

Cross-Straits at the Crossroads: Taiwan’s 2012 Elections

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Preface

The Australian Institute of International Affairs (AIIA) was established in 1924 as an independent, non-profit organisation seeking to promote interest in, and understanding of, international affairs in Australia.

The AIIA provides a wide range of opportunities for the dissemination of information and free expression of views on these matters through discussion and publication. Precluded by its constitution from expressing any opinion of its own on international affairs, the AIIA provides a forum for the presentation, discussion and dissemination of a wide range of views.

The AIIA's series of Policy Commentaries aims to provide informed opinion and useful source documents on issues of topical concern to encourage debate among AIIA members, the media and the general public.

The Commentaries are edited by Melissa Conley Tyler, National Executive Director in the AIIA National Office, Canberra. I hope that you will find the current commentary timely and informative.

Associate Professor Shirley Scott
Research Chair
Australian Institute of International Affairs
Series Editor 2011-2012

Editorial

Some elections have more significance than others. Taiwan's elections on 14 January 2012 can reasonably be seen as a crossroads for relations between the two sometime-antagonists across the Taiwan Strait.

Under President Ma Ying-jeou, Taiwan has since 2008 pursued a policy of increasing linkages and cross-strait rapprochement. This may change if challenger Tsai Ing-wen is elected – given her insistence on “protecting the independence of our sovereignty” – or at least be perceived to change.

This policy commentary focuses on the potential impact of the elections on Taiwan, China, cross-strait relations and the region more generally.

Professor Malcolm Cook outlines the possible results of the elections and analyses the implications for cross-strait relations: either a continuation of policies, albeit in a more difficult environment, or the potential for dramatic change. Associate Professor You Ji also analyses these scenarios with a focus on how either result will be viewed in Beijing and what changes to China's cross-strait policy can be expected. Dr Chen-shen Yen examines the potential results for both the presidential and legislative elections and raises the intriguing possibility of a “cohabitation” result in which one party wins the presidency and the other the legislative majority. Finally, Ross Maddock looks at the historical issues underpinning the elections and addresses their likely result and implications for both Chinese and Australian business relations with Taiwan.

Together, contributors illuminate both the scenarios that could result from these elections and longer-term trends in cross-strait relations.

This publication will use the terms 'Taiwan' and 'China' instead of the official names, the Republic of China and the People's Republic of China.

Melissa H. Conley Tyler
National Executive Director
Australian Institute of International Affairs

“US-Taiwan Relations in a New Era” President Ma Ying-jeou’s Speech at the Centre for Strategic and International Studies

12 May 2011*

It gives me great pleasure to be addressing my friends at the Centre for Strategic and International Studies once again. We last met two years ago on the occasion of the 30th anniversary of the Taiwan Relations Act, a milestone in the history of the Republic of China on Taiwan. And this year, after a long journey of blood, toil, tears and sweat, the Republic of China is achieving a greater milestone: its centennial anniversary. This year also marks the third year of my presidency. Therefore, it is time to share with you how I am building three lines of defence for the ROC’s national security so as to ensure its longevity for many more centuries to come. These three lines of defence are institutionalizing the cross-strait rapprochement, enhancing Taiwan’s contribution to international development, and aligning defence with diplomacy.

The first line of defence: institutionalizing the cross-strait rapprochement. The cross-strait rapprochement that began three years ago continues to bear fruit and increase regional peace and stability. We witness this in so many aspects of our society. The arrival of nearly three million mainland Chinese visitors – up almost 10%, up ten times [sic] – has created a tourism boom in Taiwan. The increase in cross-strait trade has also boosted Taiwan’s total trade volume to a record high of \$526 billion in 2012.

Since the cross-strait judicial mutual assistance agreement was signed in 2009, a joint crackdown on cross-strait crimes by the police forces of both Taiwan and mainland China has seen more than 100 fugitives repatriated to Taiwan, up 50% from before, and has cut cases of fraud in Taiwan by more than a quarter.

* Available online (accessed 22 December 2011):
http://csis.org/files/attachments/110512_transcript_ma.pdf

And in education, more than 5,600 mainland exchange students studied in Taiwan's universities in 2010, paving the way for another 2,000 students to arrive in the fourth semester this year. We have also seen a surge in Taiwanese companies with a heavy investment presence in mainland China returning to list their companies on the Taiwan Stock Exchange rather than on the Hong Kong Stock Exchange, a dramatic reversal of previous practices.

I owe much of my administration's success to our new approach to cross-strait relations. This new way of thinking revolves around moving beyond the outdated mode of unilateralism that previously characterized and also hindered relations between the two sides. As the renowned diplomatic historian Paul Schroeder concluded in his study of events that led up to the Congress of Vienna peace era, one must have change of thought before one can have change of action.

Before I came to office, we had all witnessed the spread of instability, especially in security in cross-strait relations. I had long recognized that cross-strait relations require a new mindset, one that would emphasize the commonalities, take advantage of our shared interests, capitalize on our mutual opportunities, and de-emphasize our political disagreements.

Former KMT chairman Lien Chan undertook some of the first steps towards instilling this new mindset when he embarked on his journey of peace to the mainland in 2005. His speech at Beijing University calling for the two sides to join together to beat swords into ploughshares captured the essence of this new idea.

The decades-old rivalry between Taiwan and mainland China was thus given a rare window of opportunity for change. After I came to office in 2008, I worked hard to accelerate this change. All around me, the world was changing at breakneck speed, while the ill-founded policies of the last decade were threatening to sideline Taiwan in the Asia-Pacific region.

I knew I had to break out of the cross-strait deadlock for the sake of Taiwan's economic future and national security. Hence, I championed a

three-note policy of no unification, no independence, and no use of force – (in Chinese) – under the ROC constitution. This has changed the fundamental structure of, and created a virtuous cycle for, cross-strait relations.

I then adopted the '92 Consensus – (in Chinese) – as the cornerstone for the cross-strait negotiations. The '92 Consensus, meaning one China, respective interpretations, has proven crucial to paving the way forward. It was under this consensus that the six rounds of – (in Chinese) – talks were able to take place, and the two sides were able to achieve so many practical – indeed, incredible – breakthroughs.

By putting Taiwan first, for the benefit of the people – (in Chinese) – we and Beijing have, thus far, signed 15 agreements that tackled the issues of greatest concern to the people in Taiwan. At the same time, my administration managed to institutionalize convenient, predictable, and stable channels for cross-strait communications. It was only through this groundwork that the next milestone of signing an economic cooperation framework agreement – ECFA – last year could be realized and its benefits fully exercised.

One econometric study has even shown that the ECFA will eventually add 4.4% to our GDP once the dynamic gains of structural adjustment have time to be fully implemented. And that is not even including other potential spillover benefits as a result of the improved services, trade, and investment environment. It is also my belief that increased exchanges across the strait will lead to increased exchanges with other countries for both sides. This will enhance mutual understanding between Taiwan, the mainland, and other countries, which will, in turn, help cross-strait relations evolve even further.

That is, the virtuous cycle in cross-strait relations has positive consequences for the international community, which then adds even greater momentum to improvement in cross-strait relations. For example, due to the diplomatic truce between the two sides of the strait, the number of diplomatic allies that Taiwan has remained constant at 23, compared to a loss of six allies by the previous administration. Taiwan has also joined the

government procurement agreement and become an observer in the World Health Assembly – WHA – after a hiatus of 38 years.

Taiwan has expanded its visa waiver program from the 53 to 113 countries and regions, with the United States as the notable exception, as well as a working holiday arrangement for young people from two to six countries. This just shows what can be achieved by merely changing the way one thinks.

This, I believe, is also the essence of good governance: never to interfere, but to build the necessary structures that encourage the right conditions for growth in society. And it is through this process of institutionalization that we created explicit or implicit principles, norms, rules, and procedures around which the expectations of both sides can converge. This very convergence has created predictability and mutual understanding in our relations, leading to stability across the Taiwan Strait and in the region as a whole.

The idea of institutionalizing the cross-strait rapprochement, therefore, is not only to reduce the possibility of a miscalculation, but more importantly, to increase the cost of reversing this trend.

The second line of defence: enhancing Taiwan's contribution to international development. Although the incredible breakthroughs achieved in cross-strait relations have ensured a brighter future for Taiwan in the region, Taiwan's national security is also heavily dependent on how it contributes to the international community. I envision Taiwan contributing on two primary fronts: the economy and foreign relations.

In terms of the economy, Taiwan already has the infrastructure and conditions in place to attract the best talent and become East Asia's next commercial centre. Without a doubt, the expensive business and personal network Taiwan has built up throughout the region over the last sixty years is an invaluable asset. Its historical ties and cultural and language affinity with the mainland gives it a competitive edge in the vast Chinese mainland market.

At the same time, Taiwan also has a special partnership with Japan, as we share many cultural traits, common interests, ideas, and even the same fashion sense. Therefore, many Japanese and Taiwanese businessmen have decided to work together to enter the mainland Chinese market, and this type of win-win partnership can be successfully repeated with other countries.

Taiwan is located at the geographical centre of East Asia and could not be in a better position for tapping into business opportunities in the region. Any businessman or multinational company based in Taiwan has convenient access to the whole Asia-Pacific region. With direct air and sea links, Taiwan is connected to all major cities in the Chinese mainland, from the coastal metropolis of Shanghai and Beijing to the fast-developing cities in the Chinese hinterlands.

At the same time, all other major cities in the region, such as Tokyo, Seoul, Singapore, New Delhi, or Sydney, are well within reach. Taiwan is also endowed with many self-powered attributes that make it an ideal place for both domestic and multinational companies. Its democracy and rule of law ensure that the rights of individuals and companies, including intellectual property rights, are guaranteed.

The country's modern and comprehensive transportation, health care, and education infrastructure ensures that those who live there enjoy access to very good quality services. We also have a highly educated, innovative, and skilled labour force just waiting for foreign companies to tap into. We have created an amiable and safe society where anyone out at night walking their dogs or buying food at grocery stores can feel safe. And improvements are happening all the time, making our society a better place to live and do business in.

Against a backdrop of stable cross-strait relations, Taiwan's original connections, geographic advantage, and self-power attributes make it poised to ride the next wave of opportunities in the region and to help others do the same if they choose to join us.

With respect to foreign relations, there is also a lot of value that Taiwan can

add to the global community. And as a maturing democracy, I believe that Taiwan must learn to fully shoulder its own responsibilities in the world. In fact, Taiwan's national security is inseparably tied to its role as a responsible stakeholder. Our nation's political and economic survival depends entirely on how well we uphold the peace and stability of the international system.

This is the same system that is making Taiwan prosperous and allowing our government and people to connect with the rest of the world in ways that are enriching our nation even further. So Taiwan certainly has a vested interest in putting a stop to improper diplomatic practices and in adopting a foreign aid policy that is more in line with international standards and norms.

This is exactly what we have been doing over the last three years. Humanitarian work has especially become an important platform for Taiwan's contributions to the international community. Taiwan's democracy and economic prosperity have combined to give rise to a vibrant society of numerous non-profit organizations. In almost every major disaster that has occurred in the world recently, Taiwan has been an important contributor, whether in providing international aid to help rebuild homes in Sichuan or giving life-sustaining medical aid to Haitian children.

We were also one of the first to arrive with emergency relief supplies and rescue teams when Japan was struck by the triple disaster of an earthquake, tsunami, and nuclear incident. Deeply saddened by the devastation, my wife and I were personally on hand to answer calls from donors at a major fundraiser in Taiwan last March. An equivalent of 27 million US dollars was raised that night.

My administration had also pledged another 3 million US dollars. In fact, Taiwan ended up donating more than 200 million US dollars in total, which is Japan's biggest donor so far.

But as you may know, our humanitarian contributions in that crisis extended beyond Japan. Our China Airlines was chartered to help fly out scores of US expatriates to Taipei before they headed back home to the

United States. This second defensive line aims to give Taiwan a higher moral ground in international politics.

The third line of defence: aligning Taiwan defence with diplomacy, from securing the cross-strait rapprochement to enhancing Taiwan's contributions in international development [...] finance and military doctrines. However, we are confident that we will succeed in building a small but strong military force. Complementary to our defence capability is Taiwan's democratic values, rule of law, and thence civil society, which could make Taiwan an indispensable reference for social-economic development in the Chinese mainland. This is, it could be said, a self-powered approach to national defence.

Given the high stakes that America has invested in the region, I am sure the US of all countries can appreciate my administration's commitment to being a responsible stakeholder. For example, President Barack Obama expressed earlier this year his support for the progress that has been made to reduce cross-strait tensions and, in particular, how its continuation will be in the interests of the region and the United States.

However, our cross-strait relations – to continue advancing, the US must help Taiwan level the playing field. Negotiating with a giant like the Chinese mainland is not without its risk. The right leverage must be in place. Otherwise, Taiwan cannot credibly maintain an equal footing at the negotiating table. This is why I continue to urge the US to provide Taiwan with necessary defensive weaponry, such as the F-16 – (inaudible) – and diesel-powered submarines to keep its aerial and naval integrity intact, which is key to maintaining a credible defence.

As Secretary of Defence Robert Gates wrote in Foreign Affairs last year, the US can best help itself by helping others defend themselves. At the same time, American presence in the very system it helped create decades ago is crucial to that system's survival. In the end, only a strong US commitment, backed by its credibility in East Asia, can guarantee the peace and stability of this region.

In conclusion, a country's overall strategy for security requires a sound

political foundation in the domestic setting. My approach to Taiwan's national security is based on my administration's unwavering identification with the Republic of China and its constitution. This is the common denominator for our vibrant democracy, which has a wide spectrum of political views ranging from those who prefer the – (inaudible) – Taiwan independence to those who enjoy the status quo and – to those who favour reunification with mainland China.

Any deviation from or equivocation on this common denominator will only cause unnecessary uncertainties and risks in Taiwan's domestic politics, cross-strait relations and international politics. Given that stakes for all the countries in East Asia, and for Taiwan's future development, are high, I am confident that my approach to the ROC's national security is already at an optimum.

My friends in America, the future of the region holds enormous opportunities, but also many political pitfalls. My changes in both Taiwan and the mainland domestic politics could derail much of what has been achieved. Intransigence, overconfidence, or unilateral pursuit of national interests could lead to a losing scenario for all relevant parties.

So it will be essential to keep track of these moving pieces in the future. For my part, the process of transforming Taiwan into a valuable member of the global community, and thus ultimately enhancing its own security, will continue full steam ahead under my administration. The same old no-frills, no-surprises diplomacy will also continue to be the operational code for my administration's conduct over foreign policy.

That said, I hope this year will mark the start of a new 100 years that will be known as the century when the Taiwan-US partnership achieved its greatest accomplishments. Thank you.

"Taiwan: Policy Challenges, Choices and Democratic Governance" Tsai Ing-wen's Speech at Harvard University

15 September 2011*

[...] Young people in both Taiwan and the United States are facing a rapidly changing world that is full of challenges and uncertainties. As a policy-maker, what interests me is the role of government in establishing the right institutions and providing the necessary public services so that future generations are equipped with the ability and opportunity to respond to these challenges. So a dialogue such as the one today, with some of the brightest young minds in the world, is a useful exchange that perhaps may help to stimulate new ideas for all of us.

When we look to the future, it is sometimes useful to strengthen our understanding of what has happened in the past, to put our analyses into a historical context. So let me start by offering my congratulations to Harvard University as you celebrate your 375th anniversary. Your institution is one of the oldest in this country and its history extends way before the founding of this nation.

About the same time Harvard was founded, written history and documentation of Taiwan also began to emerge on the international stage. Dutch and Spanish arrived in Taiwan in the 1620s and colonized the southern and northern parts of the island. Christian missionaries followed and brought with them the Roman phonetic transcription system, thus beginning written documentation in the languages of the indigenous people of Taiwan.

Over the past four centuries, both Taiwan and America experienced colonization, migration, wars, the establishment of government, and finally the inauguration of democracy. We may live in different places and speak different languages, but we share many of the same experiences and beliefs.

* Available online (accessed 22 December 2011):
<http://dpptaiwan.blogspot.com/2011/09/taiwan-policy-challenges-choices-and.html>

A common value that the US and Taiwan share is democracy. Alexis de Tocqueville published “Democracy in America” just less than six decades after the Declaration of Independence, foreseeing that democracy would dominate the world’s development. In the following years, the world witnessed the US grow under a democratic system to become a major force in the world – a force that continues to be the most important in maintaining global balance today. Democracy and freedom in the US have fostered a diverse yet inclusive society, which has attracted talented individuals from all over the world. Together they have created the strength of the US that we still see today. At the same time, these democratic values that are upheld by the American people have inspired, and supported democracy movements around the world.

Taiwan’s democratic development came far later. Throughout the period of Japanese occupation, and then later the KMT arrival on Taiwan and imposition of Martial Law, there were constant efforts by local Taiwanese to demand greater political participation. Unfortunately their efforts were suppressed brutally by the Japanese colonial regime, and then later the KMT government that fled to Taiwan eliminated an entire generation of Taiwanese elites, through the 1947 massacre and the ensuing period of “white terror.” In the 1970’s, a new generation emerged during Taiwan’s economic boom, when more integration with the world fostered the rise of a civil society. Although opposition parties were still banned under Martial Law during this period, the predecessors and founders of the Democratic Progressive Party (DPP) initiated a new wave of democratic activism that pushed for reforms and basic political rights. Ultimately Martial Law was lifted in 1987, and by the 1990’s Taiwan began to hold its first general and free elections. By 2000, with the DPP’s winning the presidential election, Taiwan witnessed its first-ever democratic transition.

I speak about this part of our history, because democracy has become the foundation of Taiwan’s national identity and the norm for political leadership in Taiwan. Yet our path toward democracy was a long and arduous process, which makes us all the more determined to uphold its value. We are a young democracy, and having the right to freely select our leaders and to determine our own future through the democratic vote is

only a recent phenomenon, with vulnerabilities subject to internal and external challenges.

Therefore, one of our top priorities and challenges in the coming years is the defence and consolidation of Taiwan's democracy. Internally, there are a number of remnant aspects of the previous authoritarian one-party system that require reform: The enormous KMT party assets that have been accumulated over the years create an unfair playing field for multi-party politics in Taiwan. In addition, the legislative process and campaign financing regulations can be further improved to ensure greater transparency and accountability as well as fairness in the political system. Furthermore, leadership must be exerted to establish the full independence of the judiciary, so as to eliminate the possibility of political interventions. Current public confidence over the impartiality of the judiciary is low, and this problem must be addressed to ensure a fair and just legal environment.

Externally, the greatest challenge to our democracy comes from across the Strait. In recent elections, the Chinese government has exerted influence on Taiwan's elections to compel their desired outcome. They have attempted to threaten the Taiwanese people, going so far as to launch missile tests during our first-ever presidential election in 1996, and then issuing verbal threats in subsequent major elections. Lately they have emphasized the use of economic leverage, which the Economist Magazine has characterized as "bribing Taiwan." The long-term impact of these tactics is yet to be seen, but for our part we must be vigilant in defending our hard-won freedom to choose and decide our future.

We have on a number of occasions called on the Chinese government to engage in dialogue on the subject of democracy and human rights, and to acknowledge the existing political differences. Their insistence on a "one China" framework that denies the right of the Taiwanese people to decide on their own future, and utilization of economic, political and diplomatic leverage to compel Taiwan into their orbit of influence, runs counter to the desires and aspirations of our people.

It is obvious that in addition to disrespect for the political rights of the Taiwanese people, the Chinese government has imposed even more

difficult constraints on the people of China. Even though it has carried out a policy of “reform and openness” since the 1980’s, enabling rapid economic growth, there has been very limited political progress. The arrest of Chinese artist Ai Weiwei and continuing imprisonment of Nobel Laureate Liu Xiaobo as well as many more human rights advocates, remain a significant problem and point of difference between the two sides across the Strait.

While we insist on upholding our democratic rights in Taiwan and protecting the independence of our sovereignty, the DPP and the Taiwanese people harbor no animosity toward the people of China. The current political and military stalemate across the Strait is a product of the evolution of history. The DPP is willing to look ahead and extend our goodwill to the people of China, and in particular, our support to those courageous activists who are striving for political freedom in China.

As I mentioned above, the emergence of a vibrant civil society was an essential foundation for Taiwan’s successful democratization. In recent years, although the development of an active civil society in China has been slow and painful, we believe it may turn into an important force for progress in China. We would therefore encourage dialogue and exchanges between our civil societies, especially among the young people, in hopes that it would lead to a more open understanding of the realities and aspirations of our peoples.

It is why in our approach to handling relations with China, I have spoken about the need to respect the process of building a “Taiwan consensus” as the foundation for engaging with China. The strategic goal is to maintain peace and stability across the Taiwan Strait, an environment where the people on both sides have the freedom and opportunities to pursue prosperity and development.

Democratic consensus building is not only an essential procedure for dealing with the challenge of China’s rise and its impact on Taiwan, it also provides the political capital needed for leadership on tough domestic social and economic problems. In an open society, building consensus takes time, and sometimes the decision-making process could be slower than in

an autocracy. However, I strongly believe that democracy must continue to serve as the basis for meeting a nation's challenges.

Like the United States and others around the world, Taiwan is also dealing with the consequences of the global financial recession and high unemployment. Our young people, in particular, are deeply anxious about their future, and the assumption that a good education and training will secure a decently paying job and lifestyle, no longer holds. This concerns me deeply, for I believe that the confidence of the younger generation to explore and innovate is essential for our country's continuing development.

To examine the multiple aspects of the challenges facing Taiwan in the next decade, I recently announced a ten-year policy platform on behalf of the DPP, which contains eighteen chapters covering policy guidelines in social, economic, political and national security areas. Taiwan is in a situation where we are still striving to build and perfect our democratic institutions, and yet the world is rapidly changing in a way that is full of uncertainty. Like others in the global community, we are also faced with global common challenges of growing income disparities, economic stagnation, energy shortages, pollution, climate change, and security threats.

Taiwan is a maritime nation. Our survival depends on our openness and links to the world. These links bring about tremendous opportunities to the Taiwanese people, yet at the same time we have also suffered costs. For example, industry and trade that have brought about significant economic growth have also had a harmful impact on the natural environment. Therefore the previous growth-oriented economic strategy is not sufficient to deal with the complications of ongoing development. Recently, NGO activism in central Taiwan successfully blocked plans to build a new petrochemical plant that could potentially endanger oceanic life. This case illustrates the ongoing debate in our society about industrial adjustment and developmental strategy for our country.

The earthquake and tsunami disaster that devastated our neighbouring Japan this March has reopened another very important policy debate in Taiwan, and that is the future of nuclear energy and the urgency of

developing alternative energy sources. Taiwan currently has three nuclear power plants and a fourth that is being built, all situated on earthquake fault lines. For decades, government policy on developing nuclear power was not accompanied by a long-term plan for storage and processing of nuclear waste. And the Japanese experience reminds us that not only are the safety of our plants in serious doubt, the KMT government's practice of dumping nuclear waste on aborigine land, or keeping the waste storage on the plant sites may have detrimental consequences in the long run.

We therefore took the initiative to announce a policy where Taiwan would reduce its reliance on nuclear energy, while developing alternative and sustainable energy sources, and by the year 2025 Taiwan will be a nuclear-free country.

This policy announcement was not without controversy. The maturity and costs of sustainable and clean energy sources have come under question, and the bureaucracy does not seem keen on making any departures from current practice. This is where political leadership is important. Our convictions and long-term vision for the future must be communicated with the public, forging a consensus, as we responsibly lay out the specifics of our plan to heavily invest in new energy production, transforming the landscape of Taiwan's industry. For a few decades, Taiwan has led the world in IT manufacturing and various technologies, but the lifespan of the competitiveness of a new technology is being shortened as production shifts around the world and technologies are quickly replaced. We will require a new business model for Taiwan to sustain its overall competitiveness and to continue to produce the competitive jobs that the next generation will require.

While there isn't enough time for me to go over all the policy challenges, I raise the issue of energy as an example. In fact many of our challenges mirror those you have here in the US: housing, social services, income disparities, jobs, fiscal debt and budgeting. The future government and leader of Taiwan must be able to respond to the anxieties of the people and offer realistic responses. There are no easy solutions, but in the process, accountability and leadership are important. By accountability I refer to responsibility to the people not only now, but to future generations as well.

Very often political leaders get caught in the midst of day-to-day operations and constant election campaigning. What is popular in a single election is not always the best solution in the long term. That is why in coming up with our policy guidelines, the DPP engaged in multiple-level dialogues with our civil society, NGOs, academics, and former cabinet members, for we believe that participation and transparency are essential in a decision-making process. When confronted with highly controversial or difficult issues, leadership and communication with the public is essential.

This is the way in which I intend to continue to carry out my leadership of the DPP and of Taiwan in the future. Some people in Taiwan say that I am an atypical leader, that I appear more like a professor than a passionate politician. Indeed, in real election campaigning, charisma is important, it arouses passion and enthusiasm, and particularly for the DPP, which has not had the kind of resources as the KMT to compete, the passion of our supporters has been the DPP's greatest asset. I feel that passion brings about hope, which is important to boost confidence and energy. However, what we have learned in the recent history is that passion and charisma, while important, are not sufficient to govern. Governing requires the courage to confront challenging circumstances and to make difficult decisions. Governing also requires careful calculations of the costs and benefits as well as long-term impact of any policy decision. Furthermore, governing requires an ability to balance conviction and vision on the one hand, with an honesty to face the realities and difficulties on the other.

I expect that in addition to leading Taiwan in the next wave of democratization as we have in the past, the DPP will continue to also lead the public policy discourse in Taiwan. I agree with Vice President Biden's remarks following his trip to China, that "Open and free societies are best at promoting long-term growth, stability, prosperity and innovation." Democracy has fostered diversity and creativity in the American society, and it has been the basis for the strength of this nation. This is also what we expect for Taiwan. We will continue to mature into a democratic society where good governance practices are honoured, and where the participation and involvement of our diverse society in policy discourse will produce the most productive and effective policies.

Democracy has become the common language between Taiwan and the international community, and it is the foundation for our engagement with the rest of the world. As a responsible stakeholder of the global community, Taiwan will continue to proactively seek opportunities to contribute to both democratic governance and the development of a global civil society.

Thank you again for giving me this opportunity to share with you my views on democratic governance and some of Taiwan's next policy challenges. I look forward to your comments, responses and the chance for dialogue.

Taiwan's Consequential Election

Professor Malcolm Cook*

In Australia, most Commonwealth elections engage political fanatics rather than international affairs ones. Apart from rhetoric on which party is tougher on 'boat people', international affairs barely registered in the last election. In Taiwan, another Asia-Pacific middle power democracy of 23 million people, with China as its largest trading partner and the United States as its security guarantor, presidential elections always excite both types of fanatics.

The presidential election on 14 January promises no less as opinion polls suggest a close race for the presidency. The incumbent, the Kuomintang (KMT) leader President Ma Ying-jeou, is tipped to win but Taiwan's first female presidential candidate, Tsai Ing-wen of the Democratic Progressive Party (DPP), is in with more than a shot.

As with all other Taiwan elections, cross-strait relations and Taiwan's identity vis-à-vis China is a major dividing line between the two sides of politics; a dividing line the rest of the world cares about given China's desire to reunify with Taiwan, by force if necessary, and the United States' security guarantee towards Taiwan. The last two changes of presidential power in Taiwan, in 2000 and 2008, have seen significantly different approaches to cross-strait relations and very different responses from Beijing.

Modern Taiwan is a creation of Chinese contemporary history as the defeated KMT fled over the strait and took control of Taiwan after losing the civil war to the Communist Party of China, the party that still rules China today. Taiwan's relations with China have greatly shaped its domestic and international politics since then in three main ways:

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- 1) China's growing strategic weight has reduced Taiwan's 'international space' as Taiwan lost the China seat at the United Nations in 1971 and has seen the number of states that recognise Taiwan in their one-China policy shrink in number and systemic significance. Today, only 23 states recognise Taiwan, down from 29 in 2001 and 25 in 2007.
- 2) In the last three decades, Taiwan's economy has become increasingly integrated with that of China. In 2010, Taiwan was the second largest source of foreign direct investment to China, after Hong Kong, according to China's Ministry of Commerce. According to the Taiwan Statistical Yearbook, in 1991 less than 4% of Taiwan's exports went directly to China. In 2010, this had grown to 28%.¹
- 3) Particularly since democratisation in the 1980s, an increasing share of Taiwan's citizens identify themselves as Taiwanese with this group now in the majority. The number that identify themselves as Chinese has dwindled from being the majority two decades ago to below 5% despite a growing number of Taiwan citizens living in and visiting China.²

The two main political parties in Taiwan address the tensions between these three elements of Taiwan's unique relationship with China in very different ways. The KMT and the DPP certainly have different approaches to social policy, with the latter being more social democratic. Yet, it is their differences over cross-strait relations that dominate international coverage and concern, and lead to the most mud slinging in presidential election campaigns.

A Ma Win

A second Ma term will be a continuation in terms of Taipei's approach to cross-strait relations. Ma and the KMT campaigned on the benefits to Taiwan economically and strategically of Ma's calmer, more pragmatic approach to cross-strait relations in his first term. However, a second term

promises to be more challenging for Ma and the KMT when it comes to cross-strait relations.

To the relief of many in Canberra, Washington and beyond, Ma's first term delivered much calmer and more cooperative cross-strait relations than his DPP predecessor, the charismatic Chen Shui-bian. Ma focused on strengthening the economic relationship with China through the negotiation of bilateral economic agreements including an Economic Cooperation Framework Agreement (ECFA) signed in Chongqing, China in June 2010. Due to the opening of direct flights between Taiwan and China during Ma's first term, Chinese tourists now are the largest group of visitors to Taiwan.

As President Ma noted in a *Time Magazine* interview in November 2011 in the early days of the presidential campaign:

“Before I took office, [annual] trade with mainland China already exceeded US\$100 billion. The mainland is our largest trade partner, our largest investment destination, and our largest source of trade surplus. These are incontrovertible facts that must be faced. So what we must do is tell such people that while exchanges with mainland China do carry risk, we have to work to minimize these risks and maximize benefits, and that our policies have done just that. Which is to say, we have to help the doubters realize that what we are doing is in Taiwan’s interest.”³

Ma was successful in leveraging this economic cooperation with China to protect Taiwan's diminishing 'international space' during his first term. Better cross-strait relations led both Beijing and Taipei to call off their expensive and tawdry fight over Taiwan's remaining diplomatic partners to the relief of Australia in the South Pacific.⁴ Beijing also did not publicly oppose the start of Singapore-Taiwan negotiations over a bilateral trade agreement, which commenced after the signing of ECFA. Finally, Beijing did not oppose Taiwan's successful application to join the World Health Assembly as an observer under the name 'Chinese Taipei'.

As underlined by the willingness to apply to be an observer to the WHA and not a member, and under the name Chinese Taipei and not Taiwan, Ma's first-term administration downplayed Taiwan's autonomy and separation from China in comparison to the two-term Chen one. Ma agreed to return to the '1992 Consensus' in which negotiators from China and Taiwan agreed that there was "one China, [but] differing interpretations."⁵ China had demanded the acceptance of this Consensus as a prerequisite for cross-strait economic negotiations.

However, this calmer, economically-focused approach to cross-strait relations may be less successful in a second term. On the domestic front, closer economic relations with China, particularly Chinese investment in Taiwan, could deepen fears in Taiwan of eventual Chinese economic domination and the negative ramifications this would have on Taiwan's growing self-identity. In 2010, after the DPP's bid to hold a referendum was rejected, it led a two-day anti-ECFA sit-in that included Tsai Ing-wen. This sit-in focused on the supposed threat ECFA posed to Taiwan's small and medium industries and agricultural sector, and to its autonomous political identity. Tsai repeated these concerns with ECFA and Ma's plans to seek further economic deals with China during the election campaign.

Ma's strategy could well face two challenges from Beijing in a second term, challenges that could undermine support for Ma and the KMT domestically. If Beijing pushes for improving cross-strait relations to move beyond closer economic ties towards political discussions, this would raise fears in Taiwan of its political future. Critics of Ma and ECFA have long argued that this progression towards political discussions over narrowing the differing interpretations of the 1992 Consensus has been Beijing's plan from the beginning.⁶ An official invitation for Ma Ying-jeou to visit China during his second term, particularly as Ma himself was born in Hong Kong and not in Taiwan, would be very tricky for Ma to deal with, especially as Ma himself has floated the idea of a peace agreement with China.

The second challenge would be if Beijing did not continue to offer Taiwan more 'international space' along the lines of the WHA precedent. Ma is committed in a second term to pursuing observer status membership in international functional organizations, with the International Civil Aviation

Organization (ICAO) the next in line. If Ma is unable to deliver more such ‘international space’ victories then his strategy of “going through China to the world” will not continue to play well domestically. On Beijing’s side though, repeatedly providing a Ma administration with such ‘international space’ victories without any perceived change in Taiwan’s approach to the ‘1992 Consensus’ will become increasingly difficult domestically. Finally, if a state that recognizes Taiwan switched recognition to China, as the new government in Saint Lucia pondered, this shrinkage in ‘international space’ would be damaging for Ma.

Ma’s first term approach to China and cross-strait relations was successful in calming cross-strait relations, reassuring the region that a cross-strait conflict was not imminent and stopping Taiwan’s loss of ‘international space’. A second Ma term will find the going tougher, particularly if Beijing decides to change its restrained, economics-first approach to Taiwan.

A Tsai Win

If Tsai Ing-wen becomes Northeast Asia’s first elected female leader, she will face a similar problem to Prime Minister Julia Gillard: how to stay true to her party’s principles while distancing herself from its last leader. Tsai noted repeatedly during the campaign that she was not the same as the charismatic and ideological Chen as she offered a calmer, more pragmatic political persona that is more palatable regionally.

Tsai wants to present herself as a DPP leader that will not antagonize China. Tsai is unlikely to seek a separate seat for Taiwan in the United Nations as Chen did when he was president. Tsai and her party understand the new cross-strait status quo that most Taiwanese support: continuing to trade with China and expand economic ties while avoiding political negotiations that would throw Taiwan’s identity and future into question.⁷ In line with this, Tsai has softened her opposition to ECFA. In the election campaign she called for ECFA to be put under “constant review” in relation to its impact on Taiwan and criticised Ma’s haste in negotiating economic agreements with China. However, she has backed away from earlier calls for a referendum on ECFA.

However, cooperative relations with China, even economically, will be more difficult under a Tsai administration. She has stayed true to the DPP's mission of embracing Taiwan's separate political identity from China. Following the party line, Tsai has rejected the '1992 Consensus' claiming that it has never existed and instead proposes the establishment of a 'Taiwan consensus' on cross-strait relations. The process to establish this new consensus and what it might be is far from clear. For Tsai, the biggest challenge will be to pursue a more moderate line than Chen on cross-strait relations to satisfy the large middle ground of Taiwan politics without alienating her party's base and hardliners that may look back fondly on Chen's more assertive approach.

How Beijing responds to a Tsai win will be key for her in this balancing act, particularly as Beijing's next generation of unelected leaders will be taking over at the same time. They will certainly not want a cross-strait crisis on their hands nor will they want to be seen to be soft on Taiwan as it returns to a less amenable government. The rejection of the '1992 Consensus' will leave Beijing little choice but to slow down or stop further official economic negotiations with Taiwan. Tsai's role in the formation of the infamous (to Beijing) 'special state-to-state relations' doctrine of Taiwan President Lee Teng-hui in 1999 has earned her the distrust of the Chinese Communist Party, especially as Lee became Taiwan's most independence-minded politician after stepping down from power.

This combination of Tsai's rejection and Beijing's fears that she may be a Taiwan independence 'wolf in sheep's clothing' could lead Beijing to return to the more confrontational approach to Taiwan it adopted when Chen was in power. Beijing again could actively put pressure on others to reduce Taiwan's 'international space' and mount a consistent global media campaign against the Tsai administration. A Tsai win will increase regional concerns again that cross-strait relations could spark a wider conflict. If Beijing reacts harshly to a Tsai win and/or Tsai moves to a position closer to that of the Chen era then these concerns will intensify. If Beijing responds quietly to a Tsai win and Tsai continues her avowed moderate approach then this could spell a future of calmer cross-strait relations.

¹ These figures are likely significantly understated, as Taiwanese foreign direct investment to China often goes through Hong Kong.

² Kuomintang, 'TVBS Opinion Poll on 2012 Presidential Election,' *Kuomintang News Network* (30 August 2011) available online:

<http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=10068>

(accessed 15 December 2011).

³ Z. Abdoolcarim, 'TIME Meets Taiwan Presidential Hopefuls Ma Ying-jeou and Tsai Ing-wen,' *Time Magazine* (25 November 2011) available online:

<http://globalspin.blogs.time.com/2011/11/25/exclusive-time-meets-taiwan-presidential-hopefuls-ma-ying-jeou-and-tsai-ing-wen/> (accessed 15 December 2011).

⁴ Six of the 23 states that recognise Taiwan are in the South Pacific: Kiribati, Marshall Islands, Nauru, Palau, Solomon Islands and Tuvalu.

⁵ The KMT interprets Taiwan (the Republic of China) as the one China; the Communist Party of China interprets the People's Republic of China as the one China.

⁶ T. Wu, 'ECFA: the Beginning of the End of Taiwanese Democracy?', *The Epoch Times* (28 June 2010) available online: <http://www.theepochtimes.com/n2/world/ecfa-the-beginning-of-the-end-of-taiwan-democracy-38173.html> (accessed 15 December 2011).

⁷ S. Rigger, *Why Taiwan Matters: Small Island, Global Powerhouse* (New York: Rowan and Littlefield, 2011).

A Critical Year for Cross-Strait Relations

Associate Professor You Ji*

Since the Kuomintang (KMT) has performed poorly in several local elections in a row, the sentiment of China's Taiwan affairs authorities regarding the re-election of Ma Ying-jeou has turned from optimism to realism.

Recent public opinion polls reveal an increase in support for Taiwan's Pan-Green Coalition (comprised of the Democratic Progressive Party (DPP), the Taiwan Solidarity Union and the Taiwan Independence Party), and conversely, declining support for the Pan-Blue Coalition (the KMT, the People First Party and the New Party). As such, research organisations have started to carry out preliminary 'stress tests' dealing with the possibility of a reversal in cross-strait relations after the 2012 elections as a result in a shift in Taiwanese leadership. At present, the election campaign of KMT candidate Ma Ying-jeou is struggling, James Soong of the People First Party has entered the election race, and DPP candidate Tsai Ing-wen's prudent campaign style and moderate strategy could well engender a real change in the Taiwanese political landscape. Beijing has taken steps to be fully prepared for this outcome.

Perhaps it is a little early to accurately predict Beijing's cross-strait policy following the 2012 elections, especially given that cross-strait relations have historically been so volatile. However, because the election can yield only two results, a rational analysis of some of the fundamental issues at stake is still possible.

To put it simply, if the Pan-Blue Coalition were to win, Beijing would continue its rapprochement towards Taiwan for the foreseeable future. If the Pan-Green Coalition is successful in its bid for leadership, it is likely that Beijing's policy will undergo a profound change. Overall, Beijing's

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position would be fundamentally responsive: it would first monitor the DDP's initiatives, and, on that basis, would respond to challenges by escalating pressure. Apart from this, internal Chinese politics (the Taiwan elections happen to coincide with a generational change at the apex of the Communist Party), and international factors (for example, the role of the United States in supporting Taiwan as a hedging strategy against the rise of China) could greatly influence Beijing's policy towards Taiwan.

If Blue Wins

Most mainland policy actors and analysts remain relatively optimistic that Ma will win the re-election. In the last week of November 2011, almost all of the Chinese researchers on Taiwan affairs with whom I discussed the issue were of the opinion that the Pan-Blue Coalition would defeat the Pan-Green Coalition in the election. They speculated that although a portion of Pan-Blue supporters are dissatisfied with Ma Ying-jeou's performance, leadership style and choice of senior government officials, it is likely that the majority of them will nevertheless reluctantly vote for Ma. Moreover, Ma possesses the advantage of being the person in power, which gives him precious resources for running his campaign.

As the duel between Green and Blue intensifies, the KMT continues to hold an edge over its adversary in public polls. Barring any dramatic event or dire mistake on the part of the incumbent government, Ma Ying-jeou's slight lead may carry him through to the end. Of course, considering that China's Taiwan Affairs Office inaccurately predicted the result of both the 2000 and the 2004 presidential elections, its prediction for this election should be treated with extreme caution: Beijing's hopes for the re-election of the KMT government have undoubtedly influenced its prediction of Ma's success.

To a certain extent, this bias in favour of Ma Ying-jeou is due to the fact that the result of the 2012 elections will have a deep influence on China's internal affairs and foreign policy. To this end, the main focus of China's Taiwan policy in the period leading up to the elections has been one that seeks to support the KMT in its bid for re-election. A KMT win is seen in China as the most crucial part of cross-strait relations. In recent years, the mainland has made a number of economic and tactical concessions to

Taiwan in order to allow the KMT to show its success in running Taiwan's economy.

Quite a few prominent examples illustrate Beijing's good intentions. Following the March 2011 Japanese earthquake and tsunami, the issue of nuclear safety came to international attention. Within the span of half a year, Taiwan and Beijing reached an accord on nuclear safety and Beijing retracted plans to build a nuclear power plant in Fujian, a province that sits directly opposite Taiwan across the Taiwan Straits. Another example is Beijing's swift agreement to buy agricultural products from farmers in the south of Taiwan, traditional DDP supporters that were experiencing problems in selling their produce.

While it is difficult to make a real assessment of the effect of all these initiatives, some sources have already speculated that economic gains and the result of the Taiwan elections are intimately linked. While initiatives such as these may not produce many noticeable gains for Beijing in the short term, perseverance will likely yield substantial benefits in the long term. After all, it stands to reason that material benefits, mutual understanding and trust are positively correlated. It is precisely because of Beijing's long-standing efforts to encourage Taiwanese economic dependence on the mainland market that its ability to influence the result of Taiwanese elections has been steadily rising, perhaps by as much as 3-5%: enough to change the upcoming elections' results.

Needless to say, a victory by Ma would best suit Beijing's interests. We can expect that the fundamental and most immediate priorities in Beijing's Taiwan policy – deepening economic integration, institutionalizing the consensus for peace between Taiwan and the mainland, and marginalizing those who call for formal Taiwanese independence – will be strengthened by Ma's second term in office. From 2008, at least at the tactical level, Beijing's fairly accommodating policy towards Taiwan has played a positive role in fostering a *détente* across the Taiwan Strait.

If Ma Ying-jeou wins the 2012 presidential election, Beijing will have an opportunity to further improve cross-strait relations and open up new policy areas for cooperation with Taiwan. Specifically, Taiwan and China could move from focusing mainly on economic cooperation to developing a more

comprehensive framework for cross-strait relations. Yet, under the constraints of Ma's 'three-no's' principle (no reunification, no independence and no military provocation) and US influence, any concrete progress on the issue of reunification is unlikely. However, opportunities remain for further rapprochement in non-military areas of interaction. In this context, issues related to unification or independence will be further marginalised.

This would represent substantial progress in cross-strait relations, it would suit the interests of both Beijing and Taipei, and it would meet the expectations of the international community.

If Green Wins

Based on the result of the 2008 presidential election, the KMT should be able to win at least 42% of the vote in 2012. However, Ma Ying-jeou's momentum may prove difficult to maintain, as Pan-Blue Coalition votes have been split by the entry of Blue politician James Soong to the presidential race. As a result, Tsai Ing-wen's chances of success have greatly improved. Because of this, Beijing has no choice but to prepare for the worst. In a situation where some level of confrontation will be difficult to avoid, Beijing will have to develop new thinking on its relationship with Taiwan under DPP rule.

How confrontational Beijing's Taiwan policy becomes will depend on a number of factors, including China's internal politics, the intensity of the DPP's push for Taiwanese independence and broader security threats within the Asia-Pacific region.

In the past ten years, Hu Jintao's Taiwan policy has been founded upon the need to maintain internal political stability, which has been achieved by following a defensive, responsive policy path. Yet, it is unsure whether such a policy will continue after China's upcoming political transition, which is likely to result in current Vice President Xi Jinping replacing President Hu. In the initial stages of Xi's term at the helm of the Chinese state, we can expect that his main priority will be to consolidate his power. To this end, avoiding confrontation with Taiwan will be in his best

interests. However, the election of Tsai Ing-wen has the potential to disrupt the rhythm of the power transition within China's leadership. If Tsai rejects the '1992 Consensus' that has been the political foundation for cross-strait reconciliation since 2008, confrontation would likely become the norm for cross-strait relations. In this scenario, not only would Taiwan occupy more of Xi Jinping's energy, but also, certain interest groups, such as the People's Liberation Army, would get the opportunity to increase their own influence in China. This is not good news for a new leader.

In the context of national defence and security in the Taiwan Strait, confrontation will raise the level of militarisation in cross-strait relations. Since 1999, the PLA has been ordered to prepare for a military struggle in the Strait. Although China's efforts to maintain peace in the Taiwan Strait through threat of war have been effective, this has come at a high political cost. China's use of military pressure to dissuade Taiwan's *de jure* independence has negatively influenced Taiwanese attitudes towards the mainland, leading to increased mutual hostility. With the immediate danger of war subsiding after 2008, the PLA has, for the second time since the 1960s, broken away from a state of sub-war affairs and thus gained more room to manoeuvre in terms of military deployment and transformation. If Tsai Ing-wen comes to power, Beijing will have to reconsider *détente* and turn to strategies of intimidation once again.

In the context of China's foreign relations, demilitarisation of cross-strait relations since 2008 has enabled China to deal with other security challenges in the region, e.g., disputes in the East and South China Seas. Improved relations across the Taiwan Strait have also lowered the risk of a major Sino-US military confrontation. Thus, the Taiwan issue influences key aspects of China's foreign policy. Since 2009, due to the intensification of the South China Sea dispute and continuing crisis on the Korean Peninsula, easing tensions between Taiwan and China has relieved some of Beijing's security worries, giving Beijing more political capital in its foreign relations. Although potential de-militarisation of the relationship between Beijing and the US may be complicated by Obama's 'return to Asia', these new challenges have not been elevated to the military level. For instance, Beijing sees US military presence in Australia more in the light of posturing than containment. However, a Tsai government would likely join in the US-led 'encirclement of China', suddenly increasing the

militarisation of the tripartite relationship between America, Taiwan and China. In dealing with challenges on several fronts, Beijing will need to pay even greater attention to the risks posed by Taiwan. Moreover, on the issue of DDP government promoting a new Taiwanese identity, Beijing has few effective counter-measures except for heightened pressure. Yet, a choice by Beijing to increase levels of intimidation towards Taiwan would prove to be a double-edged sword. China's position in international affairs would be weakened in the case of a DPP victory.

Hu Jintao's strategy to win the hearts and minds of the majority of Taiwanese voters seems to neglect the fact that over 40% of Taiwan's population is comprised of Pan-Green supporters. Without their support, eventual unification would be impossible. The 2009 establishment of the Party Affairs Bureau, earmarked to handle DPP affairs, reflects the necessity of maintaining normal ties between the KMT and DPP in order for progress to be made on the big issues that Taiwan faces.

Generational change within the DPP is expanding the space for potential bilateral contact. Older generations, which believe in 'independence unto death', are slowly fading away from the main political stage. By contrast, many young and middle-aged Green supporters do not harbor radical feelings in favour of formal independence, nor do they harbor the strong personal antipathy against the Chinese mainlanders. They clearly see that, at present, fundamentalist pro-independence supporters make up no more than 20% of Taiwan's population. With such a small percentage of supporters for immediate independence, if the DPP were to pursue de jure independence now, they would forfeit any chance of election to government in the near future. The fact that Tsai Ing-wen was chosen as the DPP's presidential candidate is evidence of the triumph of moderate forces within the party. Indirectly this also demonstrates a lessening of resistance within the DPP to contact with the mainland. Tsai's moderate stance on the issue of statehood creates some common ground with Beijing in terms of maintaining the status quo in Taiwan.

Conclusion

Overall, regardless of whether Ma Ying-jeou continues as president, or Tsai Ing-wen wins office, the period from 2012 to 2016 will be one of great change for cross-strait relations.

If Blue wins, we can expect the easing of tensions between Taiwan and the mainland to continue. Despite this, a true breakthrough in cross-strait relations will remain elusive. However, the easing of tensions achieved in Ma's term of office will provide a solid basis for the growth of a more stable relationship between Taiwan and the mainland. A political and strategic framework has the potential to emerge if both sides remain committed.

By contrast, if the DPP comes to power, mainland-Taiwanese relations will undoubtedly suffer a clear reversal. However, if Tsai Ing-wen's moderate policies can be sustained, cross-strait relations will not necessarily fall into the cycles of confrontation that defined the DPP's last term in office under Chen Shui-bian.

Cross-strait relations are undergoing significant changes, both in terms of internal affairs and foreign relations. The outcome of Taiwan's 2012 presidential election will test leadership and strategic judgment on both sides of the Taiwan Strait.

The 2012 Presidential Election of the Republic of China: Will It Yield the First Cohabitation System and Lessen Political Polarization in Taiwan?

Dr Chen-shen J Yen*

In less than a month, Taiwan will hold its fifth presidential election since 1996, the year democratization was consolidated on the island republic. In 1996, former president Lee Teng-hui of the Kuomintang (KMT) won the election with more than 54% of votes. In 2000, Chen Shui-bian, the opposition candidate representing the Democratic Progressive Party (DPP), took advantage of a split in the ruling KMT to win the presidency, completing the first alternation of party in power in Taiwan's democratic history. In 2008, the KMT returned to power under incumbent President Ma Ying-jeou, who is running for re-election this year. In the upcoming elections, given the emergence of a split within the Pan-Blue Coalition, which is led by the KMT, it is possible that the DPP will return to power.

In 1997, one year after Taiwan's first presidential election, a constitutional amendment was passed, turning Taiwan's parliamentary system (in spirit) into a semi-presidential system modelled after the French Fifth Republic. This amendment ensured that any elected president would possess substantive powers and would not merely be a ceremonial head of state. It also allowed the president to nominate a premier without approval from the Taiwanese Parliament, known as the Legislative Yuan (LY). Although the LY is entitled to take a no-confidence vote to oust the premier, that same vote also gives the president a pretext for dissolving the LY. Since no member of the LY is allowed to run for re-election without finishing a full-term, a vote of no confidence has not yet been cast. There is also no two-round majority requirement for the presidency in Taiwan, allowing candidates with less than 50% of popular votes to assume office.

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Another intriguing element of the Taiwanese political system is the president's ability to nominate a premier even when the president's party does not hold a majority in the LY. For example, in eight years of DPP rule between 2000 and 2008, the party never held an absolute majority in the LY; nonetheless, former DPP President Chen Shui-bian consistently nominated premiers from his own minority party. Meanwhile, President Ma had pledged to respect Taiwan's constitution and nominate someone from the majority party of the LY as premier if he is re-elected.

There are four distinct possibilities for the upcoming Taiwanese elections:

- 1) the KMT wins both the presidency and a legislative majority, either alone or with a coalition partner;
- 2) the KMT wins the presidency but the DPP takes control of the legislature, either alone or with a coalition partner;
- 3) the DPP wins the presidency while the KMT retains the legislative majority; or
- 4) the DPP wins the presidency and enjoys legislative majority, either alone or with a coalition partner.

The first and fourth scenarios would give the elected president a clear mandate, making the nomination of a premier essentially a formality. Meanwhile, in the second and third scenarios, whereas Ma has pledged to condone cohabitation, his challenger, DPP nominee Tsai Ing-wen, has yet to do the same. Should this question be raised, Tsai and the DPP will have to indicate whether they intend to repeat Chen's nomination practice.

Absence of Two Rounds of Absolute Majority

When Taiwan's new constitutional arrangement was first tested in its 2000 elections, three main candidates vied for the presidency. The KMT nominee, former Vice President Lien Chan, ran against DPP candidate Chen Shui-bian and independent James Soong, a popular governor of the Taiwan Province and former KMT member. Soong (36%) and Lien (23%) were both a part of the Pan-Blue coalition; their decision to run separately divided Pan-Blue votes, allowing Chen to win the presidency with less than 40% of the popular vote. Most political analysts agree that, under the

system of two rounds of absolute majority, Soong would have been able to beat Chen in the run-off.

In 2004, Chen was re-elected with an absolute majority of 50.1% of votes. Subsequently, President Ma comfortably won the 2008 election with more than 58% of votes. This easy victory made the two-round system seem unnecessary; however, with Soong planning on running again in the upcoming elections as a third party candidate, this is perhaps not the case. So far, polls indicate that Soong has garnered around 10% of votes in the upcoming presidential election, which is sufficient to bring about a repeat of the 2000 no-majority election. Again, Soong's support base is primarily comprised of Pan-Blue voters, rather than those supporting the Pan-Green Coalition (led by the DPP). This might again influence election results by causing a split vote within the Pan-Blue camp, culminating in the presidency being delivered to the DPP, should President Ma's lead over the DPP's Tsai remain small.

Some Pan-Blue voters are concerned about such a possibility, blaming for it their party's failure to amend Taiwan's constitution by changing the presidential contest into one with two rounds of absolute majority. This would have prevented the DPP from taking advantage of the Pan-Blue split in the upcoming elections to win the presidency without an absolute majority of the vote. However, concerns regarding the existing scheme are not limited to Pan-Blue supporters: as the absence of two rounds of absolute majority sometimes fails to elect a president with a clear mandate, criticism has been fairly bipartisan. Some political analysts even posit that a two-round majority would dispense with the need for 'strategic voting,' allowing the electorate to cast a more representative vote, especially in the first round.

Reality of the Opposition's Legislative Majority Overlooked

President Chen won a close and controversial re-election campaign in 2004. Less than eight months later, after the end-of-year legislative election, the DPP was again the majority party in the LY. Before the election, there was speculation that the DPP and the TSU (a minority Pan-Green party) would increase the Pan-Green share of seats in the legislature to justify prolonged Pan-Green control of government. When the result

failed to meet expectations, the DPP should have made a gesture to Pan-Blue opposition to see whether it was interested in forming a new government. Instead, President Chen nominated yet another DPP premier, Frank Hsieh.

The post-2004 legislative election period was the most opportune time in Taiwan's democratic history to consider a national cohabitation scheme. Yet, as the Chen government had seemingly little concern for establishing a new precedent, Taiwan's constitution appeared to be words on paper instead of a living document. DPP political science scholar-turned-politician Julian Kuo once commented on the possibility of a president nominating a premier whose party did not enjoy legislative majority, indicating that no president would do such a thing, because government cannot function that way. Yet, under Chen, the DPP did nominate a minority-party premier: and the opposition acquiesced.

In 2005-6, before he became President, then-Mayor of Taipei Ma Ying-jeou expressed the view that the semi-presidential system should be respected, with the premier enjoying the confidence of the legislature. Ma reiterated this position after winning the presidency in 2008. Tsai has not made public her position on this issue. As we approach the 2012 presidential and legislative elections, both candidates will be forced to state clearly what they will do should a divided government scenario emerge.

The Effect of Simultaneous Elections on the President and Legislative Yuan

Before 2004, members of the LY were appointed to serve three-year terms. Despite a lack of complaints about the frequency of elections in Taiwan, legislative elections had remained separate from presidential ones until this change. As parliamentarians' terms were changed from three to four years before the last legislative election, presidential and legislative elections will be combined in 2012 for the first time. However, this change could prove problematic, as legislators will begin their new term on 1 February, less than three weeks after the planned election on 14 January. The current presidential term ends on 20 May 2012. This means that there will be a transition period of over four months if the ruling party loses the election. Such a long period should be sufficient for the two parties to adjust to the

new status quo, should the cohabitation of a DPP president and the KMT legislative majority become a reality. Thus, the scheduling of simultaneous elections appears to favour the formation of a cohabitation government.

However, holding simultaneous presidential and parliamentary elections also raises several concerns. First, if one party wins the presidency and the other a majority in the legislature, it becomes unclear who holds the mandate to rule. Second, if simultaneous elections are held, voters will be given the chance to cast split votes, not just between presidential and legislative candidates, but also between district legislative candidates and the party list. As district legislators have cultivated support over the past few years, the incumbent does not necessarily possess an advantage over the challenger in a single-member district contest. Furthermore, the issue of whether the ruling party's political appointees in the legislature should resign after the election if their party's presidential candidate is defeated might emerge as a source of contention. Finally, if the ruling party loses the presidential election but retains legislative majority, its right of continued control over economic, legal, educational and communication ministries becomes disputable. This also raises the issue of whether President Ma would be justified in appointing a premier who would subsequently appoint these ministries. These are just some of the potential problems Taiwan may encounter under simultaneous elections.

In the upcoming elections, President Ma might be re-elected while the DPP gains legislative majority. However, under the single-member district system introduced in the last election, the DPP is not in a position to win legislative majority unless a re-alignment of the electorate occurs. If this scenario emerges, questions about who would be the premier, and whether a loser in the presidential contest could maintain a leadership position in his or her party and represent the party to form government, would need to be dealt with. If President Ma reneges on his promise by naming someone from the KMT premier despite a DPP majority in the legislature, the DPP and its partners that form the legislative majority could cast a vote of no confidence, forcing the premier's resignation.

So far, Tsai has not made any remarks on whether she would be willing to introduce a system of cohabitation should she win the presidency while the KMT maintains legislative majority. Of the four aforementioned election

scenarios, this one is most likely. If this scenario takes place, the DPP may decide that it is entitled to all political powers even if it loses the parliamentary contest. If the DPP were to make substantial gains in the legislature but fall short of the majority, this decision would likely be acceptable to the electorate. However, if the DPP gains less than a dozen seats and secures less than 50 out of 113 seats while the KMT maintains its absolute legislative majority, its claim to the formation of government would be less likely to be viewed as legitimate. With three candidates vying for the presidency, it will be almost impossible for Tsai to win the election with more than 50% of popular votes. If Tsai wins the presidency, but the DPP does not have majority over the KMT in the legislative contest, Tsai should seriously consider naming someone from the party with a parliamentary majority to form government. Furthermore, if Ma is not re-elected, with the LY due to reconvene on 1 February, contention might emerge regarding whether a lame-duck president with less than four months left in office should retain the authority to name a premier, and whether the president-elect should be consulted about such a decision.

The Implications of a Cohabitation System in Taiwan

Even if Tsai agreed theoretically with a cohabitation system, there are still problems with the actual implementation of such a system. Most political scientists in Taiwan agree that the president of Taiwan is in charge of national defence, foreign affairs, and cross-strait relations, while the premier focuses on economic development, judicial affairs, education, social welfare and environment. However, this is a convention and has not been codified in the constitution. If cohabitation occurs, it remains to be seen whether this division will be respected. With so many of Taiwan's domestic issues linked to cross-strait relations and international affairs, leaders and members of Taiwan's competing parties would have to cooperate and make necessary compromises to prevent a standstill in policymaking.

However, questions remain about whether the KMT and DPP are ready to bridge their ideological gap. If cohabitation is successful, it is possible that Taiwanese politics will be less susceptible to political gridlock, as each party would need the other to support its policy preferences. With

polarization worsening in Taiwan's polity, cohabitation might not be a solution to the problem of political impasse; but at least it's worth trying.

Conclusion

Since the process of democratisation began in the late 1980s, Taiwan has revised its constitution several times. Amendments have been made to allow for the complete overhaul of the legislative body and change in the electoral system. This was necessary to assure Taiwan's transition from an authoritarian system to a democratic one. The amendment that changed Taiwan's political system from being parliamentary in spirit to a dual-executive system has been much discussed and analysed. Such discussion is highly controversial because President Chen failed to honour such an arrangement.

As Taiwan's National Assembly, the body responsible for amending the constitution, has been transformed from a standing to an ad-hoc institution, and since the requirement for amending the constitution (3/4 majority of the legislature) is very difficult to achieve, the likelihood of a constitutional change of the current political system is very low. This means that the dual-executive system is here to stay for the foreseeable future. However, instead of trying to abolish the system, the Taiwan government should try to make it more operational by establishing certain fundamental protocols, for example on whether an appointed premier's political party should require a majority in parliament.

Cohabitation, once established, has the potential to set an important precedent for years to come. It might be difficult initially, as both parties in Taiwan need to figure out how to divide responsibilities and make compromises. However, cohabitation has the potential to bridge the gap in the polarised Taiwanese polity by forcing politicians to be more pragmatic in their dealings with one another. Ma and Tsai should make a pledge of accepting cohabitation before the election.

Taiwan's Presidential Election: a Fateful Choice

Ross Maddock*

On 14 January 2012, Taiwan's electors will decide whether to give incumbent Kuomintang (KMT) president, Ma Ying-jeou, a second four-year term, or to elect Democratic Progressive Party (DPP) Chairperson, Tsai Ing-wen. The choice made by the Taiwanese people will be a fateful one, for Taiwan's electorate is divided, first and foremost, on the issue of the island's future relations with China.

However, the Taiwanese people will not be the sole determinants of their fate; this will also have to be negotiated with their largest immediate neighbour, China, and the international community. China has little interest in the preservation of Taiwan's democracy; it sees Taiwan's political achievements as an aberration and a threat to Chinese unity, stability and international strategic interests. Western countries have preoccupations that transcend supporting Taiwan's evolution as one of Asia's few genuine democracies.

Under these circumstances, a vote for Ma Ying-jeou in the upcoming presidential election will endorse the concept of Taiwan and China as part of one Chinese nation; a vote for Tsai Ing-wen will support the search for a separate Taiwanese identity. Currently, far more of the island's electors see themselves as either Taiwanese or Taiwanese-Chinese; a small minority think of themselves as first and foremost Chinese. There are historical reasons for this divide.

A Short History of Taiwan's Identity Divide

On 10 October last year, people in Taiwan and China marked the centenary of the Wuchang Uprising, the Hsin Hai revolution that ended more than

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two millennia of imperial dynastic rule in the heartland of the Sinitic peoples. This anniversary was officially celebrated by Taiwan as its 100th birthday. However, these Taiwanese celebrations were somewhat subdued, even half-hearted. The anniversary did not resonate with the majority of the Taiwanese people, and was observed enthusiastically only by the more China-centred of KMT members and supporters. These proponents of the centenary celebrations failed to mention that in October 1911, Taiwan had been separated from China for fifteen years. In 1895, the Qing court had ceded Taiwan to Japan ‘in perpetuity’, following China’s defeat in the Sino-Japanese war.

For almost three decades after 1911, the people of Taiwan, despite their varying degrees of resentment about being subjects of the Emperor of Japan, enjoyed unprecedented peace, security and good government. During those 30 years, Taiwan was in many ways a far more prosperous and civilised place than anywhere that existed on the mainland: so much so that when Japan’s soldiers and officials departed the island at the end of the Second World War and the KMT arrived, the latter were regarded by locals as uncivilised ruffians.

Subsequently, with the KMT facing defeat on the mainland, a great influx of mainlanders occurred between 1947 and 1949, culminating in Chiang Kai-shek’s shifting the government of the Republic of China to Taipei. Relations between new arrivals and long-term residents were tense at best. In February 1947, KMT authorities massacred more than 25,000 and imprisoned up to 200,000 local Taiwanese intellectual, political and business elites. The anniversary of the massacre is now a public holiday in Taiwan.

Where Did the Long-Term Residents Come From and When Did They Start to Arrive?

The Chinese Communist Party (CCP) insists – and almost everyone in China believes – that Taiwan has been part of China ‘since ancient times’; this fact is rarely questioned in Western countries. Yet, in reality, before the Dutch set up a small colony on the western coast of Taiwan in 1623, its inhabitants were almost all members of aboriginal tribes, related to the

Dayaks of Borneo and New Zealand's Maoris. Prior to Dutch colonisation, there was only a very small number of ethnic Chinese on the island, who lived with the aboriginals under aboriginal village administration; they were there to facilitate trading on the island between merchants from China and Japan. It was only during the 38 years of Dutch rule that substantial numbers of people from China first began to live on the island, as a result of the Dutch importing labourers from China for their farms and other enterprises, which produced, among other things, sulphur, deer hides and camphor.

These were the declining years of the Ming Dynasty. The foreign Manchurians had forced their way into the Chinese heartland and established the Qing Dynasty. CCP historians claim that during this period, a Ming loyalist, Zheng Chenggong, defeated the Dutch and restored Taiwan to China. Zheng is perhaps best understood as a seaborne warlord and merchant, with whom remnant Ming forces struck up an alliance to oppose the Manchurians. In 1661, he attacked the Dutch, mainly for private commercial reasons. Far from 'restoring' Taiwan to Chinese rule – China's emperors had never claimed it – he declared himself sovereign and ran the small coastal areas that were then settled by the Chinese as his personal kingdom. When he died in 1662, his son succeeded him.

The Zheng state on Taiwan lasted until 1683, when a Qing invasion force occupied the coastal regions of the island that were then settled by ethnic Chinese. Even then, the Chinese emperor did not sanction the incorporation of Taiwan into the Chinese mainland, famously memorialising, "Taiwan is no bigger than a ball of mud. We gain nothing by possessing it and it would be no loss if we did not acquire it." He and most of his officials favoured removing the Chinese settlers and abandoning Taiwan.

Eventually, the court did attach the settled parts of Taiwan as a prefecture to Fujian province, but made no immediate claim to areas of Taiwan beyond those areas. It was only when increasing numbers of mostly illegal Chinese immigrants began to push the aboriginals into the mountains and settle more and more of the western coastal plains that the Chinese court decided to extend its jurisdiction. It was more than 200 years after the first

parts of Taiwan were claimed by China that the latter formally claimed the whole island.

It is mainly the descendants of the people who arrived in Taiwan before Japan's defeat in the Second World War that regard themselves as Taiwanese and want to preserve a separate identity. In addition, many of those that arrived in Taiwan after 1945, as well as their descendants, do not want to become China's subjects, at least while it is controlled by the CCP.

The Election on 14 January and its consequences for Taiwan

Regardless of who wins on 14 January, Taiwan will undoubtedly face four years of turbulent politics in the election's aftermath, which will be of deep significance not just for the island but also for the region and beyond.

If Ma wins, China is likely to push the KMT harder to move negotiations beyond economic and other practical issues to political relations. The new Central Committee and Politburo that takes office in China in October will in all likelihood increase pressure on the KMT. Popular support within Taiwan favouring talks with China on political ties and eventual unification is weak. Many KMT supporters do not favour anything other than the present political status quo. Nevertheless, having accepted a version of the CCP's 'One China Consensus' as a condition for negotiations, the KMT will find it difficult to resist the pressure from Beijing.

The CCP will not for the foreseeable future, and will possibly never, sanction direct negotiations between the governments of China and Taiwan, which it regards at best as a sub-national regime. The KMT has tactfully accepted the CCP's position, and any substantial cross-strait dealings are agreed to on a party-to-party basis. This position is evident in the censorship practices of the CCP, which blocks the Chinese population's public access to the Taiwan government website (www.cna.com.tw), but not the KMT website (www.kmt.org.tw). If Ma is re-elected, the KMT will likely be obliged to commence talking more openly to the CCP about eventual political association, integration or union. Yet, Ma would not have a mandate from the Taiwanese people to do so, and hence, a more

explicitly political dialogue between the KMT and the CCP would exacerbate the identity divide in Taiwan.

If Tsai wins, though she hopes to make the most of the progress in cross-strait relations achieved by the Ma administration, the CCP, because it believes that the DPP stands first and foremost for Taiwanese independence, has little interest in allowing her to do so. Beijing would almost certainly freeze cross-strait dialogue, at least temporarily, in the case of DPP victory, and apply great pressure to Tsai via third-party countries, Taiwanese businesses in China and the Chinese military. That, too, would exacerbate Taiwan's identity divide.

So who will win on 14 January? Opinion polling in Taiwan is not as accurate as it is in Australia and much of it is biased in favour of one of the parties. Western diplomats based in Taipei and other experts agree that the election will be close and it is conceivable that Ma, despite being ahead in most polls, will suffer a narrow defeat. I am of the opinion that, barring unforeseeable developments in the election campaign or an unlikely serious miscalculation by the CCP – for example, an overly overt endorsement of Ma or blatant threats of reprisal if Tsai is elected – Ma will win by a narrow but comfortable margin. Besides incumbency, in Ma's favour are his administration's considerable achievements of ameliorating tensions across the Taiwan Strait and the practical economic benefits ostensibly yielded by his leadership, including a network of direct flights between Taiwan and China and a huge growth in tourism from the mainland.

Ma points to the signature in June 2010 of an Economic Cooperation Framework Agreement (ECFA) between Taiwan and China. The ECFA, a template for an FTA-like arrangement, came into force a year ago. Since its signature, the Ma government has been able to persuade the Singaporean government to engage in discussions regarding the establishment of a similar FTA equivalent, and the governments of India, New Zealand and the Philippines to begin discussions regarding FTA-feasibility studies. International economic research agencies have measured an improvement in Taiwan's attractiveness to investors, attributable to better hard and soft infrastructure for Taiwan-China commerce, including the ECFA. Overall, Ma can also claim to have managed domestic economic policy well, with

growth above 10% in 2010. Highly export-exposed, Taiwan's economy suffered a serious contraction during the first phase of the GFC but bounced back strongly: this year growth will be about 4%. Unemployment is below 5% and wages are edging up again, after a decade of stagnation. Another factor in Ma's favour is his strong vice presidential running mate, Wu Den-yih, now Premier, rated a strong and capable administrator.

With so much in his favour, Ma ought to be an odds-on favourite. Yet, he is not, for three main reasons. First, Ma has not been good at promoting the achievements of his administration. Taiwan has a free press, and, although the main newspapers tend to support the KMT, sections of the media have been tough on Ma and some of his ministers. As such, Taiwan's government often blames the press when it should look to improving its own media and communications strategies.

Second, much of the Taiwanese electorate, including his natural constituency, consider Ma not to be forceful enough and to lack vision, particularly when faced with a crisis and on domestic issues. Although Ma has worked hard and paid attention to detail, he has perhaps not been 'presidential' enough in the eyes of many voters.

Third, a majority of electors have at least niggling concerns that in future negotiations with the CCP, the KMT will be unable to protect Taiwan's long-term interests: democratic and other robustly distinctive cultural values, including the rule of law and a disinclination to accept externally-imposed or any other dictatorship. Many deeply distrust and even abhor Chinese political and business culture and fear that the Taiwanese way is under threat of extinction.

The opposition DPP candidate, Tsai Ing-wen, has a reputation for intelligence and diligence, but, like Ma, she is viewed neither as 'presidential,' nor even as charismatic. Although, for a short period, she headed the Mainland Affairs Council and has a sound knowledge of Chinese issues, many voters think she is too inexperienced to be president. Tsai's chances of becoming President increase if, as seems likely, the third candidate, James Soong, leader of the People First Party (PFP), siphons off more KMT than DPP votes. The PFP is a KMT splinter and Soong, who

came a close second to Chen Shui-bian in the 2000 presidential election, still holds a reputation as a 'can-do' politician, although many regard him, at 69, as being too old. He appeals to the small group of voters that see themselves as Chinese rather than Taiwanese and think that incorporation into China represents a better future than either the status quo or independence.

Tsai Ing-wen appeals to voters with the strongest abhorrence of a future Taiwan subsumed into the PRC: those who think the KMT has sold out to the CCP, undermined Taiwan's sovereignty and put Taiwan's unique democracy and high level of civility at risk. A poll conducted by the *United Daily News* in September 2011 found that, notwithstanding the progress made by the Ma administration in economic relations with China, the views and feelings of Taiwan's citizens towards China are not warming. The DPP itself claims that 'China fever' is subsiding.

It is difficult for Tsai to give direct voice to this appeal, as she is already vulnerable to criticism for putting at risk four years of progress in relations with China. To win, she will have to persuade the electors that her China policy is coherent, rational, practical and acceptable to the CCP. Few voters are convinced of that, though Tsai reminds voters that the previous DPP administration (2000-2008) made some quiet progress in support of cross-strait commerce, despite Beijing's efforts to demonise then-President Chen Shui-bian.

Tsai also argues that the ECFA has not done as much for Taiwan as President Ma and the KMT claim. To some degree, official statistics support that proposition. Since the ECFA tariff reductions came into effect, while China's exports to Taiwan have grown by 45%, Taiwan's to China have increased by only 13.3%. As a proportion of the total, Taiwan's exports to China have actually declined, from 42.4% in January to 40.5% in August 2011. In a recent editorial, the *Economic Daily News*, not a supporter of the DPP, opined that the 'ECFA effect' on Taiwan's economy is falling short of expectations. Tsai also points out that negotiations with China on further economic improvements, including a cross strait investment protection agreement, seem to have stalled. Investment protection is far more important for Taiwan than it is for China.

Even without an agreement, Chinese businesses in Taiwan benefit from the island's transparent legal and regulatory frameworks, the separation of powers and the rule of law; China lacks these regulations, and Taiwanese investors in China, like other foreign investors, are highly vulnerable to the vagaries of the mainland legal system; and Taiwanese businesses have invested far more in China than Chinese have in Taiwan.

Looking ahead

Regardless of who wins Taiwan's next presidential election, notwithstanding divisions over how to come to terms with China, Taiwan's economy should continue to grow more strongly than the OECD average.

Taiwan will also remain one of Australia's top ten trading partners for the foreseeable future (in 2011 it was the fifth largest). The 2011 business visit to Taiwan by a senior Australian federal cabinet minister was one of several indications that Australia's relations with Taiwan are satisfactory. The two governments have also made a recent renewed effort to foster more bilateral investment. ANZ's takeover, during the GFC, of the more than 20 RBS branches in Taiwan enhances finance sector connections, as does the opening, in late 2011, of a branch of the Taiwan Cooperative Bank in Sydney, which joined four other Taiwanese banks with operations in Australia. The 25th Joint Conference of the Australia-Taiwan Business Council and its Taiwan counterpart, the ROC-Australia Business Council, held on the Gold Coast in August last year, was the largest and most successful ever, with over 250 people taking part. In April, the World Congress of Taiwanese Chambers of Commerce will take place in Sydney. The organisers expect more than six hundred Taiwanese entrepreneurs and business leaders to take part, half of them from Taiwan and other foreign countries.

Though it now seems almost inevitable that Taiwan will gradually lose its distinctive and highly attractive culture and way of doing business, for a long time it will remain a great place to trade and invest, and a country where the most significant Australian strategic, political, economic and cultural interests are engaged.

Suggestions for Further Reading

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Notes

WG Goddard was an Australian intelligence officer during the Second World War and later acted as a member of the Department of External Affairs.

Yosaburo Takekoshi was a member of the Japanese Diet who toured the island of Taiwan in 1904, nine years after it was placed under Japan's administration. His book provides a Japanese view of the history of the island, observations on the culture of its inhabitants and the progress until 1904 of the Japanese colonial administration.

Biographies of Contributors

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Professor Malcolm Cook is Dean of the School of International Studies at Flinders University. Prior to this appointment, he founded and directed the East Asia Program at the Lowy Institute for International Policy, where he remains a visiting fellow. Over the course of his career, Professor Cook has lived and worked in Canada, Japan, South Korea, the Philippines and Australia, while contributing to academia, government and media. His research interests include: Asia-Pacific regionalism, Asia-Pacific security, Australian foreign policy and international political economy. Professor Cook has completed a PhD in international relations at the Australian National University, and holds a Masters of International Relations from the International University of Japan and an honours degree from McGill University.

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Mr Ross Maddock is Chairman of the Australia-Taiwan Business Council, which is an independent organisation that promotes the formation of strong business relations between Australia and Taiwan by acting as a bridge for communication between the two countries in the absence of official diplomatic relations. Over the course of his career, Mr Maddock has worked as a diplomat and senior trade commissioner, with postings in London, Hong Kong, Beijing and Taipei. He has also worked as an advisor to Hawke government ministers John Dawkins (then-Minister for Trade) and John Button (then-Minister for Industry, Technology and Commerce); in those posts, he assisted in setting up and managing the Australian Trade Commission (Austrade), in implementing trade-development strategies for China and Japan and in managing the Export Finance Insurance Corporation (EFIC) and the Australian Industry Development Corporation (AIDC). Mr Maddock also currently acts as an advisor to the Chairman of the TECO Group, a multinational company based in Taiwan, with offices in four Australian states. He is fluent in standard Chinese.