

Taiwan's Politics in the 2000s: An Introduction

Wei-Chin Lee

Democratic transition and consolidation have not been easy tasks for most non-Western societies. However, Taiwan's navigation from an authoritarian regime to democracy in the 1990s was characterized by its peaceful nature and therefore attracted immense international media attention and generated widespread academic studies. In 2000, when Chen Shui-bian won a three-way presidential election, Taiwan was rightly proud of its smooth regime change from the long-term governing Kuomintang (Nationalist Party, KMT) to the then opposition party, Democratic Progressive Party (DPP). Although it is fair to say that Chen Shui-bian's victory and the DPP's ascent to power opened a new page of Taiwan's political development, the initial triumphant sentiment did not last very long. Chen's government constantly faced political disputes with opposition parties and diplomatic challenges from China. In the aftermath of a failed assassination plot against Chen and his campaign partner on the eve of the 2004 presidential election, lingering public suspicion resulted in frequent

legitimacy crises during his second presidential term. Meanwhile, unending accusations of “pay-for-appointment” corruption scandals and incessant media revelations of his family’s financial improprieties raised questions regarding his political integrity and fitness for office. A massive demonstration of “red shirts” in 2006 almost toppled him down. Consequently, the election of Ma Ying-jeou in the 2008 presidential election was to some extent a Taiwanese majority’s self-emancipation and relief: They were free at last from the tedium of both Chen’s over-employment of ethnicity in campaigning and endless political disputes in governance during the “A-bian” era. At the end of his presidency in May 2008, Chen, his family members, and political associates soon faced several major corruption and embezzlement charges in court. The image of his arrest in handcuffs was an ironic reminder of his 2000 campaign pledges to roll back “black and gold” (corruption and gangsterism) politics of the previous administration. After all, Chen had always prided himself on being a “clean” leader immune to the KMT’s web of corruption in 2000.

Surely, as Shelley Rigger (2001, 957) has ascertained, it is a daunting task for Chen and the DPP to dismantle some of the road-blocks affecting the quality of Taiwan’s democracy. Still, it is a chagrin to witness a party, which loudly enunciated campaign slogans of “happiness and progress” in the past and gained the euphoric endorsement of a great number of intellectuals, social elites, and independent voters, devolve into a less competitive position. Could it be that the DPP’s emphasis on ideological and symbolic politics had no way to win Taiwan’s conservative and pragmatic majority votes? What have both parties done in the 2000s to reverse their fates? Meanwhile, with the DPP’s shrinking size in Taiwan’s political landscape after 2008, what will be the future development of Taiwan’s party politics in the coming decade?

Before responding to these questions above, we should not forget that the KMT’s catastrophic defeat in the 2000 presidential election also prompted serious doubts among the public and pundits about the possibility of its resurgence as a formidable contending force in Taiwan’s politics, although some scholars cautioned to not draw any swift conclusions about the demise of the KMT (Hsieh, 2001, 943).

Hence, the result of the 2008 presidential election offers an opportunity to examine the resurgence of the KMT and the demise of the DPP.

Following their inquisitive endeavors in 2001 in *China Quarterly*, John Hsieh and Shelley Rigger revisit their former topics in this volume to examine Taiwan's party politics. After eight years away from political governance in Taiwan, the KMT's incredible comeback with a strong showing in elections prompted John Hsieh to explore the reasons behind the KMT's potential invincibility in the near future. Given the KMT's impressive results in 2008 in both the legislative election and the presidential race, one wonders whether the KMT will achieve the "happily ever after" effect in the years to come. By delineating the cleavages underpinning the party structure in Taiwan, Hsieh probes Taiwanese voters' preferences and choices among a variety of issues, such as national identity, welfare, economic performance, environmental protection, clean government, and Taiwan's international status. As expected, national identity remains both the dominate cleavage among voters and a crucial variable in determining Taiwan's party strength of the KMT and the DPP. Since a majority of people supports the *status quo* position advocated by the KMT, the KMT will continue to be a seemingly invincible force in Taiwan. The institutional setting of the electoral system, which has changed from a single nontransferable vote (SNTV) system to a new mixed member plurality-PR model at parliamentary election (Reilly, 2007), additionally consolidates the KMT's formidable position. The new electoral system has given the KMT a built-in advantage in seat gains in comparison to its vote shares in the 2008 legislative election. Hsieh's parsimonious explanation of the electoral wonder will be of great interest to anyone who has been fascinated by the surprising electoral results in 2008.

On the other hand, although the 2000 electoral victory awarded the DPP with the highest prize — the presidency — the win also foreordained the DPP's demise since then. Thus, Rigger investigates why and how the DPP became weaker organizationally and further divided ideologically by the end of the Chen presidency than it was at its beginning. Encountering internal challenges (e.g., intraparty factionalism, disputes over party platforms, and advocacy for ethnic

justice) as well as external changes (e.g., China's powerful rise, U.S. strategic adjustment, and East Asian regional changes), the DPP's ideological aspiration for Taiwan independence has hampered the DPP's expansion of its electoral base to secure a confident majority of voters. As Rigger plows through various issues embattled within the DPP in her rich and reflective analysis, the party's adoption of a Leninist organizational structure mixed with its democratic spirit in policy deliberation and often led to grueling debates within the party itself. These intraparty disputes seriously affected the party's unity and political momentum. Later, the charges and scandals against Chen, his family members, and DPP associates drained the DPP's energy and political capital. Facing accusations, Chen's defiant and provocative acts further dragged the DPP along his *Via Dolorosa*. This put the DPP in constant defense and embarrassment during Chen's second term. Finally, the DPP's major strategic mistake in accepting the single-member district (SMD) plurality system undercut its vote share and seat gains, as evidenced in the result of the 2008 legislative election.

This is not to claim that electoral system changes should bear the full responsibility of the reconfiguration of Taiwan's political landscape. The conventional expectation is that elections usually paper over divisions in the society. Taiwan's elections in the 2000s apparently contest such a noble notion, when sensational campaigning and identity slogans were heatedly shouted and exchanged in political campaigns. Most of the last decade has been overly burdened with frequent claims of the correlation between partisanship and ethnicity, even though generational shifts in demography, immigration, and marital inter-ethnicity have made ethnicity hold less crucial weight in party identification (Corcuff, 2002). Hence, national identity continued to carry an unbearable weight in partisanship and electoral campaigns and made any rational policy debates in Taiwan almost impossible. In such a divided society based on the controversy of national identity, public sentiment and emotion runs high, and suspicion rules party politics. Should one be asked to come up with one unique feature of Taiwan's political development in the 2000s, it is widely agreed that a dichotomy of "love Taiwan or don't love Taiwan" has consumed almost every political act and debate.

In a divided society like Taiwan, it would be valuable to see how the public, not just political elites, responds to multifarious socio-political measures and the level of Taiwanese people's confidence and trust in democracy as "the only game in town" throughout the twist and turns process of democratic consolidation. Because there is no perfect formula to guarantee equal realization of all individual and group interests, democracies require a sufficient level of public trust in socio-political institutions to minimize political confrontations and conflicts between different constituencies over the allocation of collective goods and the passage of collectively binding decisions (Tilly, 2007, 80–105; Warren, 1999). Trust is the key to any meaningful collective action in democratic consolidation. Therefore, Huoyan Shyu's timely study answers our curiosity about the Taiwanese level of trust in democratic institutions.

Based on the available date sets of the Asian Barometer Survey in the 2000s and a meticulous design in methodology, Shyu aims to test the relationship between several independent variables, such as the individual's socio-demographic background, partisanship, perception of corruption, political satisfaction with democratic governance, and economic evaluation, and the dependent variables of trust in democratic institutions and support for democracy.¹ His chapter generates plentiful and interesting findings regarding Taiwanese trust in various socio-political institutions. With a wealth of data, Shyu's study confirms that Taiwanese support for democracy remains unwavering, though the level of their support may reach various degrees in multiple dimensions. Beyond doubt, as Shyu concludes, both well-established and nascent democracies will face voluminous globalization challenges that cannot be easily solved by an emphasis on public trust in a political institution. Any future study of democratic transition and consolidation should expand its research to the polity's capability and quality of governance to ensure the regime stability and sustainability for democratic consolidation (Hyden *et al.*, 2004, 26, 27; Shin, 2008, 114–120).

Since political institutions are frequently called upon to monitor and regulate economic activities, state-market relations have been a fascinating and important topic with respect to the study of governance.

In particular, robust economic performance matters for the sustainability and maturity of democracies (Przeworski *et al.*, 2000, 128; Diamond, 1999, 78). A latecomer in economic development, Taiwan's economy has achieved unprecedented accomplishments since the end of World War II with the state actively "intervening" in market operation and "guiding" the course of development. Similar to Japan, Singapore, and South Korea, Taiwan has been one of the textbook cases symbolizing the importance of the "development state" in economic development. The question is: will the once acclaimed developmental state continue to play a decisive role in an increasingly globalized and integrated economy?

Japan's "lost decade" in the 1990s has raised doubts about the wisdom of the development state. Moreover, as evidenced by the 1997 Asian Financial crisis, the close business–government relation and intensive state intervention in the financial sector have contributed to a moral hazard in that financial institutions might engage in unsound lending, investment distortion, and crony capitalism (Krugman, 1998; Wan, 2008, 171–192; Wade, 2000; Beeson, 2007, 143–160). The lesson appeared to demand a free and full operation of market force with minimum governmental regulations for economic sustainability. However, the 2008 worldwide financial catastrophe and various governmental rescue and bailout plans have implicated the opposite by emphasizing the importance of the state in enforcing more government regulations, supervision, and participation in market operation in order to resuscitate the ailing national and global economy. The debate has shifted to the efficacy and fairness of various state policy options, rather than remaining concentrated on the necessity of governmental intervention. Thus, if the state is an indispensable player in economic development, the Taiwanese government's experience in tackling previous economic challenges could offer valuable lessons for other countries.

This is where Cal Clark, Alex Tan, and Joseph Wong cut in. Clark and Tan examine Taiwan's political economy by delineating the key features of Taiwan's developmental experiences. Compounded by an identity indigenization movement for democratic transition in the early 1990s, Taiwan's relative lack of a give-and-take norm in policymaking

among various political forces has resulted in constant political gridlocks, politicization of financial institutions, and contentious party competition. Small and medium enterprises (SMEs), a main pillar of Taiwan's economic success from the 1960s to 1980s, began to feel the mounting pressures of market competition from China and other newly industrializing countries in the mid-1990s. In addition, SMEs felt underpowered in an increasingly globalized knowledge-based economy, which demands substantial investment, innovation, and R&D capability for high-value-added products.

Even so, Yun-han Chu's study (2007) has shown how the resourcefulness and shrewdness of Taiwan's economic bureaucrats helped build up a shock-absorbing strategic capability, unmatched by any other East Asian country, sail through regional economic crises, and facilitate industrial sector-wide collective action for a transition to a knowledge-based economy in the context of globalization and democratization in the 1990s. However, as Clark and Tan's chapter has demonstrated in their lucid description of Taiwan's financial reforms in the 2000s, prerogatives and authority formerly held by economic technocrats prior to the 1990s gradually shifted to politicians as a result of democratization. This gave politicians leeway to gain political favors with promises of economic benefits to fulfill the interests of their constituencies. Policy debates became more tedious and complicated as parties struggled to reach a compromise. Ultimately, it affected Taiwan's timely responses to shifting economic circumstances and lessened its competitive capability.

Moreover, as Clark and Tan clearly testify, the bickering over Taiwan's national identity continued to be a political stigma, causing many economic enterprises to calculate carefully their political risks in Taiwan before venturing into China's market during Chen's era. How to minimize malapropos and unwanted intervention of politicians in the management of national economy and industrial policy will be perennial issues for Taiwan's healthy economic development in the future.

Indeed, tough global competition is not an insoluble problem to Taiwanese industry, which has been quite resilient and versatile in mobilizing resources and finding a way out of any economic predicament.

According to Wong, instead of waiting patiently for the transfer of production technology from leading economies in a pecking order similar to the flying geese analogy, Taiwan has stepped up its innovation capability to look for different revenue streams in science-based industries, especially the biotechnology industry, in order to reap “the first mover advantages” by moving up the technology value chain. The challenging task for a development-oriented state like Taiwan is how to cope with the abundant uncertainties inherent in the brave new world of science-based industry. Rarely could one find available and reliable market referents in science-based industries to confidently project its market value and profitability. State bureaucracy dispenses various forms of assistance — value-enhancing “developmental rents” — to encourage economic growth and industrial structural transformation (Jomo, 2003; Khan, 2000, 136–141). In other words, the current Taiwanese “developmental state” tries to chart uncertain territory, and its future economic prospects depend on the collective governmental and industrial efforts to navigate through technological, economic, regulatory, and political uncertainties.

However, as Wong perceptively describes, Taiwan’s science-based industries, including the bio-technological sector, have attempted to use Taiwan as a springboard, leaping into China’s resources and markets. In 2008, well over 60% of China’s high-tech products were manufactured by Taiwanese companies (GIO, 2008, Chap. 7). An example of their close collaboration is the recent report of remarkable achievement of “Chaiwan” (China and Taiwan) in the production chains and marketing networks in information technology. This has made South Korean manufacturers concerned over their future market shares (Digital Chosunilbo, 2007; UD, 2009). This rare window of opportunity for Taiwan’s industrial sectors to cross the Taiwan Strait immediately sparked loud dissenting views from those who deeply worry that economic integration may constrain Taiwan’s future political chances of independence. The repeated efforts in “de-Chineseness” policies in juxtaposition with obvious emphasis on “Taiwanese subjectivity” (*Taiwan zhutixing*) in the 2000s have aggravated such concerns over the detrimental consequences of economic interactions with China (Lee, 2005).

Such grave concerns of negative spillover effects derived from economic interactions are not uncommon. A quick and brief glimpse of Taiwan's Mainland Affairs Council's *Statistic Monthly* will reveal Taiwan's heavy and asymmetric dependency on China. The mainland is Taiwan's largest trading partner, absorbing 40.7 percent of Taiwan's total exports in 2007. Conservative estimates of Taiwanese cumulative investments in China exceeded US\$100 billion at the end of 2007, along with more than one million Taiwanese professionals and their family members residing in China (GIO, 2008, Chaps. 6 and 9). Paradoxically, the rapid progress of cross-strait economic interactions has not generated an equally positive effect in Taiwan-China political exchanges. Taiwan's ruling DPP party elites and their supporters feared that intensive economic integration may dilute the substance of Taiwanese indigenous identity and undermine Taiwan's capability to deter and resist China's aggression. China will have more leverage to extract further political concessions from Taiwan.² Concurrently, cross-strait economic ties naturally create winners and losers within Taiwan and provide politicians, especially anti-China candidates, with an opportunity to mobilize the resources and support for electioneering. In the end, rather than embracing the idea of comparative advantage, Chen's government insisted on maintaining restrictions on trade with and investment in China.

Certainly, Chen's "de-Chineseness" policy should not bear the full blame for the cross-strait stalemate. Beijing's monopoly of the "one China" domain in international discourse and naming has put Taiwan in an awkward situation. Taiwan has encountered China's excruciating demand in a high-handed manner to subscribe to the "one China" principle with almost no input, whatsoever, into the definition of "China". Such an exclusionist approach only propagates Taiwanese apathy toward China or hostility toward the "one China" principle. Either situation does not serve China's policy objective well. It only adds fuel to political spoilers' justification for the cause of Taiwan independence.

Here enters the unique contribution by Wang, Chen, and Keng, and to see how individual values and affective identity, economic self-interests, and perception of China's security threat influence

Taiwanese views of cross-strait economic exchanges based on survey data collected in Taiwan in 2007. Contrary to previous findings of the overriding effect of identity-based symbolic politics, their study indicates that Taiwan's continuous democratization has witnessed the diminishing effect of identity politics. Their study shows that Taiwanese with a higher threat perception of China tend to support Ma Ying-jeou's policy expanding economic interactions to ease cross-strait tensions. As Taiwanese society becomes increasingly democratic with free flowing information and unrestrained expression of individual views, Taiwanese people become more and more rational and realistic in analyzing the various policy options for cross-strait relations.

Undoubtedly, any of Taiwan's attempts to reduce cross-strait tension requires Beijing's reciprocal support. Zhao and Liu elaborate Beijing's conciliatory policy toward the Ma government after eight years of unpleasant and tense political stalemate with the DPP regime under Chen Shui-bian. In dealing with the Taiwan issue, China has envisioned two different scenarios: economic-integration-based unification and Taiwan-independence-led war. While Beijing hopes to strengthen and deepen cross-strait economic integration for its ultimate goal of unification, it has maintained the military solution as the last resort to deter Taiwan from taking risky moves toward independence. Particularly during the second term of Chen's presidency, Taiwan's relentless drive for independence by means of referendums and UN membership applications not only halted meaningful Taiwan-China dialogs but also compelled China to seriously consider different scenarios of Taiwan-independence-led war (Center of Taiwan Studies, 2007). Moderate tones and pragmatic signals returned after Taipei's change of guard in May 2008. Robust economic growth and a China-friendly international environment have made Beijing more confident in shifting from preparing for the worst case scenario to finding policies for tension-reduction and conflict prevention in cross-strait relations. Certainly, stable cross-strait relations will allow China to concentrate on its regime stability.

The shift from a tempestuous atmosphere to a conciliatory environment across the Taiwan strait is a remarkable sign of change, even

though numerous obstacles and challenges are expected ahead. It is true that China could behave exactly as the Melian Dialog described ages before, “the strong can do whatever it wants to do”, in an asymmetric cross-strait balance. However, one should not forget Rousseau’s famous line — “the strongest man is never strong enough to be always master, unless he transforms his power into right, and obedience into duty” (1967, Book I, Sec. 3). This implies that even an aspiring hegemon like China needs to rely on something other than brute force and coercive mechanisms to rope in the weaker counterpart in any institutional arrangement (Ikenberry, 2003, 51–54). By settling for fewer short-term benefits and enlarging the mutual zone of acceptance in cross-strait relations, China may need delicate maneuvers to reap long-term gains and provide Taiwan with sufficient incentives for a mutually agreeable framework of conflict resolution. As Bush (2005) has keenly observed, without an extremely attractive deal, why should a democratic, *de facto* independent Taiwan accept China’s unification offer? Thus, China must refrain from exercising its power in indiscriminate and impudent ways in cross-strait interactions. China’s willingness and ability to do so will allow Taiwan to feel a sense of empowerment for dialogs and negotiations. Moreover, the “degree of stickiness” between both polities may increase with the constant and deepening economic integration process as referred in Zhao and Liu’s chapter.

Still, Wei-chin Lee’s piece contends that China’s unwillingness to face squarely Taiwan’s changing political landscape and the new social construct based on Taiwanese identity apparently convinced Chen Shui-bian to take a series of bold moves to demand Taiwan’s international space and unfortunately strained the United States–Taiwan relations in the 2000s. Frankly speaking, regardless what option — independence, unification, or status quo — that Taiwan decides to pursue, the United States is unlikely to be a bystander in terms of stability and security in Taiwan and East Asia. Although there is no formal bilateral treaty governing their bilateral relations, the push and pull between entrapment and abandonment in any alliance arrangement have been vividly shown in the United States–Taiwan interactions. Chen constantly wedged an identity-based foreign policy to express

Taiwan's dissatisfaction with the shrinking international space within the "one China" domain. With Taiwan's relatively diminishing economic and military power in comparison with China's growth of national capability and international status, Taiwan feared U.S. abandonment or weak support of Taiwan's cause. Eventually, Taiwan may one day be forced to accept a preferred solution to the sovereign dispute on Beijing's terms. Undeniably, Chen's policy is also a politically calculated act aimed at turning international denial of Taiwan's legitimate international status into domestic campaigning issues for vote gains. Furthermore, in Chen's view, material gains from economic interactions with China cannot offset the loss of Taiwan's political identity. Chen's policies, unfortunately, provoked U.S. concerns that Taiwan's move could trap the United States in a risky conflict with China. As a result, Taiwan's active identity-based pursuit and high expectation for international support simply tilted the Taiwan–United States–China triangular relations to China's favor by the end of Chen's presidency.

The deterioration of United States–Taiwan relations in the 2000s also accompanied Taiwan's limited participation in Asia–Pacific region. There is a proliferation of free trade agreements proposals, ranging from the Association of Southeast Asian Nations' initiative like ASEAN+1 (China) in 2010, to ASEAN+3 (China, Japan, and South Korea) in 2012, and the pending arrangement ASEAN+6 (China, Japan, South Korea, New Zealand, Australia, and India) for intra-regional trade in East Asia. The regret is that Taiwan has been excluded from most of the negotiation and bargaining processes of East Asian schemes of meso- or mega-regionalism (Hatsuse, 1999). The exclusion certainly constrains Taiwan's economic capability in maintaining its competitive edge in trade (Dent, 2005). Thus, Chyungly Lee has provided readers with a great service by looking into cases of Taiwan's limited — but fruitful — involvement in pan-Asian economic cooperation through Asia–Pacific Economic Cooperation (APEC), indirect participation in pan-Asia–Pacific security cooperation through the Council for Asia–Pacific Security Cooperation (CSCAP), and interest in a series of state-led East Asian integration process. Beijing's nod remains the key to Taiwan's

regional involvement and participation. Consequently, Chyungly Lee explores a variety of alternatives for Taiwan's advancement of regional participation in light of the new dynamics of cross-strait interactions after 2008. Taiwan's desire to expand its participation in regional integration schemes relies on its skillful negotiation with China. Apparently, Taiwan's noble claims of democratic and liberal values fail to move beyond the geopolitical reality of China's recent rise.

Generally speaking, Taiwan has achieved a significant benchmark in democratic consolidation if one accepts the idea that political power has been alternated twice between rivaling parties through contested elections, and all political elites appear to accept democracy to be "the only game in town" (O'Donnell, 1996a,b; Gunther *et al.*, 1996; Przeworski 1991; Przeworski *et al.*, 2000, 18–32). The canvass of these chapters reveals that Taiwan's politics in the first decade of the 21st century has been driven by the competing and converging process of the following issues: the progression or regression of cross-strait exchanges; the ups or downs of the United States–Taiwan relations; the confrontation or conciliation between political parties in domestic bargaining; the rigidity or multiplicity of the constructive process of identity; and finally economic growth or stagnation.

It would be a mistake to treat each of these issues individually without mastering the intricacies of the other. These multiple issues interact and intertwine with each other and make Taiwan's politics complicated and sometimes volatile. For example, during Chen's era, cross-strait relations have become an inevitable element in Taiwan's domestic politics. As long as China is unwilling to accept Taiwan independence without a war and the U.S. geopolitical principle is against Taiwan independence, a substantial majority of pragmatic voters have a realistic sense of the extreme adversity of Taiwan's status change. These pragmatists contrast with Taiwan independence supporters who insist on their inalienable right to self-determination. Such a realistic understanding among voters existed in the 1990s (Marsh, 2002) and continued in the 2000s as several chapters in this volume testify. This understanding finally became a key factor to the regime change in the 2008 presidential election. In sum, each issue examined can be examined as an independent variable as well as a dependent variable.

The intertwining nature of these issues illustrates that future challenges to Taiwan are quite formidable. First, Taiwanese political elites have to deal with the recurring tension between international interests and domestic politics and reach acceptable and workable trade-offs between collective demands from below and individual power consideration. However, in a patronage-soaked party system like Taiwan, politicians may rely on access to public resources and cronyism to foster a broad base of political clientelism. As part of a legacy of traditional political practice in Taiwan, clientelist linkages and patronage politics are unlikely to be eradicated. The challenge is how to significantly constrain patronage-based political practices to prevent corruption. One remedy is to enhance the level of accountability and transparency in the political process, both of which are essential ingredients to political legitimacy and democratic governance. These institutional enhancements for checks and balances may slow the policy process. Nevertheless, if one accepts Socrates' belief in a good life being equivalent to a just and honorable life as stated in his dialog with Crito, corruption scandals in the past decade may be lessened in the future with increased transparency and accountability (Plato, 2004, 37).

An equally critical challenge to Taiwan is the specter of national and state identity. Even with an increasing level of socio-economic interactions and intermarriages between ethnicities and nationalities in recent years, the heavy dose of ethnicity in construing identity beliefs has continued in party bickering and electoral campaigns in the last decade. One noticeable phenomenon at the end of Chen's era has been the diminishing return of political benefits of identity cards in voting results. In truth, unrestrained application of identity politics has impeded civic equality by promoting stereotypes of opponents without recognizing the complicated, multi-layered nature of individual identity affiliation. In the end, a staunch self-righteous attitude of one's political correctness in identity assertion and an unwillingness to tolerate divergent views may halt Taiwan's democratic consolidation. The future challenge for all Taiwan's political leaders is how to separate ethnicity from state identity and minimize the misuse and abuse of Taiwanese nationalism.

Of course, Taiwan is unlikely to avoid the issue of state identity in cross-strait interactions. A recent official poll about citizen's political identity affiliation has shown that 64.6 percent of Taiwanese residents consider themselves "Taiwanese", in contrast to the 18.1 percent of "both Taiwanese and Chinese" and only 11.5 percent of "Chinese" (Research, Development, and Evaluation Commission, 2009). Thus, China's policy toward Taiwan remains a third challenge to Taiwan's political development.

China's adamant stand on the "one China" policy will continue to face Taiwan's resistance. However, the economic logic of cross-strait interactions has been too powerful and attractive for Taiwan to ignore, and Taiwan's economic vitality has been closely tied to China. As expected, the degree of asymmetric interdependence may accelerate with Ma's lifting of numerous trade and investment restrictions in the future. While the pursuit of economic profits is never in doubt, increasingly inseparable relations and continuous integration will gradually reframe one's self-identities and self-interests along the repeated interactions. The challenge is: will Taiwan be able to maintain a clear separation between politics and the economy in its interactions with China? Stated differently, given Taiwan's economic closeness with China, is Taiwan capable of holding its political ground of *de facto* independence? If reality illuminates the impossibility of such distinction, is Taiwan ready to paddle back the tide of integration even at the expense of huge non-salvageable economic losses? On the other hand, if the impression of China's "political hostage taking" is looming large in the process of integration, is Taiwan ready to face the music and tackle a serious cross-strait political agenda?

Undoubtedly, China is taking a similar risk of identity reformulation with more and more Taiwanese economic and cultural penetration into the mainland. Along the winding and grinding process of economic integration, inevitably China has to face the practice of "altercasting", or a mirror-like identity reformulation. In other words, Taiwan's social constructs may eventually influence and alter the conception of the "the other" (i.e., China). Once the process begins, it will be difficult to undo and unwind the logic of economic integration that has been institutionalized and thickened

over the years. Nevertheless, as a relatively weak party in the asymmetrical interdependence, Taiwan will have to look far and think hard about the prospect for an acceptable cross-strait solution.

Thus far, Ma's decision to resume the "1992 Consensus" has not been a surprise to all parties involved in the dispute. Serving as Taiwan's Mainland Affairs Council's senior vice chairman and spokesman and one of the members involved in the November 1992 negotiations in Hong Kong that led to the consensus, Ma has consistently claimed that such an oral consensus of "one China, different interpretations by each side" did exist (Ma, 2003, 44). China has tacitly confirmed his recollection.³ Legally speaking, Ma reasons that the "one China" principle is merely a faithful fulfillment of the ROC constitution and should not be unconscionably extrapolated to be making concessions to the PRC. In his view, cross-strait talks will achieve meaningful progress only when the "one China" issue has been resolved, shelved, or at least managed. Although both sides have a different reference to the meaning of "China", the implicit bargain in the "one China" principle can potentially reach a sub-optimal, yet agreeable, solution. When all is said and done, Ma argues that Taiwan's expansion of international space will occur upon the mutual understanding of "agree to disagree" embedded in the "1992 Consensus" (Ma, 2003, 55, 59).

Ma's adherence to the "1992 Consensus" — the closest point of convergence on both sides — becomes the key to reviving dialogs and consultations to overcome the cross-strait stalemate of the past eight years. At this moment, Ma's three-no policy (no unification, no independence, and no use of force to resolve the cross-strait dispute) seems to work well in the delicate situation of the Taiwan—the United States—China triangular relations for peaceful, meaningful interaction. Therefore, Ma's peace initiative in exchange for Taiwan's international space offers China an opportunity to move forward a constructive, cooperative relationship. Never has the word "opportunity" been so clear and timely. Ma's policy seems to reflect current conjunctures of Taiwan's political development and fit well into the distinctive material circumstances, public sentiments, and political leader's initiatives across the Strait.

Ma's cross-strait initiative certainly requires US support. The United States is an inevitable third party to back up Taiwan's legitimate demands, bargaining strength, and requests for faithful fulfillment of deals. With the United States reiterating security guarantees for a peaceful solution across the Taiwan strait, it would be difficult for Taiwan to cut the security cord with the United States to agree to Beijing's conditions (Bush, 2005, 177). The tumultuous second half of Chen's years seemed to make the United States less resistant in its criticism of Taiwan independence move, especially considering the big picture of China's weight in international politics and economy. Does this imply that the United States is more deferential toward China than before? When both the United States and China see eye to eye on the Taiwan issue, will this mean the abatement of the U.S. commitment to a peaceful resolution of the Taiwan issue? Accordingly, a fourth challenge to the Ma government is how to gain firm and forceful U.S. support in the complicated Taiwan–United States–China triangular relationship. Even so, moving unnecessarily closer to either the United States or China definitely invites the other party's uneasiness and suspicion and affects Taiwan's external policies. In essence, Taiwan's balancing act requires political leader's careful maneuvering.

Consequently, leadership matters in either foreign policy or domestic governance. In contrast to Ma's less passionate temperament and no-drama style in governance, Chen's feisty Give-'Em-Hell comments frequently generated opposing reactions. The presidency, to Chen, is less an office than a performance. That being said, with his unique qualities of resilience in career setbacks and calculative skills in domestic politicking, Chen Shui-bian is a worthy opponent to all contenders. He beat all the odds to accomplish a political unthinkable by winning loyalty from his supporters, conjuring his opponents within the party to follow his lead, and at last achieving a stunning victory against a powerful KMT electoral machine in 2000.

In retrospect, besides Chen's over-zealous incitement of ethnicity-based national identity to create strife and division within the society, perhaps the saddest aspect of Chen's political demise — as the reports of Chen's financial improprieties and corruption scandal rolled out

with no immediate and appropriate closure on sight — was how often political leaders fall into the trap that Lord Acton famously identified: “All power corrupts; absolute power corrupts absolutely”. If ever there was a Greek tragedy that could be applied in a politician’s life in Taiwan, Chen’s presidency was it.

Chen’s stunning success in politics apparently changed Chen. The career so fully engulfed in power and money that he seemed to forget some basic values of democracy for clean government and responsibility to the people. We saw him cheerfully accept the public mandate, dazzled with the political responsibility bestowed upon him in the 2000 presidential election. And then we saw him sorrowfully escorted to court with handcuffs in 2008. As Chen frequently reiterated, the world is watching Taiwan’s amazing democratic achievement. Unfortunately, he was the one manifestly presenting his own personal drama to provide all political observers and practitioners with a valuable lesson that democracy should not be a convenient mechanism for grabbing the resources of the public. His fall into disgrace also demonstrates the indispensability of institutional design to uphold the principle of justice in any democratic society by treating leaders and commoners equally in front of law.

Even with Chen’s tarnished legacy, the development in the 2000s is an ultimate and unmistakable testimony to Taiwan’s decade-long vitality of democratic consolidation. In the end, Taiwan’s conviction in democracy has been reconfirmed by the second regime alternation in 2008, if we agree that the value of democracy is to have an effective and peaceful translation of citizens’ collective will through the electoral process. Indeed, democracy will be sustained with people’s constant consent. Each electoral victory is only people’s contingent consent, which does not equal a blank check to any elected leader (Tilly, 2007, 94, 95). One valuable admonition of Taiwan’s democratic consolidation is that the long and gradual process of democratic consolidation requires watchful eyes in political governance. Without careful examination of political leaders’ decisions and behavior, democratic consolidation may be like waiting for Godot: in the end, the great man may never come. The Chen Shui-bian era

came to its conclusion in 2008, but Taiwan's process of democratic consolidation surely never ends.

REFERENCES

- Beeson, M (2007). *Regionalism and Globalization in East Asia*. New York: Palgrave Macmillan.
- Bush, R (2005). Taiwan faces China: Attraction and repulsion. In *Power Shift: China and Asia's New Dynamics*, Shambaugh D (ed.), pp. 170–186. Berkeley, CA: University of California Press.
- Center of Taiwan Studies, Beijing University, and Global Forum of Chinese Political Scientists (2007). In *Taiwan Haixia weiji de yufang yu guanli* (The Prevention and Management of Taiwan Strait Crisis). Conference Proceedings (in Chinese). Center of Taiwan Studies, Peking University, and Global Forum of Chinese Political Scientists. September.
- Chan, S (2009). The political economy of Détente: Taiwan's economic integration with China. In *Paper presented as the Taiwan–China Conference*, Southern Methodist University, Dallas, TX, April 16–17, 2009. <smu.edu/tower/us-taiwan-china09.htm>.
- Chu, Y-H (2007). Re-engineering the developmental state in an age of globalization: Taiwan in defiance of neoliberalism. In *Neoliberalism and Institutional Reform in East Asia*, Woo MJ-E (ed.), pp. 91–121. New York: Palgrave Macmillan.
- Corcuff, S (2002). *Memories of the Future: National Identity Issues and the Search for a New Taiwan*. Armonk, NY: M.E. Sharpe.
- Dent, CM (2005). Taiwan and the new regional political economy of East Asia. *China Quarterly*, 182, 385–406.
- Diamond, L (1999). *Developing Democracy: Toward Consolidation*. Baltimore, MD: The Johns Hopkins University Press.
- Digital Chosunilbo (2007). Rise of 'Chaiwan' threatens Korea's tech industry. August 1. <english.chosun.com/w21data/html/news/200708/200708010016.html>.
- Gowa, J (1994). *Allies, Adversaries, and International Trade*. Princeton, NJ: Princeton University Press.
- Grieco, JM (1990). *Cooperation Among Nations: Europe, America, and Non-tariff Barriers to Trade*. Ithaca, NY: Cornell University Press.
- Gunther, R, PN Diamandouros and H-J Puhle (1996). O'Donnell's 'Illusions': A Rejoinder. *Journal of Democracy*, 7(4), 151–159.
- Hatsuse, R (1999). Regionalism in East Asia and the Asia-Pacific. In *Globalism, Regionalism and Nationalism: Asia in Search of Its Role in the Twenty-first Century*, Yamamoto Y (ed.). Maldern, MA: Blackwell Publishers.

- Hsieh, JF-S (2001). Whither the Kuomintang? *China Quarterly*, 168 (December), 930–943.
- Hyden, G, J Court and K Mease (2004). *Making Sense of Governance: Empirical Evidence from Sixteen Developing Countries*. Boulder, CO: Lynne Rinner Publishers.
- Ikenberry, GJ (2003) State power and the institutional bargain: America's ambivalent economic and security multilateralism. In *US Hegemony and International Organizations*, Foot R, SN MacFarlane and M Mastanduno (eds.), pp. 49–70. New York: Oxford University Press.
- Jomo, KS (2003). Rethinking economic discrimination. In *Paper presented at National Economic Association and American Economic Association*, January 4–5, Washington, DC. <site/resources.worldbank.org/INTDECINEQ/Resources/AERdraft.pdf>.
- Khan, MH (2000). Rent-seeking as process. In *Rents, Rent-seeking and Economic Development: Theory and Evidence in Asia*, Khan MH and JK Sundaram (eds.), pp. 70–144. New York: Cambridge University Press.
- Krugman, P (1998). What happened to Asia? In *A conference paper in Japan*. January. <web.mit.edu/krugman/www/DISINTER.html>.
- Lee, W-C (2005). Taiwan's cultural reconstruction movement: Identity politics and collective action since 2000. *Issues and Studies*, 41(1), 1–51.
- Ma, Y-J (2003). Cross-strait relations at a crossroad: Impasse or breakthrough? In *Breaking the China-Taiwan Impasse*, Zagoria DS (ed.), with the assistance of C. Fugarino, pp. 39–65. Westport, CT: Praeger.
- Marsh, R (2002). National identity and ethnicity in Taiwan: Some trends in the 1990s. In *Memories of the Future: National identity issue and the Search for a New Taiwan*, Corcuff S (ed.), pp. 144–159. Armonk, NY; M.E. Sharpe.
- Plato (2004). *Dialogues of Plato Containing the Apology of Socrates, Crito, Phaeto, and Protagoras*. Translated by Benjamin Jowett. New York: Kessinger Publishing.
- O'Donnell, G (1996a). Illusions about consolidation. *Journal of Democracy*, 7(2), 34–51.
- O'Donnell, G (1996b). Illusions and conceptual flaws. *Journal of Democracy*, 7(4), 160–168.
- Prezowski, A (1991). *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*. New York: Cambridge University Press.
- Prezowski, A, ME Alvarez, JA Cheibub and F Limongi (2000). In *Democracy and Development; Political Institutions and Well-Being in the World, 1950–1990*. New York: Cambridge University Press.
- Government Information Office (GIO), ROC (2008). *The Republic of China Yearbook 2008*. Taipei: Government Information Office.
- Papayouanou, IA (1999). *Power Ties: Economic Interdependence Balancing, and War*. Ann Arbor, MI: University of Michigan Press.

- Reilly, B (2007). Democratization and electoral reform in the Asia-Pacific region: Is there an 'Asian model' of democracy?" *Comparative Political Studies*, 40(11), 1350–1371.
- Research, Development, and Evaluation Commission, Executive Yuan (2009). 'Minzhong de zhengzhi taidu ji zuqun guantian' minyi diaocha (Public Opinion Report of "People's Political Attitudes and Ethnic Viewpoints"). May 1–2. <www.rdec.gov.tw/np.asp?ctNode=12141&mp=100>.
- Rigger, S (2001). The democratic progressive party in 2000: Obstacles and opportunities. *China Quarterly*, 168 (December), 944–959.
- Rousseau, J-J (1967). *The Social Contract and Discourse on the Origin of Inequality*, edited and with an introduction by Lester G. Crocker. New York: Washington Square Press.
- Shin, DC (2008). The third wave in East Asia: Comparative and dynamic perspectives. *Taiwan Journal of Democracy*, 4(2) (December), 91–131.
- Tilly, C (2007). *Democracy*. New York: Cambridge University Press.
- United Daily (UD) (2009). Shuipa Chaiwan? (Who Is Afraid of Chaiwan (China + Taiwan)?) June 1. <udn.com/NEWS/OPINION/OPI1/4936897.shtml>.
- Wade, R (2000). Wheels within wheels: Rethinking the Asian crisis and the Asian model. *Annual Review of Political Science*, 3, 85–115.
- Warren, ME (1999). Democratic theory and trust. In *Democracy and Trust*, Warren ME (ed.), pp. 310–345. New York: Cambridge University Press.
- Wan, M (2008). *The Political Economy of East Asia*. Washington, DC: CQ Press.
- Xu, S (2003). The 1992 consensus: A review and assessment of consultations between the association for relations across the Taiwan strait and the straits exchange foundation. In *Breaking the China-Taiwan Impasse*, Zagoria DS (ed.), pp. 81–102. Westport, CT: Praeger.

ENDNOTES

1. Readers interested in the Asian Barometer Survey can visit the project's Web site (www.asianbarometer.org) for details.
2. Theoretical analysis on the relationship between trade and security, please see Chan (2009), Papayoanou (1999), Gowa (1994), and Grieco (1990).
3. English texts of the communications and exchanges about the "1992 Consensus" between Taiwan and China can be found in Xu (2003, 96–101).