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# No Winds of Change: Taiwan's 2012 National Elections and the Post-Election Fallout

Gunter SCHUBERT

**Abstract:** Taiwan held its first combined national elections on 14 January 2012. Though the Democratic Progressive Party (DPP), the largest opposition party, fared much better in the Legislative Yuan elections than it did in 2008, DPP presidential contender Tsai Ying-wen's (Cai Yingwen) clear defeat at the hands of the Kuomintang (KMT, Guomindang) incumbent, Ma Ying-jeou (Ma Yingjiu), in the presidential race came as a surprise. The article examines the election campaigns of both Tsai and Ma, summarizes the election results, and analyses the reasons why the DPP failed to retake the presidency. It then discusses the post-election debate within the DPP on the future of its China policy and ponders what can be expected from the second Ma administration.

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**Keywords:** Taiwan, presidential elections, cross-Strait relations, parliamentary elections, Ma Ying-jeou, Tsai Ying-wen

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## Introduction

On 14 January 2012, the Taiwanese people cast ballots for the 8<sup>th</sup> Legislative Yuan and for the presidency, the latter to be directly elected for the fifth consecutive time since 1996. As in previous years, these national elections gained wide international attention, mostly because of their significance for the cross-Strait relationship. Following four years of Kuomintang (KMT, Guomindang) rule, which had substantially eased Sino-Taiwanese tensions and, among other agreements, brought about direct transport, trade and communication links between the two sides after decades of separation, these elections were clearly taken as a plebiscite on the acceptability of incumbent president Ma Ying-jeou's (Ma Yingjiu) China policy approach. The opposition Democratic Progressive Party (DPP), which had recuperated from its devastating defeat in the 2008 national elections, seemed ready for a strong showing ahead of the 2012 elections. Taiwan's notorious opinion surveys, though politically biased, predicted a neck-and-neck race for the presidency, with DPP chairwoman and presidential candidate Tsai Ying-wen (Cai Yingwen) apparently standing a fair chance of winning. This came as a surprise to many observers and KMT supporters, who thought that the majority of Taiwan's voters should be content with the degree of cross-Strait rapprochement that the Ma administration had achieved. However, DPP supporters contended that for many voters the ruling party was clearly endangering Taiwan's economy and sovereignty by maintaining its course of pro-active cross-Strait integration. Besides, Tsai Ying-wen seemed to score well by highlighting Taiwan's economic and social problems, bringing home the argument that Ma Ying-jeou had failed miserably to make good on his promise to deliver on these fronts. The PRC and US governments remained calm and observed from afar, though neither left any doubt about who they would like to see win: Ma Ying-jeou and his administration stood for continuity in cross-Strait dialogue and peaceful negotiation, whereas Tsai Ying-wen and the DPP, consistent in rejecting the "One China" principle, created much uncertainty in Washington and Beijing regarding the direction in which the DPP would steer cross-Strait relations. In the end, the elections confirmed what common sense had been telling those ready to listen over the months and weeks leading up to election day: No winds of change at the beginning of the Year of the Water Dragon! Although the DPP was able to reconsolidate its position in the Legislative Yuan to some extent, Tsai Ying-wen lost the presidential race against Ma Ying-jeou by a margin

much larger than expected by all political camps. This triggered a controversial debate within the DPP on what changes to make in the wake of its electoral setback. Many party leaders strongly recommended an overhaul of the DPP's China policy, while others objected to such a move and pleaded for a new focus on reconnecting with Taiwan's civil society. Where this debate will lead remains to be seen, but one of the major tasks of newly elected party chairman Su Tseng-chang (Su Zhen-chang) will be to give the party context and direction. Su, who won an intra-party race among five contenders on 27 May to follow Tsai Ying-wen in leading the party, intends to reinstate a Department of China Affairs within the structure of party chapters and to set up a China Affairs Committee, an advisory body including scholars and experts on cross-Strait affairs.

Meanwhile, President Ma Ying-jeou announced the major objectives of his second administration in his inaugural speech in mid-May, after much domestic controversy over the KMT's future China policy course. In late March, Ma stunned the Taiwanese public by sending former KMT chairman Wu Poh-hsiung (Wu Boxiong) to Beijing to meet Hu Jintao, PRC president and CCP general secretary. Wu publicly defined cross-Strait relations as "one country, two regions" (一个国家, 两个区, *yige guojia, liangge qu*), causing a storm of disapproval and harsh criticism from the Taiwanese media and among scholars. Many Taiwanese were left wondering if this initiative was just meant to confirm the existing legal relationship between the two sides of the Taiwan Strait as defined by Taiwanese authorities, or whether it was meant as a precursor of a new KMT drive to push forward with unification.

## The Campaign

The cornerstone of Ma Ying-jeou's election platform in 2008 had been his promise to end the deadlock in cross-Strait relations and to bring the dialogue between Taipei and Beijing back on track. He also promised to deliver an economic growth rate of 6 per cent and an average per capita annual income of 30,000 TWD as well as to reduce the unemployment rate to 3 per cent during his tenure. Though Ma failed on all components of this so-called "6-3-3 formula" for reasons mostly related to the global financial crisis hitting Taiwan in 2008–2009, Taiwan's overall economic conditions were not that bad at the end of Ma's first four-year term. As a matter of fact, Taiwan had begun to recover remarkably in 2010, with an

economic growth rate of 4.38 per cent by the end of 2011. Although the president could not take much credit by pointing to this development during his campaign (as the upturn was foremost due to a new wave of demand in Taiwan's major export markets), he could be quite assured that the opposition's attempt to blame him and his party for economic failure would be rather unconvincing to most Taiwanese voters. Moreover, Ma could bring home the point that cross-Strait rapprochement had paved the way for new opportunities for the Taiwanese economy – most notably for farmers, who would profit from increasing exports to the Chinese mainland resulting from the signing of ECFA, an Economic Cooperation Framework Agreement between Taiwan and China, in June 2010 (see Wang 2012: 6). ECFA's "early harvest list", implemented in January 2011, is supposed to have helped Taiwan's exports to mainland China – mainly agricultural products – hit a record high of 120 billion USD over the rest of that year. Ma could also emphasize the fact that 16 bilateral agreements had been signed during his presidency so far, with the "three big links" and ECFA figuring as their most prominent outcomes, and that this had led to the most amicable relations between Taiwan and China in decades.

A stable cross-Strait relationship acknowledged by the United States, material gains by increasing economic interaction across the Taiwan Strait, and a workable formula to safeguard the Republic of China's sovereignty in all negotiations between Taipei and Beijing – the latter termed the "1992 Consensus" – were solid selling points to the electorate that the DPP could hardly take away from the ruling party. According to the 1992 Consensus, as defined by the Taiwanese government, Taipei and Beijing acknowledge that Taiwan is a part of One China, though both sides have different interpretations of what One China means. As a matter of fact, this formula was invented retrospectively in Taiwan to carve out common ground for cross-Strait negotiations after bilateral relations hit rock bottom in 1999 when former president Lee Teng-hui (Li Deng-hui) invoked a "Two China" policy in a radio interview. Today, mainland officials also refer to the 1992 Consensus as the major precondition for cross-Strait talks that has to be honoured by both sides, though there is no official document proving that the Chinese government has ever accepted the Taiwanese version of the consensus: "One China, but different interpretations" (一个中国, 各自表述, *yige Zhongguo, gezi biao shu*). At the official level, the PRC accepts only the first part of the formula: One China.

DPP contender Tsai Ying-wen understood the danger of becoming too entangled in Taiwan's China policy debate early on. Having been elected party chairwoman after the 2008 election disaster, her competence, matter-of-fact working style and lack of factional affiliation helped her reunite the party and gradually reconsolidate its political posture. In the following years, the DPP competed successfully in a number of legislative by-elections and the important 2010 "three-in-one" special municipality elections, making her the most probable choice as presidential candidate in spite of strong intra-party opposition. When she was finally nominated April 2011, after she defeated former premier Su Tseng-chang by a very small margin in a nationwide phone poll, she tried to steer the DPP away from a political course of directly challenging the accords sealed at the cross-Strait negotiating table and refrained from reiterating Taiwan nationalism and independence *à la* Chen Shui-bian (Chen Shuibian). For instance, although she had strongly opposed the ECFA deal until it was signed, she soon announced that she would not scrap it if elected president. At the same time, however, she denounced the 1992 Consensus as a policy fabricated by the KMT, unacceptable as a basis for cross-Strait negotiations under a DPP government. Instead, she proposed a "Taiwan Consensus" to be established by broad discussions within Taiwanese society about the future trajectory of cross-Strait relations and the political status of Taiwan. She remained vague on what such a consensus might be and only occasionally hinted that one component of it would be strict parliamentary oversight of any cross-Strait deal in the future. She also suggested that a Taiwan Consensus should unite all political camps in their efforts to safeguard Taiwan's sovereignty, but she stopped short of explicitly suggesting that it could be based on the 1999 *Resolution on Taiwan's Future* (台湾前途决议文, *Taiwan qiantu jueyiwen*), which acknowledged the island republic's official designation as the "Republic of China" (ROC) and claimed that Taiwan was already an independent country carrying that name. Tsai and the DPP leadership were probably concerned that explicitly acknowledging the ROC during the campaign would have meant compromising on the DPP's official rejection of the One China principle and subscribing to the 1992 Consensus by default. Interestingly, on National Day (10 October) 2011 Tsai said, "Taiwan is the ROC, the ROC is Taiwan, and the ROC government is the government of Taiwan", invoking the terminology of the 1999 resolution. As Alan D. Romberg correctly noted, this was a logical statement, as "a candidate for president could hardly maintain that she

sought to head an illegitimate government” (Romberg 2012: 2). However, Tsai made it clear on various occasions that such a position did not imply any acceptance of the One China principle.

Alternatively, Tsai claimed that cross-Strait talks should be based on a common understanding of *he er bu tong, he er qiu tong* (和而不同, 和而求同): “peaceful but recognizing differences, peaceful and seeking commonalities”. This was the DPP’s borderline, but instead of attempting to give more contextual substance to this formula, Tsai focused her campaign on domestic issues, criticizing the Ma administration for letting Taiwanese society drift apart: Rising income concentration in the hands of a few, increasing social cleavages due to unemployment, and skyrocketing real estate prices depriving young people of a fair chance to start a life of their own were major points that the DPP’s presidential contender focused on. Moreover, she accused Ma of deceiving the Taiwanese people by covering up the long-term negative consequences of ECFA, which would depress the prices of agricultural products, put the survival of traditional industries and the jobs of some 5.9 million white-collar workers at risk in just a few years, and divert the government’s attention to necessary trade diversification in order to reduce Taiwan’s economic dependence on China (Romberg 2010: 4–5). This all sounded convincing to the DPP clientele, though whether Tsai’s strategy was received equally well by the median voter who would decide on the final outcome of the election remained uncertain throughout the whole campaign.

When, on 17 October 2011, Ma Ying-jeou openly reflected on the possibility of signing a peace agreement between Taiwan and China within the next ten years, Tsai Ying-wen’s campaign got an unexpected boost. Ma’s “unnecessary” statement triggered a hot debate in Taiwan and gave ammunition to the opposition to claim that Taiwan’s sovereignty was sold out by a president whom no serious Taiwanese could ever trust. Ma, apparently surprised by the storm he had unleashed, quickly assured the public that he was not targeting a peace deal any time soon and eventually, responding to DPP demands, promised that it would be subjected to a referendum in any case (for details, see Romberg 2012: 8–15). The KMT then did its best to talk the peace agreement away. However, the damage had been done and Ma’s approval rates seemed to slip in the ensuing weeks, at least according to some surveys. The possible motives of the president coming up with such a suggestion so late in his campaign were widely speculated on, given that the sensitiv-

ity of any statement regarding Taiwan's political status could not but stir up the kind of trouble that it did. It may have been a simple confirmation of what Ma had actually said repeatedly in the past when he referred to a cross-strait peace accord as an objective that a KMT government should pursue if a number of strict preconditions were met, most notably the consent of the Taiwanese people. In the end, many Taiwanese seemed to see it that way and were content that the president had agreed to submit any peace accord initiative to a foregoing referendum.

Another complication for the incumbent administration was the announcement by the People First Party's (PFP) stalwart, Soong Chu-yu (Song Chuyu), a former governor of Taiwan Province and – before he was expelled from the party in November 1999 – high-ranking KMT official, that he would run for the presidency again. Many immediately recalled the 2000 presidential elections when Soong Chu-yu, after having been sidelined by Lee Teng-hui in the KMT's nomination process for president, ran as an independent and split the vote pool of the ruling party, hence enabling Chen Shui-bian to win with less than 40 per cent of the votes. However, this time Soong was not expected to make a showing in any way comparable to 2000, when he gained 36.8 per cent of the votes and made the KMT frontrunner Lien Chan (Lian Zhan) a distant third in the race (23.1 per cent). His best times were long behind him, and for many observers his ticket was seen foremost as a strategic move to secure his party some critical seats in the new legislature. Moreover, it was estimated that Soong would not only grab votes from the KMT's base but also attract a fair number of median voters and even DPP-leaning Taiwanese. However, his candidature brought a degree of uncertainty to Ma's campaign and suggested that in a tight race, Soong could be the kingmaker.

On the international front, Ma Ying-jeou had a foreseeable advantage. There was no doubt that both Beijing and Washington preferred a second term of his government over a DPP alternative, of which nobody could be sure to what it would lead in terms of cross-strait stability and peace. China, though cautious not to make any overt statement of its expectations, still tried to help Ma where it could. The Taiwanese media were full of reports on local Taiwan Affairs Offices helping Taiwanese Business Associations on the mainland to mobilize their compatriots to return to Taiwan to vote, taking for granted that a majority of them would cast their ballots for Ma and the KMT. Various pre-election reports estimating that some 200,000 to 300,000 Taiwanese business-



people residing in China would return to take part in the national elections were probably quite exaggerated, though. According to calculations based on the increase of cross-Strait airplane tickets sold in the fortnight before the 2004 and 2008 presidential elections, respectively, a more realistic assumption of the number of votes cast by Taiwanese compatriots (台胞, *taibao*) seems to be between 50,000 and 100,000. This means that this constituency is critical only in very tight races and had only a limited impact on the latest presidential elections (see also Keng and Schubert forthcoming). On various occasions, Chinese politicians emphasized the official mantra that any Taiwanese government must accept the 1992 Consensus and the One China principle, telling the DPP and its supporters that a rejection of the consensus was a no-go for any effort to talk to Beijing and that it had to be endorsed unequivocally. These statements were clearly meant to demarcate to the Taiwanese electorate where China's borderline was, although no Chinese leader has ever officially subscribed to the KMT version of the 1992 Consensus (see above).

The US government, for its part, stressed its neutrality on Taiwan's elections, expressing its respect for a sovereign act of a democratic country. However, a public statement by an unnamed official following Tsai Ying-wen's visit to the US in September 2011 made it evident that the Obama administration had its reservations about a change of government in Taiwan: The official, as quoted by the *Financial Times* on 15 September, stated that Tsai

left us with distinct doubts about whether she is both willing and able to continue the stability in cross-Strait relations the region has enjoyed in recent years (*Financial Times* 2011).

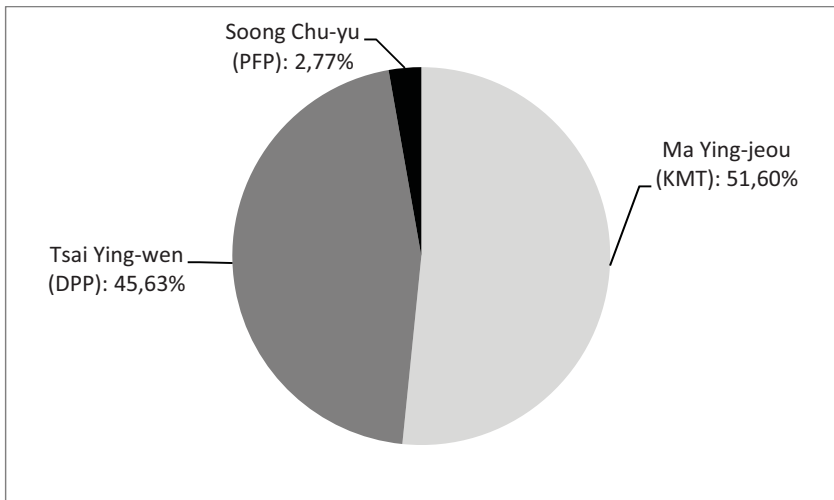
Given the importance of the US for Taiwan's security, this strong statement came as a shock to Tsai's campaign team and became a burden for her.

## Results

Many opinion polls are politically biased in Taiwan, especially when conducted or commissioned by media networks or newspapers known to lean either to the pan-Blue or pan-Green camp. However, as the election outcome later showed, this time they were quite correct in seeing Ma Ying-jeou mostly in the lead after April 2011 by an average margin of 5 to 6 per cent.

Therefore, the results of the presidential elections should not have been particularly surprising; however, given the unreliability of most polling in the past and the high hopes on the part of the pan-Green camp to turn the wheel against all the odds of Ma's incumbency, the final outcome was more than disappointing for Tsai Ying-wen and the DPP. Although she gained some 650,000 votes more for her party than they had received in the 2008 presidential race, she only received 41.55 per cent of all votes cast. Ma Ying-jeou, for his part, lost some 770,000 votes compared to 2008 but still won with a comfortable 51.6 per cent. Soong Chu-yu took a meagre 2.8 per cent of the votes, much less than allotted to him by most polls over the previous months. Many voters had probably withdrawn their support from Soong at the very last moment, perhaps in order to strengthen Ma against an allegedly strong DPP contender. Ma Ying-jeou's showing was all the more impressive when one takes into account the share of votes he received in southern Taiwan, usually strong DPP turf. It was also interesting to see that in the south, Tsai Ying-wen overall gained fewer votes than her DPP colleagues running for legislative office, highlighting the fact that the DPP frontrunner was less popular in her party strongholds than expected (Li 2012).

Figure 1: Presidential Elections 2012: Distribution of Votes



Source: Compiled according to data provided by the Election Study Center, National Chengchi University, Taiwan, online: <<http://esc.nccu.edu.tw/>>.

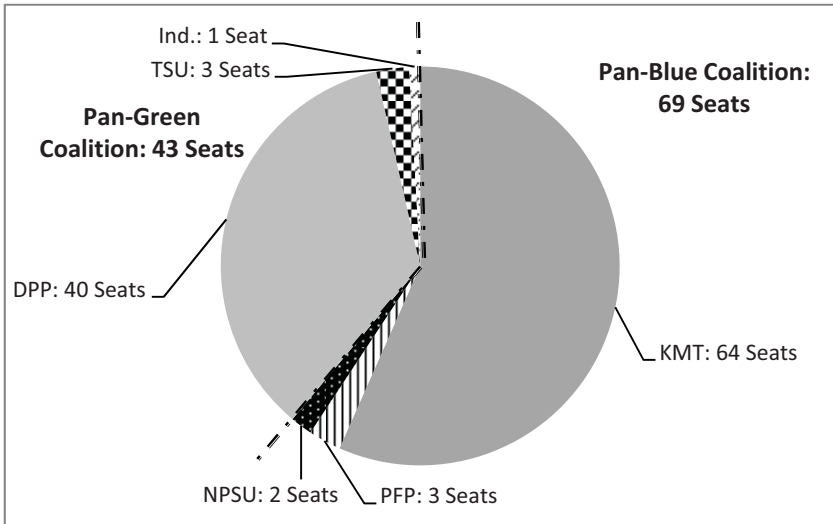
Table 1: Legislative Elections 2012: Basic Data

	Party Vote		Constituencies	
	2012 in % (M.)	2008 in % (M.)	73 Seats + 6 Aboriginal Seats	
			Candidates	Seats
KMT	44.57 (5,863)	51.23 (5,291)	75	44 + 4
DPP	34.62 (4,557)	36.91 (3,775)	70	27
PFP	5.49 (0,722)	(0,028)	12	1
NP	1.49 (0,196)	3.95	1	---
TSU	8.96 (1,179)	3.53 (0,094)	0	---
NPSU		2.4		2
Independents		4		1
Votes in Total	(13,170,279)	(10,050,619)		
	Party List 34 Seats		Seats in Total: 113	
	Candidates	Seats	2012	2008
KMT	34	16	64 (56.64%)	81 (71.68%)
DPP	18	13	40 (35.40%)	27 (23.89%)
PFP	18	2	3 (2.65%)	1 (0.88%)
NP	6			
TSU	10	3	3 (2.65%)	
NPSU			2 (1.77%)	3 (2.65%)
Independents			1 (0.88%)	1 (0.88%)
Votes in Total				

Note: KMT (Kuomintang) = Chinese Nationalist Party; PFP = People First Party; NP = New Party; NPSU = Non-Partisan Solidarity Union; DPP = Democratic Progressive Party; TSU = Taiwan Solidarity Union.

Source: Compiled according to data provided by the Election Study Center, National Chengchi University, Taiwan, online: <<http://esc.nccu.edu.tw/>>.

Figure 2: Legislative Elections 2012: Distribution of Seats

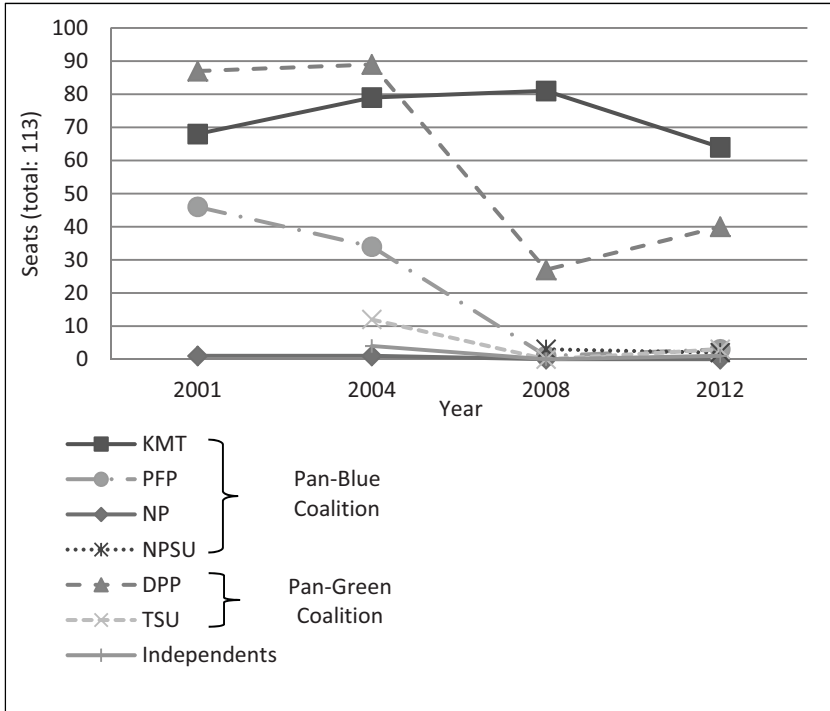


Source: Compiled according to data provided by the Election Study Center, National Chengchi University, Taiwan, online: <<http://esc.nccu.edu.tw/>>.

With respect to the Legislative Yuan elections, the DPP clearly recuperated from its stern defeat four years earlier and won 13 additional seats, giving it a total of 40. However, its share of the votes decreased by 2.3 per cent, and the largest opposition party could not even come close to taking away the KMT's absolute majority in the legislature. The ruling party lost 17 seats and 5.66 per cent of the vote, a result that had been expected by many observers. First, KMT legislators suffered from a bad reputation due to their sometimes erratic performance in a parliament that they had dominated with a constitutional majority since 2008. Also, one party having too much power apparently does not go over well with Taiwan's middle-of-the-road voters. All in all, both the KMT and the DPP mobilized their core supports to the fullest, indicating that their electoral machines worked well. Interestingly, the independence-leaning Taiwan Solidarity Union (TSU) and the pan-Blue PFP each gained three legislator-at-large seats (from party lists), refuting conventional wisdom that a mixed-member majoritarian system (combining first-past-the-post voting with party-list proportional representation) discriminates against small parties. However, their impact in the Legislative Yuan can only be

marginal, given the limited number of seats that each of these small parties holds. Three seats also went to independents.

Figure 3: Legislative Yuan Elections – Trends



Source: Compiled according to data provided by the Election Study Center, National Chengchi University, Taiwan, online: <<http://esc.nccu.edu.tw/>>.

The elections, though hotly contested as always, went smoothly and strengthened Taiwan’s image as a consolidated democracy. Although the DPP suffered unequivocal and unexpected defeat, its supporters accepted this calmly. Tsai Ying-wen, though visibly disappointed, congratulated Ma Ying-jeou when she took to the stage to address the crowd in front of party headquarters. As is tradition in the DPP, she announced that she would step down as party chairwoman, taking responsibility for the outcome of the election. In the days thereafter, it quickly became clear that she would not heed the loud voices of DPP supporters out in the streets

of Taiwan's big cities who begged her to stay on. As a matter of fact, factional infighting for her position started immediately after election day and highlighted the fact that Tsai had never been unchallenged as party leader and presidential contender. Be that as it may, she gained a lasting reputation of having brought the DPP back on track after the 2008 disaster, and was the first female politician to chair the opposition party and run for president.

## Explanations

The elections results shocked DPP supporters, many of whom could not believe that their party and its frontrunner, Tsai Ying-wen, had been so far behind the winning KMT. "Their" surveys had obviously got it all wrong; many blogs, with all their mundane academic expertise had got it wrong; and last but not least, the DPP leadership had got it wrong. So *what* actually went wrong? As I indicated above, the surveys were unable to determine how the 20 to 25 per cent of middle-of-the-road voters, who are not ideologically bound and switch their party allegiance according to their (changing) premises, would vote in the end. Many of them, it seems, made up their minds at the very last moment and, for instance, dropped their support for Soong Chu-yu out of fear of splitting up the pan-Blue voter bloc as had occurred in 2000, which was to the benefit of the DPP candidate. This "save Ma, give up Soong" (保马放宋, *bao Ma fang Soong*) phenomenon, however, can explain only part of the story. If many voters eventually decided to vote for the incumbent, there is much reason to believe that considerations of stability overtook any kind of discontent with the KMT government under Ma Ying-jeou.

As many observers argued in the days and weeks after the election, Tsai Ying-wen had obviously failed to convince the electorate of her China policy approach. Her Taiwan Consensus remained a vague concept throughout the whole campaign, and her efforts to direct public attention to issues of social justice and distributive fairness may have found sympathy among fewer people than Tsai and the DPP expected. As a matter of fact, those lower-middle-class and working-class strata that should have been most convinced by Tsai's arguments were simultaneously attracted by the economic promises of Ma's pro-active strategy of cross-Strait market liberalization, epitomized by ECFA. Many farmers in central and southern Taiwan, usually hardcore supporters of the pan-Green camp, could not help but notice the positive fallout from ECFA

for their exports to the mainland market. On the other hand, for those middle-class voters who may have shared quite a few of Tsai's concerns regarding cross-Strait relations and a possible hollowing out of Taiwan's economy under the Ma administration (Tung 2012), her policy alternatives were just too murky. A preliminary report published by the DPP in mid-February, reviewing its loss in the presidential elections, listed some 20 factors explaining the party's defeat, partly confirming what I mentioned above: the insufficient trust of the public in the DPP's ability to handle cross-Strait relations and the "Soong factor". The report also mentioned the KMT's overpowering financial and administrative resources, lower-than-expected voter turnout, and the return of some 200,000 mainland-based Taiwanese businesspeople who were thought to have cast their ballots overwhelmingly for the KMT (*Taipei Times* 2012a, 2012b).

The outcome of the presidential elections belies the argument of a number of scholars that the economy has become the issue that ultimately decides victory or defeat. If Tsai Ying-wen's campaign was an experiment to test that hypothesis, her failure may be taken as evidence that to get majority support in Taiwan's presidential race, "It's cross-Strait stability, stupid." One may speculate that when there is continuous peace in the Taiwan Strait, the economy – and Taiwan's deepening social cleavages – might become decisive campaign issues in the future. But as long as the so-called status quo is not taken for granted by most Taiwanese, all other topics can tip the balance in favour of a candidate only in a very tight race. To oust an incumbent who has delivered on the stability front is hardly possible.

## DPP Post-Election Soul-Searching

Although it eventually lost the elections, the DPP had recovered surprisingly well since its crushing defeat in the 2008 campaign. By criticizing Ma Ying-jeou's pro-active China policy and demanding more legislative oversight of cross-Strait negotiations, but also by taking advantage of the lackluster performance of the KMT-dominated legislature and successfully shifting public attention to many social and economic problems plaguing Taiwanese society, DPP candidate Tsai Ying-wen seemed at one point able to win the presidential race. However, according to most public survey data and post-election analysis, she lost critical support during the last two weeks before the elections when the KMT campaign

was grilling her on the DPP's China policy and accusing her of shying away from any serious debate on this issue.

In the weeks and months following the January elections, the DPP debated whether to modify its China policy. One group of DPP leaders and DPP-leaning scholars persistently denied that change was necessary, claiming that it was not the party's China policy that was responsible for its defeat but a number of other issues unrelated to this question: Aside from the *bao Ma fang Soong* effect mentioned above, they pointed to the KMT's abuse of its access to government and administrative resources, rampant KMT vote-buying, the deception of Taiwanese farmers by China's acquisition of domestic agricultural and aquatic products in the weeks and months before the elections, and a conspiracy on the part of the KMT and the Chinese Communist Party to stigmatize the DPP as an anti-trade party that would hinder economic development. It was also emphasized that many Taiwanese were having second thoughts about their vote after most of the island's tycoons threw their support behind the KMT and Ma Ying-jeou in the final weeks of the campaign, reinforcing the ruling party's claim that it, itself, was the only force equipped to deal with China in a way that would benefit the Taiwanese economy.

Another group of DPP members, however, was challenging this stance: Even if most of them did not demand that the party renounce its ideological core principles, they did argue strongly in favour of a new outlook for the DPP on China and a clarification of its future approach to this rising power. More precisely, they demanded a conceptual "upgrade" of the 1999 *Resolution on Taiwan's Future*. In this document, the DPP had declared it would accept the official state name of Taiwan – "Republic of China" – for the time being, based on the understanding that this term applies only to Taiwan and its surrounding islands. Any change of Taiwan's political status as a de facto independent country (called ROC), as is further stipulated in the resolution, shall be determined by the Taiwanese people by way of referendum. The 1999 resolution was later included in the DPP party charter, where it is rather awkwardly juxtaposed alongside the 1991 "Taiwan Independence Clause". The latter requires a referendum to establish an independent Republic of Taiwan. After the 2012 elections, the above-mentioned group of DPP pragmatists advocated a reinterpretation of the 1999 resolution as the cornerstone of the DPP's position on China, identifying Taiwan with the ROC in definite terms, accepting the 1947 mainland constitution (instead of replacing it with a new one) and clarifying the relationship between



the 1999 resolution and the Taiwan Independence Clause by an act of historical sequencing: Though the latter would not be scrapped from the party platform, its validity would be superseded by the former. For its part, the Taiwan Independence Clause should henceforth be a marker to remind everyone of the DPP's past, whereas the 1999 resolution should be the conceptual basis of the DPP's China policy, which, in practical terms, would allow for actively engaging China. In a nutshell, the pragmatists want to cautiously do away with the Taiwan Independence Clause and take a more conciliatory approach to China by irreversibly linking Taiwan's sovereignty to the sovereignty of the ROC. ROC sovereignty is also the central component of the KMT's interpretation of the 1992 Consensus, which has thus far served as the key formula for cross-Strait talks. However, the DPP pragmatists reject the 1992 Consensus insofar as China claims it to be an indispensable precondition of negotiations across the Taiwan Strait. As a number of interviews I conducted with DPP officials in the spring of 2012 clearly showed, they accept that any formula may be discussed as long such a discussion is conducted in a spirit of equality, mutual respect and open-endedness.

Acceptance of the "Republic of China" on Taiwan via a refurbished interpretation of the 1999 *Resolution on Taiwan's Future* thus comes very close to the KMT's line, "One China, but different interpretations". However, there is still an important difference between the KMT and the DPP stance on China, giving the median voter a clear choice: Whereas the KMT refers rather ambivalently to the ROC – in Taiwan proper speaking of the ROC "on Taiwan" (rather than "in Taiwan"), but invoking the prospect of eventual unification when talking to the Chinese government – the DPP pragmatists seem to support a Two China policy and insist on a foregoing democratic referendum if the sovereign status of Taiwan (as the ROC) should ever be changed. Though this is still unacceptable to the Chinese government, to abstain from actively advocating an independent Taiwanese republic would, in the eyes of those opting for a conceptual change in the DPP's China policy, help lay the groundwork for talks between Beijing and a future DPP-led government.

## Outlook

What can we expect from the next four years of KMT rule? The KMT can certainly take the election outcome as a confirmation of its cross-

Strait policies and President Ma's approach of steadily increasing interaction and dialogue across the Taiwan Strait. The agenda for future talks was set long ago, with an investment protection agreement at the top, followed by further fine-tuning of ECFA. However, since last year's domestic brawl over Ma Ying-jeou's sudden proposal to negotiate a peace agreement with China if he were to be re-elected and the storm caused by former KMT chairman Wu Poh-hsiung's call to define cross-Strait relations as "one country, two regions" when he visited Beijing in late March, many Taiwanese are again wondering whether Ma can (or wants to) keep enough distance from China. The president's ultimate vision concerning Taiwan's political status remains an issue of hot domestic debate, as many observers believe that a narrow focus on practical issues in cross-Strait negotiations will soon be challenged by Beijing. This concern is not new, and it will be interesting to see how the second Ma administration defies possible Chinese pressure in the coming years to take the next bold step and talk about political issues concerning the cross-Strait relationship, in an effort to give more substance to the president's idea of a peace agreement and his goal of broadening Taiwan's so-called "international" space. For his part, in his inaugural speech on 21 May the president reiterated his stance that the "one country, two regions" formula adequately describes the cross-Strait relationship. However, during an international press conference following the speech, he emphasized that there was no urgency to negotiate a peace agreement with Beijing at the current stage, insinuating that he was unwilling to engage in political talks with China during his second administration.

Even if there are expectations in Beijing for such talks to start soon, China has certainly become aware of how negatively Ma Ying-jeou's reference to a cross-Strait peace agreement during the presidential campaign was received, and that any attempt by China to force Ma into a discussion on the political status of Taiwan would only undermine his political authority in the domestic arena and help the DPP in the next elections. There is thus much reason to believe that the new Chinese leadership to be voted into office by the 18<sup>th</sup> Party Congress in late 2012 will just follow the Taiwan policy of the current government under Hu Jintao and Wen Jiabao, which strives to increase cross-Strait integration, attract ever more Taiwanese to reside on the Chinese mainland, and do its best to win over the constituency of "Taiwanese compatriots" in China through economic incentives in order to neutralize the independence forces in Taiwan. Many Taiwanese reckon that China will further its

efforts to “colonize” Taiwan and gradually undermine its political system by clandestinely penetrating the Taiwanese economy and media markets, most likely by an alliance with Taiwanese entrepreneurs similar to that in Hong Kong. News on Chinese capital flowing into the real estate market and other sectors, and reports on the indirect control of Taiwanese newspapers and television channels by China’s growing influence on their owners, have surged over the last several months. They evince both facts and fears: Opening up the Taiwanese economy is part and parcel of the ECFA deal and its further development. At the same time, Chinese capital coming into Taiwan is a sensitive matter, and illegal, pro-Chinese advertising in a number of Taiwan’s most influential newspapers in the recent past suggests that fears of political brainwashing with financial means may not be exaggerated.

Ma Ying-jeou must thus strike a delicate balance between institutionalizing and further promoting cross-Strait interaction, on the one hand, and safeguarding Taiwan’s economic security and claim to sovereignty, on the other. Although he, in winning re-election, has been given a strong mandate to proceed on his trajectory, he must pay serious attention to the opposition’s concerns regarding Taiwan’s exposure to China and the necessity to carefully control and regulate China’s increasing impact on the island republic. Whether Ma is up to that task remains to be seen. His initiative in March 2012 to send one of his most trusted advisors, KMT honorary chairman Wu Poh-hsiung, to Beijing and let him spell out the highly contested “one country, two regions” formula in a meeting with Hu Jintao has raised doubts that he is willing to find more common ground with the DPP and, for that matter, with the 40 to 45 per cent of the voters who support the political opposition. Since then, political observers have been speculating on whether Ma Ying-jeou will become one of those outgoing presidents who are mainly concerned with their historical legacy, sidestepping intra-party consensus-building and ignoring critical voices, wherever they may rise.

The coming years will be as challenging for Taiwan as the years before, for both the government and the opposition. On-going migration and economic integration across the Taiwan Strait, along with further regionalization and globalization, will be the major issues shaping cross-Strait relations. The prospect of Ma Ying-jeou leaving the political stage in 2016 will be another important factor: Ma is the last KMT politician whose political socialization is still strongly influenced by the old mainland KMT. The next Taiwanese president, be s/he a KMT or a DPP

contender, will be not only Taiwanese-born but also much more strongly shaped by Taiwan's democratic era and nativization process, which began in the late 1980s. As a matter of fact, the next generation of political leaders in Taiwan will look very much the same across all parties, and it can be expected that an overarching consensus on Taiwan's China policy will hence be much easier to achieve. This will certainly be good for Taiwan's democracy, though it will bring about new challenges for the cross-strait relationship.

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