

CRS Report for Congress

Received through the CRS Web

Taiwan's December 2001 Elections

Kerry Dumbaugh
Specialist in Asian Affairs
Foreign Affairs, Defense, and Trade Division

Summary

In December 1, 2001 elections, Taiwan's Nationalist (KMT) Party lost its legislative majority for the first time in 50 years, dropping from 123 seats to 68. This leaves the Democratic Progressive Party the largest bloc in the legislature, at 87 seats. As a result, current DPP President Chen Shui-bian may gain more legislative support for his policy agenda, which until now often has been blocked by the KMT-controlled body. The new fluidity and uncertainty on Taiwan's political scene has implications for U.S.-Taiwan-China relations. This report will be updated as events warrant.

Legislative Election Results

In elections on December 1, 2001, President Chen's Democratic Progressive Party (DPP) increased its representation in the 225-member legislature from 66 to 87, while the struggling KMT Party went from the 123 seats it won in the 1998 elections to just 68 seats, losing its majority in the legislature for the first time in 50 years. Although the DPP still does not have a legislative majority, its plurality means that Chen has a stronger chance of crafting political coalitions that could support his policy initiatives.

Table 1. Party Representation, Last Two Legislative Elections

| Name of Political Party | 1998 Elections | 2001 Elections |
|------------------------------------|----------------|----------------|
| Kuomintang (Nationalist Party) | 123 | 68 |
| Democratic Progressive Party (DPP) | 70 | 87 |
| New Party (NP) | 11 | 01 |
| People First Party (PFP) | — | 46 |
| Taiwan Solidarity Union (TSU) | — | 13 |
| Other | 21 | 10 |

Note: The NP is pro-reunification. The PFP was founded in 2000 by former presidential candidate James Soong, who defected from the KMT, along with others, after a falling out with former President Lee Teng-hui. The PFP is seen to share similar views with the KMT.

As the DPP in the past has been associated with pro-independence views, the election results also are likely to disturb Beijing, which still claims that Taiwan is a breakaway province belong to the People's Republic of China (PRC).¹

Next Steps — Coalition Governance

Taiwan's December elections signal the start of a new, fluid, and uncertain period of political realignment for Taipei that makes policy predictions difficult. Some observers, for instance, point out that party affiliation is not the only motivating criteria in Taiwan's political culture, which also is heavily influenced by personal relationships, generational divisions, educational and institutional affiliations, and other motivating factors. More will be known as the new legislature (the Legislative Yuan) continues through its first year, which began in February 2002. Observers will be watching how the Taiwan government and the new legislature handle a number of key political issues.

Selection of the Legislature's President. The president/speaker of Taiwan's legislature is elected by a majority of the body's members. In previous legislatures, the post was easily won by a member of the KMT, which had a legislative majority. As there now is no legislative majority, the question of who would be elected to this post became an early topic of political discussion. One view was that the post should go to a member of the DPP, since it is now the largest party in the legislature. But KMT members wanted the current holder of the position, KMT member Wang Jin-pyng, to remain in the post. Ultimately, Wang, the early front-runner, was elected as the new assembly's speaker, largely because of a DPP decision to support his candidacy in exchange for KMT backing for the DPP's own candidate for deputy speaker. But in a subsequent KMT/DPP legislative showdown, the DPP candidate lost, and KMT candidate Chiang Pin-kung was elected deputy speaker of Taiwan's legislature, leaving the top two legislative spots in the hands of the KMT minority.

“Pan-Green/Pan-Blue” Combinations. Taiwan news reports leading up to the elections often linked together parties that shared similar interests, referring to the KMT the PFP, and the New Party² as the “pan-blue” alliance, and to the DPP and TSU as the “pan-green” alliance. While this terminology is a convenience, no formal party alliances exist, and so it is unclear how the new legislature will perform with its diverse party memberships. Given its disastrous losses, the KMT faces significant difficulties in recovering a semblance of its former political standing absent a “pan-blue” coalition arrangement — most likely with the PFP, which did astonishingly well in its first legislative outing this December. If such an alliance is formalized, this would give the KMT/PFP an effective voting bloc of 114 votes. But PFP leader James Soong's departure from the KMT in 2000 was not without rancor. Also, he is popular in his own right and is thought to have presidential ambitions for 2004. Some believe he may have calculated that his and his party's future interests will be better served without a formal alliance with the tottering KMT. Even so, on December 6, 2001, KMT Chairman Lien Chan and PFP

¹ For more election details, see [<http://www.taipei.org/ele90/election.htm>].

² The pro-reunification New Party fared badly in the December elections, dropping from 9 seats to 1 seat. According to Taiwan news reports, on December 6, 2001, the party's leaders announced that they would reorganize rather than disband the party in the face of its poor showing.

Chairman James Soong announced that they would informally cooperate in a “policy coordination mechanism” to counterbalance administration initiatives.

While it controls the presidency, the DPP still did not emerge from the December elections with a legislative majority. If, as some have predicted, the DPP establishes a formal “pan-green” coalition with the TSU party, this bloc would still not be enough to exercise consistent legislative control. Some have suggested that the prospects for further KMT defections to other, more robust parties could strengthen President Chen’s hand and ultimately give him an effective voting majority. But the pro-independence views and rhetoric of former President Lee Teng-hui, a founder of the TSU party and one of the strongest proponents of Taiwan’s interests, may be viewed as a liability by many moderates — including some in the DPP — who prefer to avoid antagonizing Beijing.

Prospects for a “National Stabilization Alliance”. In November 2001, as Taiwan news reports were projecting that no single party would win a legislative majority in the December elections, President Chen Shui-bian proposed forming a “cross-party alliance for national stability,” or a “national stabilization alliance.” Opposition parties criticized the plan even before the elections, saying it was an election gambit designed to shield the DPP from blame for economic problems and political instability. On December 6, 2001, both the KMT and the PFP announced formally that they would not participate in an alliance as proposed by President Chen, and the President announced on February 22 that he was shelving the proposal because of opposition. Still, the prospects for some form of formal coalition remain viable, and could prompt some unexpected developments in Taiwan’s political processes.

Government Reform. On December 7, 2001, the DPP announced a plan for reorganizing and reforming Taiwan’s legislative structure over the coming year. The DPP’s proposal included changes in election rules, reduction (by 50%) in the size of the legislature, and new laws to limit conflicts of interest. Since legislative reform has also been endorsed in the past by the PFP, the TSU, and some in the KMT (partly in response to polls showing widespread public dissatisfaction with the legislature’s performance), the support for some type of reform seems broad. In addition, proposals for broader government reform — reducing the number of Taiwan government branches from 5 to 3, for instance — have been debated increasingly in the past. In a meeting of the Government Reform Committee on May 5, 2002, President Chen further discussed his political reform plans, including electoral reforms, reduction of the Legislative Yuan to 150 legislators, and extension of legislative terms to four years. Ultimately, any reform plan will have to be approved by the legislature.

Background to Political Liberalization in Taiwan

Taiwan’s December 2001 elections are only the latest milestone in a process of political transformation that began in the mid-1980s during the tenure of President Chiang Ching-kuo. Prior to this, the government on Taiwan was dominated by the only permitted political party, the Nationalist Party, also known as the Kuomintang (KMT), founded by Sun Yat-sen in 1912. The remnants of the KMT-led Republic of China (ROC) government had fled from mainland China to Taiwan in October 1949 after defeat by communist forces. For the next 37 years, the KMT government on Taiwan claimed that it remained the sole legitimate government of all China, and that the fledgling communist government of the People’s Republic of China (PRC) in Beijing was not credible. The

PRC government insisted on its own legitimacy, and claimed Taiwan was a breakaway province that Beijing was committed to “reunifying” one day, by force if necessary.

Still officially at war with the communists during these years, the KMT government ruled Taiwan using martial law and other draconian mechanisms. It pursued policies of a strong national defense against the mainland and a highly successful program of export-oriented economic growth. It tolerated little open political dissent and allowed no opposition parties. No elections were held. A fundamental factor in the KMT policy rationale was that all this was temporary, justifiable by wartime status, and that normality could resume once the military could “re-take” the mainland.

This situation began to change for Taiwan in the 1970s, when the United States and most developed countries established official relations with the PRC and broke official ties with Taiwan. Taiwan lost the China seat in the U.N. and in other international bodies — setbacks that challenged a major source of the political legitimacy of the Nationalist regime. It became harder for KMT leaders to argue that people on Taiwan should accept an elaborate central government administration that included a majority of representatives who were elected on mainland China prior to the Communist victory there in 1949. KMT leaders came under increasing pressure to open up positions in the government to more “Taiwanese” — the 85% of the island’s population whose roots go back to Taiwan prior to the influx of two million “mainlanders” fleeing from communist Chinese forces.

In 1984, President Chiang Ching-kuo named a native Taiwanese, Lee Teng-hui, as his vice president. In September 1986, political activists founded Taiwan’s first formal opposition party, the Democratic Progressive Party (DPP). Martial law was ended in July 1987. Following President Chiang’s death in January 1988, President Lee Teng-hui reaffirmed a commitment to reform that would legalize opposition parties and restructure parliamentary bodies. In 1991, President Lee declared an end to the state of civil war with the PRC and the associated “temporary provisions” that had given Nationalist leaders emergency powers for decades to deal with dissent and appoint public officials. Members of legislative bodies elected in the mainland over 40 years earlier retired.

In elections held since then, the KMT has incrementally lost ground to the DPP and other opposition parties. In a presidential race on March 23, 1996 — the first time Taiwan residents ever were able to vote for president — KMT candidate Lee Teng-hui was elected with 53.9% of the vote, while the DPP candidate received 21.1% and two conservative independents 14.9% and 9.9%, respectively. In island-wide elections for 23 mayors and magistrates on November 29, 1997, the DPP for the first time out-pollled the Nationalists in the popular vote, 43.4% to 42%. The results left DPP leaders in charge of local government for 72% of Taiwan’s people, while KMT leaders were in charge of only 22%.

In Taiwan’s second presidential election on March 18, 2000, the KMT received a near-fatal blow when its candidate, the lackluster incumbent Vice-President, Lien Chan, was soundly defeated in a three-way race. The stunning loss ended the party’s unbroken, 50-year tenure in power. The winning candidate and current Taiwan president, DPP member Chen Shui-bian, won with 39% of the popular vote, while an independent

challenger, James Soong, ran a close second with 36.5% of the vote.³ Vice-president Lien Chan ran a distant third, garnering only 23% of the vote. Still, when President Chen took office, on May 20, 2000, the KMT retained a sizeable majority in the legislature, so that Chen was unable to gain much legislative support for his policy initiatives.

Taiwan Politics and Taiwan/PRC Relations

Since the beginning of political pluralization, attitudes toward what is often referred to as “the Taiwan question” — the relationship of Taiwan to the PRC — have been key factors in shaping Taiwan’s domestic political environment. On one side were those who favored the eventual reunification of Taiwan with mainland China, albeit under a democratic government. Having come from the mainland originally, the KMT remained strongly associated with this view. The main alternative view was that Taiwan should reject any notion of reunifying with the PRC and instead declare itself an independent country. Despite Beijing’s threat to use force in such a situation, support for an independent Taiwan was written into early political platforms of the Taiwanese-dominated DPP. The pro-independence stand served as a useful tool in setting the party apart from the KMT and in garnering broader political support.

But in the 1990s, faced with his party’s eroding support base, KMT President Lee earned Beijing’s unrelenting contempt with his efforts to exploit the gray areas between these positions. In 1995, for instance, Lee said that the PRC and Taiwan were governed by “two governments,” and he proposed that each side enter international organizations “on an equal footing.” Lee also initiated what came to be known as “vacation diplomacy” — traveling to countries with which Taiwan had no official relations, ostensibly as a private citizen, not an elected official.⁴ On July 9, 1999, Lee said ties between Taiwan and China should be considered on a “special state-to-state” basis — a remark seen by many as the most direct challenge yet concerning Beijing’s claim to sovereignty over Taiwan. Beijing objected strenuously to such statements, and repeatedly threatened the use of force against Taiwan if the government there declared its independence.

The landmark election of a DPP candidate as President in March 2000 appeared to raise the stakes concerning the “Taiwan question,” setting the stage for a chain of dramatic developments in Taiwan’s political landscape. On June 16, 2001, former President Lee made a joint appearance with President Chen Shui-bian and urged his own followers to support Chen. Observers speculated that the joint appearance meant that Lee was forming a political alliance with Chen and the DPP. Subsequently, on July 24, 2001, President Lee and some KMT members closely associated with him announced they were forming a new political party, the Taiwan Solidarity Union (TSU).⁵ This damaged the fragile KMT party still more, and sparked heated debate in Taiwan over the implications of the new party for Taiwan’s looming legislative elections on December 1, 2001.

³ After running as an independent in the presidential race, the popular Soong, once a KMT member, and a number of KMT defectors formed a new political party, the People First Party.

⁴ In June 1995, yielding to heavy congressional pressure, President Clinton issued Lee a visa to travel to the United States for his college reunion. The visit was protested vigorously by Beijing, and contributed to Sino-U.S. military tensions in the Taiwan Strait later that year and in 1996.

⁵ Former President Lee, once the standard-bearer of the KMT, was expelled by the party.

Ultimately, the KMT lost heavily in the December elections, with votes being siphoned away by the surprisingly strong showings of the DPP, the TSU (which favors a separate identity for Taiwan), and the PFP, which like the KMT adheres more to the “reunification” view.

Policy Implications

The December 2001 elections have ushered in a new political environment in Taiwan unseen before. First, the results of the 2000 presidential and the 2001 legislative elections may spell the beginning of the end for the once venerable KMT. Despite the credit it deserves for Taiwan’s astounding past growth and economic success, the KMT today is identified as a fairly corrupt, old-style party out of touch with public sentiment, without a credible vision for Sino-Taiwan relations, headed by an un-charismatic leader, and with non-competitive campaign strategies. The disintegration of the KMT would mean the disappearance of the historical political link between the Taiwan government and the Chinese Communist Party in Beijing — a link that no other political party in Taiwan has.

Second, the DPP has been considerably successful politically in the last two elections, suggesting that public sentiment and momentum are increasingly behind the party and its platform. The KMT and PFP will have to find ways to acknowledge and respond to these public sentiments while still differentiating themselves as opposition parties. Thus, for the next two and a half years, each legislative vote on President Chen’s policy initiatives is likely to involve political compromise and deal-making. If a handful of KMT and PFP members are willing to support key DPP initiatives, they stand to gain significant leverage in the political process; if not, the result could be continuing legislative stalemate.

Third, based on the positions of the various parties on “the Taiwan question,” the December election results appear to reinforce polling data suggesting that the majority of Taiwan’s electorate favors the status quo rather than reunification or independence. The pro-reunification New Party all but disappeared in the December elections. The KMT, which since its loss of the presidency had adopted the unusual strategy of independently holding discussions with PRC officials, did not appear to be well served by this approach and again lost heavily. Although the DPP is still associated with pro-independence views as a party, since his election as president, Chen Shui-bian has backed away from those views and tried to distance his DPP government from the more radical elements of his party. Some suggest that it is this moderation of Chen’s and the DPP’s views that helped contribute to the party’s stronger-than-expected showing in the December elections.

Finally, Taiwan’s December election results pose another thorny problem for Beijing in its relations with Taiwan. PRC leaders already viewed the DPP with deep suspicion because of its past association with pro-independence sentiments. Prior to the March 2000 presidential election, senior PRC leaders had “warned” Taiwan voters not to vote for DPP candidate Chen — a strategy later seen to have backfired. For the December 2001 elections, Beijing maintained a very low profile prior to the election — again obviously to no avail. Moreover, since 2000, PRC leaders have refused to entertain the notion of resuming cross-strait talks with President Chen, despite a number of overtures he is seen to have made. The seeming inexorability of political trends in Taiwan have led some to suggest that the PRC may be ready to embark on a reassessment of its Taiwan strategy.