</sup> Nathan F. Batto (2016) The KMT Coalition Unravels: The 2016 Elections and Taiwan's New Political Landscape. University of Nottingham, Taiwan Studies Conference, July 2016

## Recovery or atrophy? KMT since the elections

We have argued in this paper that the KMT is witnessing a decline in the appeal of its platform that exceeds the unpopularity of outgoing president Ma Ying-jeou. Trends in party identification, a move away from the median voter in terms of economic policy and national identity, and several rounds of election results at the national and subnational levels support the view that the KMT's poor performance in the 2016 elections was not an aberration to be explained away by short term factors. In Shelley Rigger's words "whether the KMT's ailment is terminal is impossible to say, but two things can be said: the party has been sick for a long time, and it is not currently taking its medications."<sup>9</sup> Since the elections in January, the party has not only failed to acknowledge and address the longer-term factors implicit in its declining electoral performance, it has reinforced the suspicion that it is out of touch with the electorate and the changing parameters of political competition in Taiwan. Despite the observed defection of moderate KMT supporters to the DPP and the defeat of relatively moderate KMT legislators, the party elected Hung Hsiu-chu as its new Chair to replace the ill-starred Eric Chu. Remember, Hung's pro-unification preferences proved so antithetical to mainstream public opinion that she was replaced as presidential candidate at the eleventh hour. And while Hung's appointment may "enhance the power of hardline Chinese nationalists within the new shrunken KMT coalition",<sup>10</sup> the kind of platform that Hung represents appeals to a marginal portion of the electorate. Instead of electing a Chair with a clear reform agenda, Hung shows no intention of moving away from Ma's agenda other than to double down on its pro-unification elements.

Following Eric Chu's resignation on Election Day, speculation was rife about who would compete for the leadership election to take place on March 26. Expected front-runner Hau Lung-pin removed himself from contention and acting KMT chairwoman Huang Min-hui 黃敏惠 put herself forward along with Hung and two relatively low profile candidates with some municipal experience, Lee Hsin 李新 and Apollo Chen 陳學聖. Huang, abettor of "Taiwanese faction" leader and Ma's *bête noire*, Wang Jin-pyng 王金平, promoted moderate changes within the existing status quo. In the leadership contest Hung was unencumbered by her China policy, which was problematic for the general public but less so for the KMT membership, one third of which belongs to a powerful and deeply conservative (i.e. pro-unification) military veterans chapter (Huang Fu-hsing 黃復興). Eventually, Hung won 56 percent of the vote, more than 20 percent ahead of Huang with Lee and Chen combining for 10 percent. Despite the large margin of

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<sup>9</sup> Shelley Rigger (2016) *Kuomintang Agonistes: Party Politics in the Wake of Taiwan's 2016 Elections*. Orbis, Sept 2016

<sup>10</sup> Nathan F. Batto (2016) *The KMT Coalition Unravels: The 2016 Elections and Taiwan's New Political Landscape*. University of Nottingham, Taiwan Studies Conference, July 2016

victory, it was, by KMT standards, a highly competitive chair election. The KMT's rules for registering a candidacy, including a registration fee of NT\$2 million and endorsement from 9,600 party members, favour candidates strongly embedded in the establishment.<sup>11</sup> Paradoxically, turnout was very low (less than 42 percent). It is possible that the low turnout and the candidacy of the darling of the ideologically pure wing of the KMT increased the significance of the military veteran voting bloc.

The Leninist organizational origins of the KMT with its legacy of democratic centralism creates a rigid institutional setting where decision from the party leadership is to be obeyed and where the Party chair controls all major appointments. Once in a position of power, the chair has little incentive to introduce reforms that would weaken their grip on the party. Hung demonstrated her intentions with her party leadership appointments: eleven members of her election campaign team and a number of local faction politicians. None of her four deputy chairmen (former mayor of Taichung Jason Hu 胡志強, former Taipei mayor Hau Lung-pin, former Governor of Taiwan Province Lin Junq-tzer 林政則 and former Minister of Health and advisor to President Ma Chan Chi-shean 詹啟賢, who was selected the last and named the foremost vice-chair) can be considered as pro-reform. More controversially, Hung appointed Alex Tsai 蔡正元 as a head of the KMT Central Policy Committee, a position that traditionally doubled with the speaker of the KMT caucus. However, KMT legislators will choose their own whip and Tsai will function as a coordinator between the party's central headquarters and its legislators.

Setting aside the need for the KMT to reform, and to introduce new blood and new thinking, Hung's personnel decisions primarily serve to unify the party by appointing local faction politicians. This is natural move for Hung. Party unity was badly damaged by Ma's aborted attempt to oust Wang Jin-pyng. Local election defeats in 2014 and the self-inflicted wound of changing presidential candidate at the last minute, accompanied by an exodus of party members, epitomized a party in disarray. Establishing party unity was a powerful theme for Hung. However, if party "unity" means the continued marginalization of the KMT's "Taiwanese faction", non-Mainlanders mainly based in central and southern Taiwan, it may provoke a further exodus, particularly if the party remains out of power, and thus less able to strategically channel resources, for an extended period.

The KMT's immediate challenge is to figure out how to function as a minority party in the legislature for the time.<sup>12</sup> The KMT caucus' first taste of being in the minority was the passing of a bill on its party assets on July 26, despite numerous attempts to filibuster the process. The bill calls for a review assets of all parties

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<sup>11</sup> <http://www.kmt.org.tw/2013/11/blog-post.html>

<sup>12</sup> The KMT had fewer seats than the DPP in 2001 and 2004 but its alliance with the PFP constituted a de facto majority.

acquired after August 15, 1945, the day of Japan's surrender. It is unpopular and worrying for the KMT because it mostly targets assets the party gained during the martial law period (1948-1987). Despite Hung's description of the bill as "the sorrow of both Taiwanese people and Taiwan's democracy"<sup>13</sup> and "unconstitutional,"<sup>14</sup> it received considerable public support<sup>15</sup> and is a major victory for the DPP. The KMT's ability to hold on to its financial assets have enabled the party to hold a winning coalition together into the democratic era, making it almost unique among former authoritarian regimes to survive the transition to democracy. Depending on the eventual outcome, the threat of repatriation of KMT assets is serious. Thus while Hung's reaction to the bill went against mainstream opinion, it was unsurprising. Her ideological steadfastness and notorious tone-deafness had another outing after Tsai's August 1 apology to Taiwan's aboriginal population (a traditionally KMT-leaning demographic). While the apology was praised at home and abroad Hung argued that the DPP was using it as a pretext "to eliminate Han Chinese People's perspective of history, or even engaging in desinicization to create a new perspective of history."<sup>16</sup>

The KMT can take some consolation from sinking approval ratings for President Tsai and her first cabinet after their first 100 days.<sup>17</sup> But given the new configuration of political competition it is no certainty that the KMT will be the major beneficiary of the inevitable ups and downs that the DPP will face. The New Power Party (NPP) will seek to attract dissatisfied voters on the pan-Green side, although the party is also seeking to position itself as a Taiwan-centric alternative to both major parties with a focus on social justice issues. On the pan-Blue side, marginal parties like the PFP and even the Minkuotang (MKT) party may prove to be an irritation. The rise of the NPP as a potential third power is especially concerning for the KMT, as it could force the DPP to gravitate towards and occupy the political centre-ground. If the KMT remains committed to a pro-unification, Chinese-centric trajectory under Hung, a moderate DPP would be hard to dislodge in future elections.

One option for the KMT, a risky tactic given that is largely at odds with Taiwan's electorate, is to solicit support from across the Strait. The "partnership" between the KMT and CCP initiated by Lien Chan's April 2005 mission (as an unelected and self-appointed emissary) allowed the KMT to present itself as a guarantor of stable relations, something that Ma was initially able to capitalize on through his embrace of the "1992 Consensus". However, while the KMT's cross-strait policy has long been perceived as more pragmatic, the DPP has been able to

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<sup>13</sup> <http://www1.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=18041>

<sup>14</sup> <http://www.taipeitimes.com/News/taiwan/archives/2016/09/02/2003654347>

<sup>15</sup> <http://solidaritytw.tumblr.com/post/148137606051/tisr-61-think-asset-bill-advances-democracy>

<sup>16</sup> <http://www1.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=18063>

<sup>17</sup> <http://solidaritytw.tumblr.com/post/149730405236/tisr-828-29-tsai-approval-dips-underwater>

reframe Taiwan's functional autonomy by situating it within a formula based on the Republic of China constitutional order. Remarkably, the DPP has staked out a cross-Strait policy that is seen as more desirable and realistic than the KMT's. Tsai's "moderation" is likely to inoculate her from the effects of deteriorating cross-Strait relations manifest in unilateral decisions from Beijing to break official contact and restrict Chinese tourist visits. Indeed, thus far, Taiwanese public opinion is remarkably sanguine about cooling relations; a sign that Hung and the KMT should probably heed as they head into regular Chair elections set for August 2017. The KMT faces a number of simultaneous challenges. The DPP is stronger than ever before and public opinion is increasingly advantageous for the party. The signs that the KMT is ready to face these challenges are unpropitious.