

Chapter IV

Political Parties

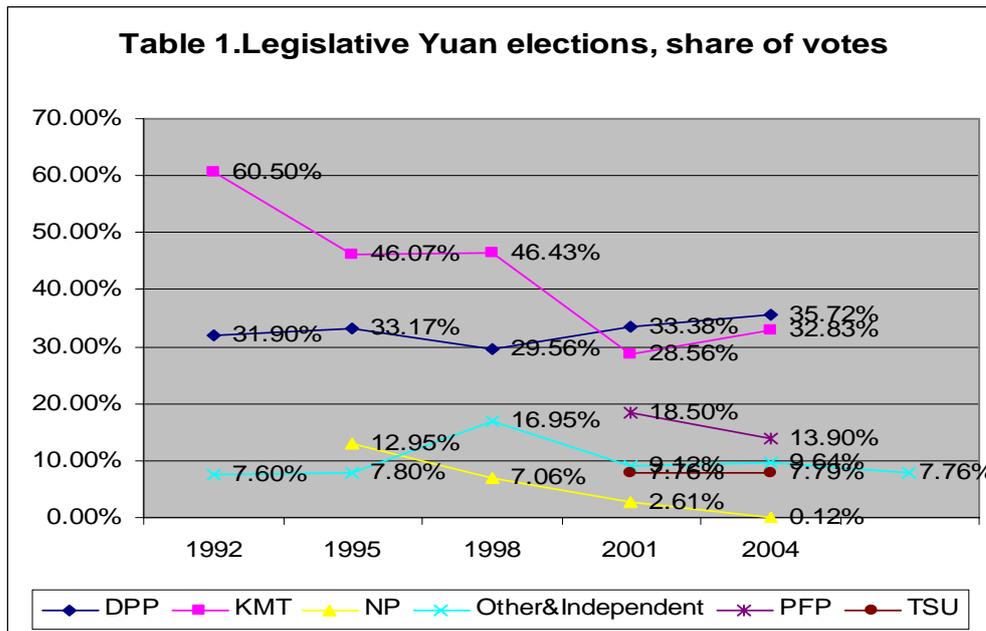
Since the beginning of the democratization process, Taiwan has been through many important changes. Being under the longest martial law in human history, the political system in Taiwan was a one party system until the first and still the biggest opposition party, the Democratic Progressive Party (DPP) was established in 1986. The KMT, under its paramount leader, made decisions without concerning themselves too much over public opinion. However, compared to some other countries under the same circumstances¹ the result was not bad. From a “dying regime” in 1950, Taiwan under KMT rule became a considerable economical power by 1987 and one of the Four Asian Tigers. When Chen Ching-kuo finally decided to end martial law and legalize political parties other than the KMT in 1987, a new age for Taiwan begun. Since this historical decision, Taiwan has transformed from a one party system into a full democracy, the very first in Chinese history. Considering the frequent fist-fights in the Legislative Yuan, there is still much to do in the realm of political culture, however.

After multi-party elections came into practice, all parties had to pay more attention to public opinion. As a question of survival, none of them can express any extreme views as it would lead to an almost sure defeat in elections. This is an experience the DPP and some other smaller political parties have been through. When in 1987 there were only two main parties – the KMT and DPP- political intrigue gave lead to the rise of five main parties nowadays.(see table 1)

In addition to the KMT and DPP, the Chinese New Party was formed out of a

¹ For comparison, see Kuo Cheng-Tian, “Global Competitiveness and Industrial Growth in Taiwan and the Philippines.” (University of Pittsburg Press, 1995).

split from the KMT by members of the New Kuomintang Alliance in August 1993. Members of the Alliance had accused KMT Chairman Lee Teng-hui of autocratic tendencies and moving the party away from Chinese reunification. Originally, the party wanted to keep the name of the faction, but was prevented from doing so due to the similarity of names.



Note: Data collected from <http://www.gio.gov.tw>

The People First Party, a conservative political party, founded by James Soong and his supporters after his failed independent bid for the presidency in 2000 has been viewed as generally favorable towards Chinese reunification and staunchly against Taiwan independence.

The Taiwan Solidarity Union (TSU) was officially founded on July 24, 2001. The party prided itself on being the first to include "Taiwan" in its name. Unlike the Democratic Progressive Party, the TSU actively campaigns for the creation of a *de jure* Republic of Taiwan.

Although political parties have much less influence on the real policy making

process than the President does, the main difference between them is their mainland policy. During the election campaigns, cross-strait economic relations usually become a very important issue. As the day of elections comes nearer, parties try to soften their sharpest views to get the public support. Both pan-blue and pan-green parties have often used the so called “China card” to persuade the voters that it is only their party that can manage cross-strait trading and investing best. Let us see their positions and actions considering cross-strait trade in chronological order, starting with the oldest of the parties, the Kuomintang and ending with the newest, the Taiwan Solidarity Union.

Kuomintang

The KMT was established in Beijing on August 25, 1912. It was organized by Song Jiao-ren and Sun Yat-sen shortly after the Xinhai Revolution, which overthrew the Qing Dynasty. Led by Generalissimo Chiang Kai-shek, it became the major force in Chinese politics for several decades before its retreat to Taiwan in 1949. In 1923, the KMT and its government accepted aid from the Soviet Union. As a result, the KMT adopted a Leninist party structure that lasted into the 1990s. In a Leninist system, it is the paramount leader’s decision that matters. Although there is a Mainland Affairs Department of the KMT, it has played far less important role than the leaders of the KMT. Up to the year 2000, one can hardly find any evidence or statements considering cross-Strait trade other than the KMT Chairman’s opinion. Only after the defeat in 2000 when the KMT lost the post of the President, and Chen Shui-bian became the first non-KMT President, we find something that helps us to understand the attitude of the KMT as a political party.

The first such statement was made by Vincent Siew, a former premier of the

ROC and vice chairman of the KMT at that time. He made a striking new proposal: the establishment of a cross-strait common market that would lead, in time, to the political integration of Taiwan and Mainland China. He made the statement in an article in the *Asian Wall Street Journal* in November 2000 and elaborated on it in a speech at the American Enterprise Institute in Washington DC, on January 22, 2001. Siew said that by setting the goal of a cross-strait common market, the two sides could take full advantage of the complementary nature of the two economies and move step by step toward that goal, which would also pave the way for political integration. He called attention to the similarity between his proposal and President Chen Shui-bian's New Year's speech, in which Chen referred to the integration of the two economies as a basis for "a new framework of permanent peace and political integration." Siew called on Americans to strongly support this endeavor. However, this proposal did not get any positive reply. Asked whether the PRC had responded to his proposal, as presented in the *Asian Wall Street Journal* Siew had to admit that so far there had been no negative response.²

As time went by, more and more Taiwanese started to live and work in the Mainland. As the number of those people was estimated at nearly 1 million, both the DPP and the KMT realized the importance of those potential votes and accused each other of manipulative strategies to win the ballots. Chang Rong-kung, head of the KMT's Mainland Affairs Department, explained why the China-based businessmen have been more eager to participate in the 2004 presidential election: "In 2000, it never occurred to the Taiwanese businessmen that Chen would really get elected. I believe it hardly occurred to Chen himself or to most people in the country, either. The China-based businessmen did not actively participate in the election three years

² American Foreign Policy Interests, Volume 24, Number 5/October 01, 2002.

ago. But this time it will be different," he added. "In the past three years, Chen's cross-strait policies have turned into empty words. The businessmen's sense of crisis has been growing. They are afraid that if Chen gets re-elected next year, cross-strait relations will keep getting worse," Chang said. In his opinion, it was clear that bad Cross-Strait relations will affect the businessmen's commercial interests in China.³

It also became clear to KMT leaders that to meet the DPP challenge, they had to "play the China card" to seek tactical political co-operation from China in order to demonstrate to the voters in Taiwan their capability to maintain cross-strait stability. Those who found themselves losers in Taiwan's democratic process were willing to do anything to get back into power. Shortly after the DPP's first presidential election victory, a high KMT official told a visitor that his party's "only hope" was that "China will make so much trouble that the people of Taiwan will call us back to deal with them."⁴ Ironically, the KMT and the CCP, two enemies fifty years ago, were allying for the same enemy, the DPP.

Maybe the best example of an embittered loser is Lien Chan, vice-president of Lee Teng-hui. Coming from an extremely rich family, he is generally considered as out of touch with the public. His father Lien Chen-tung was the interior minister responsible for Taiwanese agricultural policy. Through his influence, the family purchased farmland in the 50's and 60' and he has been often questioned by his opponents about his wealth. He finished third in the 2000 Presidential elections despite having the backing of the KMT. After the defeat, Lien was able to achieve Lee's ouster and assume the leadership of the KMT. He had adopted a platform to erase the Lee effect from Taiwan and "Return to the Good Old Days", a call to return

³ *Taipei Times*, September 14, 2003.

⁴ Chang Hsiao-ching. February 1st 2007. Political Manipulation of Taiwan's Agricultural Trade. <http://www.strategycenter.net>

to the heyday of Chiang Ching-kuo. The KMT launched a party wide purge to eradicate Lee supporters. He also vowed to learn from his loss and remake the KMT party. Chan ran for president with James Soong as his running mate in a combined KMT-PFP ticket against Chen Shui-bian in the 2004 Presidential elections. Although Lien and Soong personally disliked each other, they decided to join their forces. However, Lien lost the election by 0.2% of the vote. He refused to concede and decided to challenge the results. Pan-blue supporters staged several mass rallies in the ensuing weeks, with some gatherings turning into riots. Lien sought to nullify the election and institute a recount. The recount confirmed the result, but by a narrower margin. His appeals to cancel the result and hold new elections were rejected by the courts.

After its bitter defeat, the KMT started to establish direct contacts in mainland China. On March 28, 2005, the Kuomintang's vice chairman Chiang Pin-kung led the first official KMT delegation to visit mainland China in 60 years. The delegation paid homage to the 72 martyrs of the Tenth Revolution in Huanghuagang before traveling to the Sun Yat-sen Mausoleum in Nanjing and the PRC's capital of Beijing. In Beijing he met with Chinese People's Political Consultative Conference (CPPCC) chairman Jia Qing-lin. At the meeting, Jia conveyed Hu Jin-tao's invitation for Lien to Chiang. During the trip, Chiang also promoted opening the three links and economic development. On April 1, Lien accepted the invitation at the Aichi Expo 2005.

Later, on April 26, 2005, a 70-member delegation led by the Kuomintang's chairman at the time Lien, left Taipei for Nanjing via Hong Kong, launching Lien Chan's 8-day Taiwan Strait peace tour, also the first such visit to mainland China in 60 years. Many KMT politicians, including the party's five vice chairmen -Chiang Pin-kun, Wang Jin-ping, Ma Ying-jeou, Wu Po-hsiung and Lin Cheng-chih - saw

Lien and his entourage off. Also among the well-wishers was opposition People First Party Chairman James Soong. On that morning, however, about a thousand people gathered at the Chiang Kai-shek International Airport, and violent conflict broke out among the supporters and opponents of the tour, resulting in many injuries. Some pan-green supporters illegally brought beer bottles, stones, eggs, firecrackers, clubs, and sharpened sugarcanes into the terminals and started beating pan-blue supporters and the police, throwing stones and setting off firecrackers in the meantime.⁵ Many members of the DPP, the TSU, and the Taiwan Independence Party were arrested, along with the host of a political talk show.

On April 27, Lien became the first KMT chairman to visit Sun's mausoleum in Nanjing in nearly 60 years. He said that at this crucial juncture in history when Taiwan and China remain in political deadlock, people from across the Strait should follow Sun's will by "grasping the moment to create a brighter future for the Chinese people" and "enabling Taiwan to become a society of equal wealth and allowing the mainland to continue to flourish economically." Lien also met with President of the PRC Hu Jin-tao on April 28, in the Great Hall of the People, marking a historical meeting between the CPC and KMT. During that meeting, he expressed interest in improving cross-strait dialogues. Both also re-affirmed a belief in the "One China principle", which was not acknowledged by ruling parties, the DPP and TSU. Lien then toured the university, and visited the dormitory where his mother once lived. Afterwards, Lien held a press conference, and listed the five points of compromise settled upon by the two parties following the conference:

1. On the premise of acknowledging the 1992 Consensus, encourage the reopening of talks across the strait;

⁵ *Taipei Times*, April 27, 2005, Page 1.

2. Encourage an end to hostilities, and establish peace;
3. Encourage cooperation in economic exchange and crime fighting, push for two-way direct flights across the strait, Three Links, and agricultural exchange;
4. Encourage talks regarding increasing Taiwan's international role; and
5. Establish a platform of communication between the two parties.

As a result of this first meeting, a KMT-CCP economic forum was devised after Lien's visit to China and meeting President Hu Jin-tao. By having this meeting, Lien would have the chance to continue influencing and "joining hands with the CPP in suppressing Taiwan" even after he stepped down. The CCP accepted Lien's proposal and decided that top officials in the Taiwan Affairs Office (TAO), led by Chen Yun-lin, should travel to Taiwan for the forum to allow the CCP to bring its "united front" strategy to Taiwanese soil on a massive scale. However, despite the threat of having its budget frozen by the opposition, the MAC refused Chen an entry visa. The council's action highlighted the fact that Taiwan is a sovereign nation independent of China, and it was a slap in the face of those who believe that "Taiwan is a part of China." As a result, this KMT-CCP economic forum was relocated to Mainland China.

In the meantime, on July 16, 2005, Ma defeated Wang Jin-ping by a 72% to 28% margin and was elected as KMT chairman to succeed Lien (who did not run for the post). The KMT Central Committee offered the unprecedented title of "Honorary Chairman" to Lien. Lien did not explicitly say whether he was accepting the title, but his failure to decline appears to be an implicit acceptance. After his election at the head of the KMT, Ma took more friendly approach towards cross-strait trade and pledged to open the links in 2008, if he is elected ROC President. In early September 2005, he declared that it would be possible to implement direct transportation within

two years after a power transition in Taipei⁶. In terms of policy, however, he did not foresee any urgent changes. In February 2006, while visiting Europe, Ma said that although he and the KMT favor eventual reunification, the KMT respects the opinions of Taiwanese people, and independence is a choice for the people of Taiwan. This caused widespread criticism within the party and from the Mainland. In a December 2005 *Newsweek International* interview when asked about unification, Ma stated that "for our party, the eventual goal is reunification, but we don't have a timetable," explaining that he meant it was a choice for Taiwan but not a choice for the Chinese KMT. However, after becoming the Chairman, Ma did not unconditionally share Lien's views and hopes anymore. Without saying it out loud, we may discover some evidence of it. When Lien took his second trip to the Mainland on April 13, 2006, Ma was not there anymore to send him off. While Legislative Speaker Wang Jin-ping showed up at the airport to see Lien off, Ma Ying-jeou was at the Far Eastern Plaza Hotel where he was hosting the 5th Plenary Meeting of the Asian Network of Major Cities 21. "I had an important event this morning, so I sent the secretary-general to see chairman Lien off. I'm not worried about not being sincere," he said.⁷ However, many analysts saw this move as a sign of the split between Ma and Lien-Wang.

Lien's second trip was made along with a group of party legislators, business leaders and academics. According to Lien, the purpose of the forum with the Chinese Communist Party was to revitalize Taiwan's trade and economy. More than 50 Taiwanese business tycoons flew to China and every one of them waited patiently to shake hands with Chinese President Hu Jintao. These leaders were the princes of the Taiwanese economy. Attendees representing financial industries included Fubon Financial chairman Daniel Tsai and chairman and CEO of Chinatrust Financial

⁶ *Liberty Times*, September 3, 2005, Page 3.

⁷ *Taipei Times*, April, 14.2006, Page 1.

Holdings Co. Jeffrey Koo. Representatives of technology companies were Hon Hai Precision Industry Co. chairman Terry Gou, Advanced Semiconductor Engineering Inc top official Jason Chang and Powerchip Semiconductor Corp. chairman Frank Huang. There were also Foxlink chairman T.C. Gou, Evergreen Group Vice President Chang Kuo-cheng, Taiwan Cement chairman Corporation President Koo Cheng-yun, Yulon chairman Kenneth Yen, Ruentex Group chairman Yin Yen-liang and Core Pacific Group chairman Shen Ching-jing.⁸

To make an even better impression, the CCP used some good old Communists techniques. The Chinese-language Liberty Times (the Taipei Times' sister newspaper) reported that the Taiwan Affairs Office (TAO) of China's State Council had issued an order to the heads of more than 80 Taiwanese business associations in China to attend the forum. The office warned that failure to comply would result in stiff penalties, the report said. The office also ordered Taiwanese businesses nationwide to mobilize in Xiamen and Shanghai to greet Lien when he toured those cities before heading to Beijing for the forum. The Liberty Times report said that many of the associations are angry that they are being coerced to participate in what they called a meaningless event.⁹ Considering that KMT was not a ruling Party at that time, this makes perfect sense.

However, with the exception of KMT Chairman Ma, the party rank and file all seemed supportive of Lien's second "business" trip to China. Four KMT vice chairmen even traveled with him. To show her support for Lien, KMT Vice-Chairwoman Lin Cheng-chi decided to resign from her post after her return to Taiwan. In contrast, Ma's decision to neither see Lien, off or greet him upon his return displeased Lien's supporters. Although everyone was aware that Lien and Ma did not

⁸ Ibid, Page 3.

⁹ Ibid. April 11, 2006, Page 1.

get along well, the incident made the rift between the duo public. Lien said that he was rather surprised when Ma did not show up at the airport when he returned. Lien's closest aides, therefore, berated Ma, for he had made the outside world aware of the bad blood between the two. However, Ma's protégée and former Taipei deputy mayor Yeh Chin-chuan openly criticized two trade concessions in the medical field reached at the Lien-Hu meeting. This was considered by many as a direct slap in the face for Lien. It is also clear that the "China card" became more and more a tool in the battlefield of domestic politics even inside the KMT.

The trade and economy forum in April was followed by an agricultural forum between the KMT and the CCP on October 16 and 17, 2006 in Bo'ao, Hainan Island, China. Bilateral agricultural issues were discussed during that meeting. Honorary Chairman Lien, Vice-Chairman Chiang Pin-kung and Kuan Chung; the People First Party Vice-Chairman Chung Jung-chi, the New Party Chairman Yu Mu-ming as well as other members of the pan-blue coalition were the representatives from Taiwan. China's side was represented by the Chairman of CPPCC Jia Qing-lin and other high ranking officials from the central government.

Agricultural topics at issue between Taiwan and China included liberalizing market access, protecting intellectual property, and encouraging bilateral investment and technical exchange. Although China had previously promised to open its markets, tariff and other trading restrictions against Taiwan remained. In addition, many famous agricultural products from Taiwan have been pirated by China and some well-known produce trademarks have been illegally registered by Chinese farmers, seriously damaging the rights of Taiwanese farmers. Not only does it hurt the Taiwanese farmers economically, the imitation produce is of inferior quality, which damages Taiwan's reputation for its quality produce. As a result of this meeting, CCP

promised to open the Chinese market for 11 Taiwan's vegetables and eight water fowls with zero-tariff.

Many critics have accused KMT that they have been dealing with pseudo problems. The KMT-CCP agricultural forum made twenty suggestions in facilitating Taiwanese agricultural investment and trade in China. But more trade with China does not necessarily mean a bright future for Taiwan's agriculture. After China sucks Taiwan's experience and technique, Taiwan's agriculture will lose all of its advantage. Speaking for the Taiwanese farmers, solving bilateral agricultural problems and reviving Taiwan's agriculture may have been the KMT's original intention, but the KMT-CCP did not bring essential benefits to Taiwan's agriculture, but rather, put it at risk.

All these talks, however, were just "party to party" meetings. But there was still a big difference between two participants. The CCP runs that country through a government it completely controls. The KMT represents at best the opposition, not the government. Still, the stakes were high, both economically and politically. China saw the opportunity to divide Taiwan and create a United Front with pro-China politicians in Taiwan. The Taiwanese politicians may have not shared China's agenda, but they were willing to work with it in order to win support—by delivering lucrative agreements to Taiwan's businessmen and farmers—against the ruling DPP. On each of his visits, KMT Honorary Chairman Lien Chan received presidential level reception, although he is not a president, and was able to talk with high ranking Chinese government officials. Issues exclusively negotiated between governments, such as cross straits transportation links, economy and trade, were brought up in those talks. Not an envoy sent by the Taipei administration, Lien and the KMT seemed to think of themselves as the one and the only group in Taiwan that is capable of dealing

with the Chinese government. The agreements they made, were often just lip-service than a real business.¹⁰

At the same time we must not forget that the KMT doesn't seem to have a united approach. Although it is called a KMT-CCP forum, the KMT here refers to the old KMT under the leadership of its previous chairman, Lien Chan, rather than his successor and still most probable candidate for presidential elections in 2008, Ma Ying-jeou. The "new" KMT, under Ma, has shown no interest in Lien's single-handed attempt to ensure his legacy. KMT Chinese Affairs Department Director Chang Rong-kun, who was originally enthusiastic about cross-strait cooperation, is in a dilemma as he serves two masters - Lien and Ma. To make things even more

¹⁰ The banana case is a typical example. At the KMT press conference regarding the KMT-CCP agricultural forum on October 17, 2006, the KMT repeatedly claimed that the price of banana in Taiwan's market was as low as "1,000 New Taiwanese Dollar (NTD, equals 30USD) a trunk" or "1 NTD (equals to 3 cents) a kilogram". That was an exaggeration made in order to mislead the banana growers about the profit they would gain by exporting those bananas to China instead of selling them in Taiwan. In fact, in mid October, 2006, the lowest average price for banana in Taiwan was 5 NTD (equals to 15 cents) a kilogram. The CCP also promised to buy 2,000 tons of Taiwan's bananas, but had bought less than 75 tons through November, 2006. For those Taiwan's bananas sold in China, the retail price was ridiculously low. The retail price for Taiwan bananas in Shanghai on November 7, 2006 was 4.72 Renminbi (RMB) per kilogram, which was about 19.3 NTD. This batch of bananas was bought by the Taiwanese Provincial Fruit Marketing Cooperative at 12 NTD a kilogram from Nantou, Taiwan, the place of origin. After sifting, weighing, washing, second sifting, boxing, packaging and shipping, the Shanghai Fruit Cooperation bought those bananas from the Taiwanese Provincial Fruit Marketing Cooperative 27.5 NTD for a kilogram of the Nantou banana. A 13% tariff, 17% value-added tax and the cost of accelerating the ripening were imposed, the cost price for those bananas was about 40 NTD per kilogram. However, in those Shanghai supermarkets, the Taiwanese bananas were sold by 19.3 NTD a kilogram, only half of the cost. Obviously, this was not a reasonable price determined by a normal market, and the purpose was to encourage Taiwanese fruits exports to China. But how long will this unreasonable trade go on? Neither the KMT nor the CCP could give the Taiwanese banana agriculturalists a promise. (See also Chang Hsiao-ching; "Political Manipulation of Taiwan's Agricultural Trade" February 1st, 2007

<http://www.strategycenter.net>

complicated and interesting, we must note that Ma was indicted by the Taiwan High Prosecutors Office on charges of allegedly embezzling approximately NT\$11 million (US\$339,000), regarding the issue of “special expenses” while he was mayor of Taipei on February 13, 2007¹¹. On the same day he resigned as chairman of the KMT and also announced his intention to run in the 2008 presidential elections. As Lien Chen and Wang Jin-ping would also probably run for the presidential elections, the inside fight continues and the outcome remains to be seen.

Democratic Progressive Party

The opposition to the KMT one-party rule culminated in the formation of the DPP on the basis of the *Tangwai* movement on September 28, 1986. It was founded mainly by family members and defense lawyers of political prisoners, strongly inclined to transform the political situation. Ever since the founding, there has been a strong tendency in the Party towards independence. This political ideology negates the State of the Republic of China, denies the KMT’s treasured goal of reunification with the Chinese Mainland and refutes the legalist insistence that there is only one China and Taiwan is part of it. After many of its demands – such as the direct election of the president of the Republic of China and a Legislative Yuan wholly elected by the Taiwanese electorate – were met, and the most active independence supporters changed the balance inside the Party by joining it, it shifted its focus towards the promotion of Taiwan independence.

As it is stated in the DPP Platform, adopted in the First National Congress in November 1986:

¹¹ *Taipei Times*, February, 14.2006, Page 1

The Establishment of a Sovereign and Independent Republic of Taiwan Territorial Sovereignty and nationality are the preconditions for modern sovereign nations to establish the rule of law and to develop international relations. The fact that Taiwan is sovereign and independent, that is does not belong to the People's Republic of China, and that the Sovereignty of Taiwan does not extent to mainland China, reflect historical realities as well as the present situation, and at the same time forms part of the consensus of the international community. According to this reality to sovereignty and independence, Taiwan should draw up constitution and establish a nation. Only then is it possible to guarantee respect and security for Taiwanese society and for individual citizens, and to offer the people the opportunity to pursue freedom, democracy, prosperity, justice and self-realization.¹²

The DPP is composed of a number of factions such as the New Tide faction, the Formosa faction, the Justice Alliance faction and Welfare State Alliance faction. Each faction advocates slightly different policies, but many of the factions are generational consisting of different groups which entered the party at different times. Although there is Chinese Affairs Department in the Central Party Office that should manage the DPP's relations with the PRC, its main purpose seems to be to explain the DPP's position on cross-strait relations. As different factions gained or lost their influence, their policy has changed as well. This can be well explained by analyzing the DPP's Mainland policy.

In 1996, the DPP's candidate Peng Ming-min managed to turn the presidential election into a referendum on independence. He lost badly by capturing only 21% of popular vote. Being one of the ideological godfathers of the DPP and an active supporter of Taiwan independence, he was forced to step down. Hsu Hsin-liang, a

¹² www.dpp.org.tw

more pragmatic leader from the Formosa faction, was elected as the new chairman in June 1996. As the Formosa faction had closer connections to the business community than any other faction, their policy was to search for a compromise. In February 1998 the representatives from all of the DPP's major factions presented their opinions on their China policy. Hsu's own position was known from the 1995 primaries when he introduced his "boldly move westward" policy and backed the call to establish "three links" between the Mainland and Taiwan. Other factions advised caution. It was the New Tide faction's idea to "strengthen the base, move gradually." As a result of debate, the final policy was a compromise "strengthen the base, move westward" that became the DPP's official policy until "active openness and effective management" replaced it.¹³

This is a good example how public opinion and the interests of the business community can shape the position of one political party. Defeated badly while pushing independence too harshly, the DPP started to search for the compromise and changed its policy significantly. The pragmatic wing's gain in control has been largely responsible for the shift. The DPP's Department of Chinese Affairs started collecting information about the Mainland, prepared annual reports on the situation there, and formulated the party's policy based on those reports. However, in 1998 the DPP took another serious blow. The party's star politician, Taipei Mayor at the time Chen Shui-bian, was defeated by the KMT's Ma Ying-jeou. The DPP's vote share in the Legislative Yuan elections dropped from 33.17% in 1995 to 29.56%. It was clear that if the party wanted to attract more votes, it had to move closer to the center. This new approach was not acceptable for everybody. Some more fundamentalist members left the party and established the Taiwan Independence Party. However, their

¹³ Wu Yu-shan. Jul,-Aug 1999. Taiwanese Elections and Cross-Strait Relations: Mainland Policy in Flux. *Asian Survey*, Vol. 39, No. 4, p. 584.

influence was marginal as they got only 1 seat in Legislative Yuan compared with DPP's 70.¹⁴

In 1999 the DPP held its 8th National Party Congress. The trend to the center became even more explicit when “Resolution on Taiwan’s Future” was passed. The resolution outlined the party's vision for Taiwan’s status and future goals. Although the main body of the text still remained strongly pro-independent, it also contained some signs of the previous “strengthen the base, move westward” policy. It stated:

7. Taiwan and China should engage in comprehensive dialogue to seek mutual understanding and economic cooperation. Both sides should build a framework for long-term stability and peace.

As an explanation, it was added that:

It is the DPP’s conviction that the cross-Strait relationship cannot stay outside of the global trend toward reconciliation, stability and prosperity. Furthermore, it is impossible for two countries sharing geographic proximity, economic benefits and cultural origins to remain in a state of hostility and mutual isolation. The ultimate goal of the DPP’s China policy is to establish a cross-Strait relationship that is mutually beneficial rather than discriminatory, peaceful rather than confrontational, and equal rather than subordinate to each other. Among the agreed points, the DPP supports comprehensive dialogue and exchanges with China, with the goal of eventually achieving the normalization of cross-Strait relations. As for the issue of sovereignty, since under present international conditions, it is impossible for either side across the Strait to compromise on this matter, the DPP prefers to avoid discussion with China on this sensitive yet contentious topic while dealing with the more practical and functional matters first. Comprehensive dialogue may

¹⁴ Ibid. p.570.

cover a wide range of practical issues, ranging from economic relations, cross-Strait trade and investment environment to fishing disputes and the three links-direct shipping, mailing and transport. Only Taiwan's sovereignty is non-negotiable. National sovereignty is absolute and indivisible and not to be disposed of in negotiations.¹⁵

In this resolution, the DPP also acknowledged that Taiwan, with the Republic of China as its formal national title, has been a sovereign country, and the sovereign status can only be altered through a democratic process such as a plebiscite. This resolution was to replace and nullify the commonly known Taiwan Independence Platform. With this resolution, the DPP tried to soften its image as an unconditional supporter of Taiwan's *de jure* independence.

A month later, in his speech at the London School of Economics, candidate Chen integrated this new cross-strait economic policy within a broader framework, the so-called "Third Way" for Taiwan. He argued that as cross-strait trade had already reached an "irreversible phase", the government had to play a proactive role in providing institutional incentives and more consideration for the law of the market while dealing with cross-strait issues.¹⁶ This new policy enabled Chen Shui-bian to gain public support from leading executives of Taiwan's business world, such as Chang Rongfa (Evergreen), Shi Zhenrong (Acer) and Hsu Wenlong (Chimei). Not only did this help to fill up the campaign cachet but it also projected a pro-business image. In the 1990s, the "Taiwan independence clause" consolidated the pro-independence vote during elections. But as the DPP's ambition to become the ruling party grew, most of the party elite discovered that the unification-independence

¹⁵ Zagoria Donald S. 2003. *Breaking the CHINA-TAIWAN impasse*. Praeger Publishers), Appendix 12.

¹⁶ *The Third Way for Taiwan: A New Political Perspective*. December 6, 1999. (DPP Organization).

spectrum had become more evenly split. In fact, the "Taiwan independence clause" had become a curse threatening the DPP's efforts to cross the political threshold.

Chen Shui-bian, after defeating Hsu in primaries, moved further to the center and farther from straight pro-independence approach. After the historical elections, Chen Shui-bian tried to turn the new page in cross-Strait relations. The cross-Strait policies of Chen Shui-bian's government became more open and friendly towards China than even the KMT's had been. The DPP was clearly left with little choice.

After Chen's inauguration, the DPP's new approach to cross-strait relations was best summarized by the former vice premier of the Executive Yuan, Mr. Yiu Xikun, in a speech he delivered on China policy on June 25, 2000. Arguing for a pragmatic and constructive approach to cross-Strait relations, he said that:

"In the face of new circumstances, the new administration will look at cross-strait relations from international perspective, will use an open mind to deal with cross-strait relations, and will work out new opportunities for cross-strait relations through economic cooperation."

He also recommended that Taiwan adopt an open and flexible attitude, maintaining that:

"the new domestic consensus is...building up, including an emphasis on autonomous national development and the expectation of cross-strait peace. The new administration will not insist on any precondition for cross-strait dialogue, will not exclude any direction in cross-strait relations, will not reject any form of cross-strait exchanges, and will not be limited to any ideological framework. In short, the new administration will reserve room for cross-strait interactions."¹⁷

¹⁷ Kuo Jengliang 2003. Taiwan's New Policy toward Mainland China in Breaking the CHINA-TAIWAN impasse. p.79

In fact, Chen changed the DPP's "strengthen the base, move gradually" policy to an even more open "active openness and effective management" policy (see chapter III). After Chen's "5 Noes" policy was first introduced, it was followed by many moves of the DPP government. So Taipei relaxed the restrictions on the travel of merchants and business professionals from Mainland China in October 2001. Professionals needed only to have worked in their present posts for three months instead of one year. They could reside in Taiwan for up six years, instead of the previous three-year limit. They needed to file their entry applications only five days in advance, instead of two months. These decisions responded to suggestions by the American Chamber of Commerce in Taipei and the European Council of Commerce and Trade, making it easier for multinational corporations to operate out of Taiwan. Requirements for the admission of mainland Chinese merchants were reduced from average annual cross-strait purchases of \$500,000 to \$300,000 or single-visit purchases of \$100,000 instead of \$200,000. Vice President Annette Lu had announced in January 2001 that beginning on July 1, 500,000 tourists from mainland China would be admitted to Taiwan. On July 9, however, the MAC announced that detailed arrangements would be "subject to cross-strait negotiations, which we cannot make public for the time being." Finally, Tsai Ying-wen announced that Mainland Chinese who were studying abroad or were permanent residents of foreign countries would be admitted to Taiwan as tourists, beginning January 2, 2002. These tourists would have to travel in groups, their visits would be limited to 10 days, and a limit of 1,000 per day would be imposed.¹⁸

This was, however, not enough for the Beijing government. When President Chen Shui-bian held out the possibility of party-to-party talks in an effort to restart

¹⁸ Kuo Jengliang 2003. Taiwan's New Policy toward Mainland China in *Breaking the CHINA-TAIWAN impasse*. p.129.

cross-strait negotiations, the reply was negative. As the PRC's embassy spokesman Xie Fang in Washington stated, Beijing's communist leaders won't meet with their DPP counterparts in party-to-party talks unless the DPP drops its independence plank from its platform. "I think China's position on the Democratic Progressive Party has been made quite clear," Xie said. "Unless the [DPP] gives up its party platform, which is supportive of the so-called independence of Taiwan, the Mainland will not have contact with them."¹⁹

Earlier in year 2002, the vice premier of the PRC Qian Qichen had made a statement to mark the seventh anniversary of Chinese President Jiang Zemin's "Eight Points", in which he "welcomed" DPP members visiting China as long as they don't go in their official capacity. DPP officials can visit friends and relatives or go on tours, as long as they are in an "appropriate capacity." He also stated that people who tried to limit economic cooperation between two sides were obstacles and that "they should be moved out as soon as possible" so that "cross-strait economic and trade problems can be resolved." Later, after Qian's speech, Zhang Ming-qing, the spokesman for the Taiwan Affairs Office, added some finishing touches at a press conference. He added that President Chen Shui-bian and Vice President Annette Lu were excluded from "the vast majority of DPP members." In response to Qian's statement, DPP legislative whip Tsai Huang-liang said that Qian's statement contained goodwill and that the DPP welcomed this kind of message. "We won't prohibit DPP members from visiting China," Tsai said, "and we hope that the leaders from each side of the Strait can visit each other." Tsai also said that based on the goodwill, "dialogue between two sides should be resumed as soon as possible." DPP Secretary-general Wu Nai-jen echoed Tsai's sentiments, saying that the DPP welcomed China's goodwill message "even

¹⁹ *Taipei Times*, July 24, 2002, Page 4.

though they misinterpret DPP members as being pro- or anti-independence.”²⁰ The newly sworn Premier Yu Shyi-kun in addition stated that he was considering sending envoys to China to exchange views about cross-strait economic cooperation. “The exchange of views will cover issues of mutual concern, such as a cross-strait investment protection agreement, the “small three links”, the cross-Strait negotiations of 1992 and the controversial interpretation of its conclusions.”²¹

Qian’s statement, notwithstanding its propagandistic character, had some results. Legislator Chen Chin-teh of the DPP had a chance to go to Beijing on March 16, 2002 to push for the lifting of a Chinese ban on mainland crewmen working aboard Taiwanese fishing boats. Chen's trip grabbed the attention of Taiwan's media because it made him the first DPP member to travel to China since Chinese Vice Premier Qian’s statement. Chen, however, insisted that his visit has nothing to do with politics. "I'm visiting China in a private capacity and the main purpose of my visit is to help ship-owners in my constituency²² to resolve problems caused by the abrupt Chinese labor export ban," he said, adding that he wants to keep his mainland itinerary low-profile.

The DPP made another friendly gesture towards Beijing when DPP Legislator Chen Chung-hsin, whose relatively pro-China views set him apart from most in the DPP leadership, was appointed director of the party's Chinese Affairs Department. However, he played down his pro-China views very soon. Chen told that the DPP’s China policies weren't likely to change significantly in the future. “What contributes to the instability across the Taiwan Strait is the structural problem. As both sides have

²⁰ *Taipei Times.*, January 25, 2002, Page 1.

²¹ *Ibid.* February 02, 2002, Page 1.

²² Chen who was elected from the northeastern county of Ilan - one of Taiwan's major fishing industry hubs – officially joined a 15-member delegation of the Taiwan Provincial Fishery Association.

lost trust in each other, you simply cannot change the situation overnight. Although structural differences cannot be resolved, they can be effectively managed. While formal communication across the Strait has come to a standstill, we have to find a way, in any pragmatic way possible, to break the ice,” he said. He also proposed changing the party’s rules that force party members wanting to visit China to visit it in the capacity of a DPP party member. “The rule definitely deserves further discussion,” he added.²³

On January 20, 2003, Chen Chung-hsin took a trip to the Mainland. Although he said that he was visiting in his capacity as a private citizen and that the purpose of his trip was “to exchange views with academics belonging to Chinese think tanks”, many observers hoped that this was going to be a breakthrough in cross-Strait relations. But after attending a seminar held by the Chinese International Strategic Research Center, Chen told the media that there would be no formal meetings with Chinese officials and denied speculation that the visit was a special mission ordered by the president. Chen said he has been to China on many occasions, but was surprised to get permission for this trip given that China has refused to deal with DPP officials. Stressing that the trip is for academic exchanges, Chen said engaging in this sort of communication will help promote understanding between the two sides, adding that the Chinese authorities value academics' opinions.²⁴ Even the DPP itself refused to call this visit political, as DPP Deputy Secretary-General Michael You said that he had no knowledge of Chen's visit and that the trip has nothing to do with the party.

However, Beijing’s new approach, and the visits of some DPP officials, did not lead to a new age in cross-Strait relations. It was soon clear, that the Mainland’s purpose was just to pay some lip-service for the US and Taiwan’s public opinion. The

²³ *Taipei Times*, July 21, 2002. Page 3.

²⁴ *Ibid.* January 21, 2003. Page 1.

DPP's answer was similar when its legislative whip Chen Chi-mai invited Chinese President Jiang Zemin and Vice Premier Qian Qichen to visit Taiwan after their retirement and thereby lay the basis for peaceful and stable ties between the two sides.²⁵ After its initial verve had passed, the DPP became more passive in terms of cross-Strait trade. Most of its efforts were put into the 2004 elections. Finally, on March 20, 2004, Chen Shui-bian was re-elected by a narrow margin following a controversial assassination attempt on him only hours before the election. Chen beat Lien Chan one more time, making him more desperate than ever.

This election, however, had another outcome. The re-election of Chen Shui-bian to the Presidency led policy makers in Mainland to conclude that there was a growth in Taiwan independence sentiment and that a new Taiwanese identity is emerging on the island as opposed to identification with China. In the 2004 Legislative Election, the strategy of the pan-green coalition was to try to capitalize on this trend to win a majority in the Legislative Yuan of Taiwan. As a reaction, the Anti-Secession Law was passed by the third conference of the 10th National People's Congress of the PRC. It was ratified on March 14, 2005, and went into effect immediately. Its main point was legalizing "non-peaceful means" against the "Taiwan independence movement" in the event of a declaration of Taiwan independence.

The DPP with its ally the TSU were among the fiercest opponents of the law. A protest march against the PRC law took place on March 26 and it was widely reported that one million Taiwanese participated in the protest. Both former President Lee Teng-hui and President Chen Shui-bian joined the march.

Soon after KMT's chairman Lien arrived from China, President Chen Shui-bian invited Chinese President Hu Jintao to visit Taiwan to experience

²⁵ Ibid. January 25, 2003. Page 3.

democracy and freedom and to see “if Taiwan is a country with independent sovereignty.” China reacted coolly to Chen’s invitation, rejecting any official contact until the DPP dropped a clause in its charter calling for formal independence. “Conditions for dialogue and consultations between us and Chen Shui-bian as well as the Democratic Progressive Party are in recognition of the 1992 consensus, which embodies the “one China” principle, giving up the Taiwan independence party constitution of the DPP, as well as putting an end to splittist activities. So long as these conditions are met, we can resume dialogue and consultations with Chen Shui-bian and the DPP,” said Wang Zaixi, an official at the Chinese Communist Party's Taiwan Work Office.²⁶

During the pan-blue party’s visits to mainland China in 2005, the DPP kept a rather low profile and looked for support from the US government. US President Bush personally urged Chinese President Hu Jintao to talk directly with President Chen Shui-bian to find a peaceful solution to cross-strait issues. Taiwan’s government thanked George W. Bush for calling on Beijing to talk to the Democratic Progressive Party government, saying direct dialogue was essential to bettering cross-strait relations. “Many high-ranking US officials have repeatedly urged Beijing to talk to Taiwan's elected government and its leader ... and we thank and welcome President Bush’s words,” Presidential Office spokesman Chen Wen-tsung said. As White House spokesman Scott McClellan said during his daily press briefing: “President Hu briefed the President on the historic visits to China by opposition leaders. The president urged President Hu to continue working on ways to reach out to President Chen as the duly elected leader of Taiwan.” While McClellan said the Bush administration “appreciates” the pan-blue-camp visits to China, he repeated statements that he and

²⁶ *Taipei Times* May 04, 2005. Page 1.

other US spokesmen have made over the past two weeks endorsing a Hu-Chen dialogue. “We continue to urge dialogue between Taiwan and China to promote peace and stability in the region, and the President and President Hu talked about that in their conversation today,” he said. “We appreciate that President Hu met with some of the opposition leaders. We believe dialogue is important.”²⁷

The pan-blue visits to the Mainland, however, are considered as a major victory for Hu Jintao and the PRC, and a serious setback to President Chen and the DPP, who seem to be the most obvious losers of these visits.²⁸ The opposition visits relegated him to the sidelines in Mainland communications, and this had a negative impact on his image in Taiwan. His apparent confusion over the visits was reflected in the numerous about faces in commenting on the KMT-PFP trips. To make things worse he gave two long interviews in television condemning all other parties and their policies in handling the visits. He even managed to anger Lee Teng-hui, who he criticized during his interviews. Internally the DPP was in chaos during the visits and many pro-independence members of the party left for the TSU. Critique against Chen in the party increased rapidly, and his approval and support ratings among voters dropped markedly. Chen’s contradictory statements and constantly changing opinions about the opposition’s visits confused his supporters and the DPP, and what is more significant, were closely following US statements on the visits. In many instances Chen first denounced an event or statement by the Opposition and the CCP, but as the US usually gave moderately positive comments on the developments, Chen’s

²⁷ *Taipei Times*. May 07, 2005. Page 1.

²⁸ Tähkämaa Juha. 2005. TECTONIC PLATES SHIFTING? The Visits of Lien Chan and James Soong to China in April-May 2005, NACS Conference, Helsinki, Finland, p.9.

comments also followed suit. According to many analysts, the US influence behind Chen's about faces was obvious.²⁹

Generally speaking, Chen Shui-bian and the DPP government seem to have given up the "Go West" part of his "Strengthen the basis, Go West" policy. In his 2006 New Year address, Chen proposed a new policy for cross-strait economic relations: "positive management, effective opening". According to Chang Shu-ting, Director of the Department of Policy Planning at the MAC, exchanges beyond governmental rules, direct consultations between private groups, opposition parties and Chinese officials by-passing the Taiwanese authorities have led to a loss of the overview by Taipei of cross-Strait economic ties.³⁰ This seems to be very true considering the DPP and Chen Shui-bian. After a pretty good start, a period of stillness followed. Their inconsistent Mainland policy and frequent switches have confused their own supporters, opposition parties, and the PRC's government. It is difficult to imagine, how the DPP could change its course under the leadership of Chen. The presidential elections in 2008, however, will show how the party has managed to deal with the problems they face today.

New Party

The Chinese New Party, formerly the Chinese New Party was formed out of a split from the then-ruling Kuomintang by members of the New Kuomintang Alliance in August 1993. Members of the Alliance had accused KMT Chairman Lee Teng-hui of autocratic tendencies and moving the party away from Chinese reunification.

²⁹ *South China Morning Post*, July 05, 2005.

³⁰ Rationalism Gains the Upper Hand: the "Final Crusade" for De-Sinofication of the Taiwan Independence Movement. www.washingtonobserver.org

Originally, the party wanted to keep the name of the faction, but was prevented from doing so due to the similarity of names.

The NP is often described as the real successor of the KMT and the only true guardian of the Republic of China.³¹ There is, however, one significant difference between the NP and the old KMT in terms of their attitude towards the PRC. When both Chiangs were afraid of Communist infiltration and influence on the island, the NP always advocated economic cooperation, cultural exchange and political détente with Mainland. So we may say that the NP is like the old KMT only on the independence vs. unification axis, being very supportive to economic interests in favor of national security. The NP's emphasis on cross-strait economic exchange has not been just a matter of preference. Some have argued that the surest way of sustaining unification as an option has been to deepen economic integration between Taiwan and Mainland China.

After some temporary alliance with the DPP, the NP returned to the KMT. This kind of maneuvering however, made it difficult to uphold its ideological purity. All the other parties, including KMT, accused the NP of serving the interests of the Chinese Communist regime. That cost the NP much support (see table 1). This tension and factional infighting and schism between older NP members and newcomers, erupted into open quarrels and resulted in debilitating splits and expulsions.³²

In the 2000 Presidential election, the party nominated writer and dissident Li Ao who ran a spirited but token campaign. Normally, after a political party has nominated a candidate, it is not acceptable for party members to support a candidate

³¹ Wu Yu-shan. Jul,-Aug 1999. Taiwanese Elections and Cross-Strait Relations: Mainland Policy in Flux. *Asian Survey*, Vol. 39, No. 4. p. 577.

³² Ibid. 589.

from another party. However, Li was not a member of the NP and neither was he willing to join it. In addition, his cross-strait policy was different from the party he represented. This led to the situation where previous party stalwarts such as Jaw Shau-kong and Yok Mu-ming openly backed KMT candidate Lien Chan. Li Ao himself encouraged people to vote for James Soong and actually this was what many of the NP's members did. As a result, Li Ao was not elected, of course, and the New Party became something of a political nonentity. The Media was losing interest in it and this is the worst thing that can happen to a political party. This led the NP to use its last chance, the "China card."

On July 5, 2000, the New Party caucus at the Legislative Yuan Elmer Fung announced that it was sending a delegation to China on July 9 to exchange views with Beijing officials on political issues. Fung said the delegates would deliver the new government's cross-strait policy to Beijing and try to get an idea of China's attitude toward cross-strait relations. The delegation was supposed to go to Beijing and Shanghai. Fung added that under an agreement reached with Beijing the details of the itinerary would be kept secret until the delegates arrived, but revealed that they would "meet with people whom they should meet."³³ The actual trip, however, was not taken until the next year.

On July 10 to July 13, the New Party's delegation, led by senior party members including Hsu Li-nung, Yok Mu-ming, Wang Chien-shien and party convener Hsieh Chi-ta, took the trip to Mainland China. On July 12, Chinese Vice-Premier Qian Qichen met with the NP delegation. According to media reports, after talks began, Qian Qichen indicated that in developing cross-strait relations, the Chinese mainland advocates upholding the "one, two, three" principle, i.e., "one

³³ *Taipei Times*, July 06, 2000, Page 3.

China, negotiations between the two sides of the Taiwan Straits, and starting the “three exchanges” (exchange of mail, trade and air and shipping services) as soon as possible”. Qian Qichen added that while concretely implementing the “one country, two systems” policy, the Mainland would allow Taiwan to have more autonomy than Hong Kong and Macao. Reports say that when Wang Chien-hsuan, member of the New Party Delegation, expressed the hope that the Mainland could concretely explain the contents of the “one country, two systems”, Qian listed seven measures to illustrate the matter. These measures are:

1. Taiwan continues to use Taiwanese currency.
2. Taiwan continues to retain its armed forces.
3. Taiwan is an independent tariff zone.
4. Taiwan continues to keep the frame of government.
5. China will not take a single fen of Taiwan money, nor will it transfer Taiwan's funds.
6. Taiwan people and entrepreneurs continue to keep their original property.
7. Taiwan will have autonomy over personnel affairs, the mainland will not send any officials to Taiwan.³⁴

Once back in Taiwan, the NP was slapped with a criminal lawsuit by the Taiwan Independence Party (TAIP) on a charge of treason. TAIP’s Chairman William Huang accused the New Party’s delegation of conducting party-to-party negotiations and reaching a seven-point consensus with high-ranking Chinese officials without the government's authorization. “They have committed offenses against the external

³⁴ *People’s Daily*, July 23, 2001.

security of the state and obviously intend to sell out our national interests,” Huang said.³⁵

The Taiwanese electorate was not very pleased with the message the NP brought back from the Mainland government, either. The party’s 2.61% share of the vote in the 2001 Legislative Yuan election was the lowest throughout its history. But instead of changing its approach, the NP continued to stress the “China card.” Soon after James Soong left China, New Party leader Yok Mu-ming, who chose July 7, the anniversary of the Marco Polo Bridge incident that marked the beginning of the second Sino-Japanese war, for his "journey for the Chinese nation." Paying tribute to the Huanghuagang 72 Martyrs' Tombs, Yok praised the Chinese Communist Party for its "great achievement" of “fighting together with us to resist Japanese aggression.” In Nanjing, the group paid tribute to Dr. Sun Yat-sen, and offered condolences at the Memorial Hall of the Victims in the Nanjing Massacre. In Beijing, the delegation visited the Memorial Hall of the War of Resistance Against Japanese Aggression, took part in activities in commemoration of the 60th anniversary of the victory over the War of Resistance Against Japanese Aggression, and held discussions with Mainland scholars in a symposium. It also visited Dalai, where Taiwan business people were invited to invest in the construction of the city's international navigation center.³⁶

As at that time the NP did not enjoy much support, this trip was less newsworthy than the trips of Lien Chan and James Soong. Nevertheless, the moment the delegation set foot in China it was given a rapturous welcome, and Yok even got

³⁵ *Taipei Times* July 18, 2001, Page 3.

³⁶ www.chinaembassy.org

to meet Chinese President Hu Jintao, albeit for a shorter period of time than that given to either Lien or Soong.³⁷

Yok must have liked China, because he took another trip there as soon as in November the same year. On November 2, the 26 members of the delegation headed by Yok paid a visit to Shenyang, capital of northeast China's Liaoning Province. Yok and the delegation visited the history museum of the "September 18 Incident," the museum of the Imperial Palace of the Qing Dynasty (1644-1911), and the former residence of Zhang Xueliang – the famous general in China's War of Resistance Against Japanese Aggression. Yok said this visit was a continuation of the New Party's "journey of the Chinese nation" this July to commemorate the 60th anniversary of the victory in the War of Resistance Against Japanese Aggression in Chinese mainland cities including Guangzhou, Nanjing, Beijing and Dalian. He said the delegation will attach more importance to investigating the investment environment in Liaoning this time and he hopes that the companies across the strait will fully share and exchange economic information so as to find fields and projects to launch cooperation.³⁸

It is difficult to say, whether these trips had any positive results in cross-strait trade. Having no power to change the rules of the game, it is difficult to understand the importance of these trips. The only winner may have been the NP itself. Being nearly defeated for good in the 2005 elections, it made significant gains in the 2006 local elections, seating over a dozen members into public office. The New Party also gained four seats in the office of Taipei Mayor. This was, however, at the time when the popularity of the ruling party and the President was lower than ever because of

³⁷ *Taipei Times*, July 17, 2005, Page 8.

³⁸ www.english.people.com.cn

charges of corruption. At least for the moment, the New Party is the least important player of five main parties.

People First Party

The People First Party was founded by James Soong and his supporters after his failed independent bid for the presidency in 2000. James Soong, running as an independent, lost by less than three percentage points to DPP's Chen Shui-bian. Immediately after the election, Soong's supporters called on him to form a new party. Eventually, the PFP was established, attracting many KMT and NP lawmakers. In an unprecedented move, the PFP opened its membership to citizens 16 years of age, two years younger than the minimum age required by other parties. It is now the third largest party after the DPP and the KMT in the Legislative Yuan.

The official goals of the PFP in terms of cross-strait relationship and diplomacy, is for the ROC to: participate in more international organizations, promote Chinese culture overseas and seek economic and cultural interaction between Taiwan and the Mainland. Its views are seen as generally favorable towards Chinese reunification and staunchly against Taiwan's independence. The party maintains a close but tense relationship with the KMT as part of the pan-blue coalition. However, since the PFP had, like the New Party, grown out of the KMT, the two parties had to compete for the same set of voters. This dynamic in which both the KMT and PFP must simultaneously compete and cooperate with each other has led to complex and interesting politics. In some cases, this has led to situations in which both parties have run candidates, but close to the election the party with the less popular candidate unofficially drops out of the race. This in turn has led to some notable situations when either the PFP or the KMT is campaigning against its own candidate, which has led to

intra-party resentment. To avoid a repeat of this effect, James Soong even got down on his knees on December 05, 2002 during the Taipei Mayoral elections to beg supporters to vote for Ma Ying-jeou.³⁹ Soong also ran as vice-president on KMT Chairman Lien Chan's presidential ticket in the 2004 presidential election. As we know, this attempt failed.

As other opposition pan-blue parties, so has the PFP been looking for party-to party contacts in mainland China. On April 07, 2005, the PFP made an announcement that Soong is planning to visit China in the "near future." The announcement came after a round of consultations between the PFP's legislative caucus and the MAC. As KMT's chairman Lien Chan had just been to the Mainland, the PFP felt that: "...Soong will have to make the trip in the near future, otherwise there would be no meaning to such a trip," as Chang Hsien-yao, director of the PFP's Center for Policy Research, put it.⁴⁰

The PFP's party secretary-general Chin Chin-sheng left for Beijing on April 24 with other PFP personnel to discuss the details of Soong's upcoming trip with Chinese authorities. Chin was received by Jia Qinglin, the chairman of China's People's Political Consultative Conference, and the two spoke until 4am the next morning about the details of the trip.⁴¹ Before leaving for Beijing, Soong acknowledged that he had met with President Chen Shui-bian about his trip to China. The Soong-Chen meeting took place on February 24, 2005, three weeks before the Anti-secession Law was promulgated in the National People's Congress. The meeting resulted in a 10-point joint declaration, which stated that both signing parties promised to uphold the ROC name and constitution, and restrain from declaring Taiwan independence. The declaration also stated that President Chen would keep his

³⁹ *Taipei Times*, December 07, 2002, Page 3.

⁴⁰ *Taipei Times*. April 08, 2005, Page 3.

⁴¹ *Ibid*.

“five noes” policy promises. Most of the promises in the declaration were consistent with James Soong’s policies, and apparently only served as an assurance of Chen’s political credibility towards China. At the time it was already widely discussed in the media that Soong will visit China in the spring, and by signing the agreement with him President Chen was able to convey his message to mainland Chinese leadership.⁴²

On May 5, Soong finally arrived in China. Speaking in Xian on the first day of his trip to China, he said that he was moved to finally be able to set foot on the other side of the Taiwan Strait. He was greeted at the airport by Beijing's Taiwan Affairs Office director Chen Yunlin "Everyone knows that the Strait between the two shores is only 100-odd kilometers wide, but it is moving for myself and Wan-shui⁴³ that it took us more than 50 years to cross the very narrow divide that is the Taiwan Strait. “I chose Xian as our first stop in China for two reasons. First, to look for the origin of our bloodline, and second, to build a bridge to the future,” Soong said.⁴⁴ During the meeting with Wang Daohang and a group of Taiwan business people operating in the Yangtze Delta region of east China, he said that his party firmly opposes "Taiwan Independence, because it would only lead to warfare and disaster across the Taiwan Strait. He also reiterated that since its founding in 2000, the PFP has kept to the "1992 consensus" that both the Mainland and Taiwan belong to one China.⁴⁵ Soong also visited the mausoleum of the Yellow Emperor in Xian and the mausoleum of KMT founder Sun Yat-sen in Nanjing.

⁴² Tähkämaa Juha. 2005. TECTONIC PLATES SHIFTING? The Visits of Lien Chan and James Soong to China in April-May 2005. NACS Conference. Helsinki, Finland, p.4.

⁴³ James Soong’s wife.

⁴⁴ *Taipei Times*, May 06, 2005, Page 1.

⁴⁵ *China Daily*, May 08, 2005.

Soong asserted in a May 11 speech at Beijing's Qinghua University that independence was not an option for Taiwan's future, a comment that many of Taiwan President Chen Shui-bian's staunchest supporters criticized. Soong met PRC President Hu Jintao and other PRC leaders in Beijing on May 12 and passed the message that Chen Shui-bian was willing to engage in dialogue with Beijing using a flexible formulation about what constituted "one China." Hu Jintao, called upon the people on both sides of the Taiwan Strait to strengthen mutual trust and forge closer ties. Hu said that "the compatriots on both sides of the Straits are all Chinese" and the 23-million Taiwan compatriots are "our flesh-and-blood brothers", who serve as a major force in developing the cross-Straits relations and containing the pro-independence separatist activities in Taiwan. As Soong himself stated, this was the biggest achievement of his mainland trip.⁴⁶

The Soong-Hu meeting results were published in a communiqué that concentrated on the cross-straits affairs right from the beginning. It started with an assurance that if Taiwan does not seek independence, there will be no war. It also urged the Taiwan authorities to respect the four Noes policy of Chen Shui-bian and not to seek independence through constitutional changes. Emphasis was again on the adherence to the 1992 consensus and both parties voiced their strong opposition to Taiwan independence and the rectification of Taiwan's name as well as constitutional changes through referendum. After these assurances the communiqué listed areas of cooperation between the parties. A notable difference was that the parties promised to promote the realization of two-way direct flights in 2006.⁴⁷

The visit of James Soong, however, was a little different from the one of Lian. It contained strong national elements. When arriving in China, Soong's visit was

⁴⁶ Ibid. May 13, 2005.

⁴⁷ CPC, PFP Jointly Issue Communique, Beijing Review, May 19, 2005, p.21.

televised live as was Lien Chan's visit, but already in his first speech Soong referred to the Republic of China so many times, that he was cut-off from the air. From then on, all his speeches were broadcast with a three-minute delay to give officials time to remove any unwanted references.⁴⁸ The Soong-Hu meeting was much more concerned with concrete cross-straits politics than the Lien meeting, and clearly aimed at Chen Shui-bian, whereas the Lien visit was concerned with nationalistic and historical issues. Soong's role as a go-between was obvious, and most of the messages of the communiqué were aimed at President Chen. Soong also conveyed a message from President Chen to Hu Jintao, though Chen himself gave confusing signals, to say the least, of whether or not Soong had a message to take to Hu. The message according to Soong was that President Chen will not push Taiwan independence through referendum. During the visit Soong tried to portray himself as being in the middle in the Taiwan China dispute.⁴⁹ He highlighted the Taiwanese consciousness, but at the same time also emphasized the ROC state. During his speech in Qinghua University, he mentioned Taiwan more than 50 times, but in the final communiqué of the visit strongly opposed Taiwan independence.

James Soong's and PFP's attempts to make the difference, however, did not have any ground-braking results. Soong himself had to face another face-loosing defeat in the Taipei Mayoral Election on the 9th of December, 2006. He won only 4% of ballots and announced that he will retire from politics, which entailed giving up the chairmanship of his party, the PFP. With this announcement and with no clear goal, the PFP faced an uncertain future. The idea of formalizing the KMT-PFP alliance emerged during a private meeting between Ma and Soong even before the elections.

⁴⁸ Tähkämaa Juha. 2005. TECTONIC PLATES SHIFTING? The Visits of Lien Chan and James Soong to China in April-May 2005. NACS Conference. Helsinki, Finland, p.7.

⁴⁹ Ibid. p.8.

The two said at the time that the top priority of the parties would be to coordinate a strategy for the legislative elections. The KMT's Central Standing Committee passed a draft of the proposal to formalize the alliance on January 3, 2007. Ma Ying-jeou and James Soong, who was in the US, signed a pact on January 22 via a videoconference link.⁵⁰ This has lessened the importance of the PFP in Taiwan's political arena and has led to a situation where the political future of PFP is anything but clear.

Taiwan Solidarity Union

The Taiwan Solidarity Union (TSU) was officially founded on July 24, 2001 by supporters of former president Lee Teng-hui and is considered part of the pan-green Coalition. The party prided itself on being the first to include "Taiwan" in its name. Unlike the DPP, the TSU actively campaigns for the creation of a de jure Republic of Taiwan. Domestically, the TSU is characterized primarily by its Taiwanese nationalism and derives its membership from both the KMT's former Taiwan-oriented fringe and supporters of Taiwan independence who are disgruntled by the DPP's moderation on the question of Taiwanese sovereignty.

In the 2000 presidential elections, the KMT suffered a devastating defeat, in which internal turmoil had caused the party to lose its grip on power. This was blamed on Lee, the KMT Chairman at the time, and he was forced to resign in March 2001. Meanwhile, the new President Chen moderated his pro-independence position in the election, alienating some hard-line independence supporters in his party. By July, just months before the December 2001 elections to the Legislative Yuan, these factors accumulated to result in the formation of the TSU to continue Lee's policies, and fill in the DPP's abandoned position of a hard-line political force. It was hoped that this

⁵⁰ *Taipei Times*, Jan 23, 2007, Page 3.

would lead to a pan-green majority in the nation's primary legislative body, thus giving the executive branch, under Chen, the political backing necessary to pursue more radical policies, primarily in the areas of Taiwanese independence. The TSU's stated political aim is the advocacy of the creation of a Republic of Taiwan and a policy of de-sinicization which consists of eliminating the symbols and concepts which connect Taiwan to the idea of China. The TSU argued that any lingering connection with the concept of China renders Taiwan an "abnormal nation" and that clearly separating Taiwan from China is necessary to prevent Taiwan from being dominated by an enemy and foreign nation.

After winning nine seats in the 225-member Legislative Yuan in December 2001, the TSU has largely displaced the Taiwan Independence Party (TAIP), and TSU legislators began advocating resolutions consistent with its strongly pro-Taiwan independence stance. As Lee Shang-ren, director of TSU's policy center once stated: "It has been the TSU's strategy to allow its law-makers to play the bad cop and voice their discontent with the DPP if they feel that the TSU is being mistreated. But, at the same time, TSU party officials have acted as mediators to communicate with the DPP whenever tension arises,⁵¹" For instance, they opened debate about changing the national flag and national anthem.

Since Lee is the TSU's spiritual leader, naturally, the party has inherited his China policies. After the two largest Taiwanese chipmakers, Taiwan Semiconductor Manufacturing Co and United Microelectronics Corp, applied for permission to build eight-inch wafer foundries in China, Lee was highly critical about the matter. During the meeting with Gordon Chang, the author of a book titled *The Coming Collapse of China*, he asked: "What on earth are they [the policymakers] thinking about? Both the

⁵¹ *Taipei Times*. May 16, 2002, Page 3.

US and Japan forbid their semiconductor companies to shift their manufacturing bases to China. It's odd for Taiwan to be so generous."⁵² Lee was also critical of local investors' eagerness to move their operations to China, and questioned the government's ability to control capital flow from Taiwan to China. He pointed out that China still has missiles pointed at Taiwan, and urged Taiwan's businesses to focus on innovation, such as speeding the semiconductor industry's progress on building 12-inch wafer foundries in Taiwan, so as to gain an upper hand against their counterparts elsewhere. Lee also expressed his pessimism about the emergence of reform-minded leaders in China that are capable and determined enough to lead the country toward democracy. "I am very pessimistic in this regard because everyone is concerned with sustaining his or her own position on the power ladder. So it's impossible for any one of them to kick-start reform," he said.⁵³

In the speech he delivered on October 20, 2002 at a symposium held by Taiwan Advocates, he stated the TSU's policy towards Mainland. Among other things, he said:

.... economically, Taiwan should ponder how to preserve its own vitality and individuality in the face of China's economic rise and globalized competition. Although all the Asian-Pacific region countries face the pressure of China's economic rise, in comparison Taiwan is more inclined to lose its own individuality, because it shares [many of] the same language[s] and [some] ethnic

⁵² Ibid. March 10.2002, Page 1.

⁵³In his book, Chang, urged Taiwanese businesses to diversify their investments instead of targeting China as the sole destination for their investments. Chang lamented that Taiwanese investors have no understanding of "the instability of the mainland. Taiwanese businessmen focus on what they see on the surface -- low costs and low wages. And they think that's an irresistible draw. But low costs are just part of the story when investors look to expand abroad. Political risks are an issue that also need to be studied.

background with China. This begets ambiguities in identity perception. As some Taiwanese businesses invest in China, Taiwan must think about how to make its local economic development sustainable and take care of most businesses and people who do keep their roots in Taiwan. Think about how to help preserve their skills and create a better investment environment and living standard for them.⁵⁴

The TSU's poor performance in the two city elections in 2002 did neither hurt the popularity of former president Lee Teng-hui nor affected his sense of mission for Taiwan. The TSU remained highly critical of the DPP's Mainland policy. So did the TSU legislative caucus voice opposition to the idea of opening charter cargo flights between Taiwan and China, saying that such cross-strait service would become a loophole in the nation's fight against the Severe Acute Respiratory Syndrome (SARS). As an answer to KMT legislator John Chang who pushed a campaign to quickly approve charter cargo flights, legislative caucus convener for the TSU, Chien Lin Whei-jun said: "We found it rather puzzling that anyone would want to push for cross-Straits charter cargo flights with China at a time like this when Taiwan itself is facing the SARS threat that originated in China and was spread from there."⁵⁵

They also opposed the government's plan to relax restrictions on foreign investment in the nation's stock market. In the TSU's opinion, instead of relaxing restrictions, the government should set up a capital-monitoring mechanism to prevent politically-motivated Chinese investments and international speculators from sneaking in to manipulate capital markets. According to TSU legislator Eric Wu,

⁵⁴ *Taipei Times*, October 28, 2002, Page 9.

⁵⁵ *Ibid.* May 07, 2003, Page 2.

increased foreign inflow into Taiwan's securities market, the Chinese leadership, and greedy speculative capitalists may be detrimental to the nation's markets.⁵⁶

When the Legislative Yuan passed amendments to the Statute Governing the Relations between the People of Taiwan Area and the Mainland Area in October 2003, TSU members blamed Mainland Affairs Council Chairwoman Tsai Ing-wen for the fact that more than 80,000 Chinese nationals married to Taiwanese have obtained legal residence status since the DPP government was elected in 2000. In addition, the TSU lawmakers demanded that Tsai should step down because of the latest cross-strait regulations. The leaders of the TSU were really upset. TSU whip Liao Pen-yen said that "Tsai is the one who should step down for making these wrong Chinese policies." Lo Chih-ming added, that the TSU has decided to close the door to further negotiations with the three major parties after they abandoned the TSU and the real interests of the Taiwanese people by passing the amendments.⁵⁷

At the end of 2003 and early 2004, a new hot political topic arose before the presidential election. As approximately 1 million Taiwanese were living and working in Mainland China, their votes became extremely important for both pan-blue and pan-green coalitions. Most of them, however, were expected to support the KMT. Hector Yeh, president of the Association of Shanghai Taiwan Businessmen Invested Enterprises stated that since he became eligible to vote, he has always supported the KMT. He also accused the DPP and TSU of being hostile to the China-based Taiwanese business community and said he would not expect such parties to implement policies that would benefit them.

In his reply, TSU Legislator Lo Chih-ming admitted, that some members in their parties dislike the businesspeople. "We are not hostile to all of them, but we

⁵⁶ Ibid. July 09, 2003, Page 10.

⁵⁷ *Taipei Times*. October 11, 2003, Page 3.

don't like some business leaders who urged [us] to put aside Taiwan's sovereignty in order to launch the three links. The TSU also dislikes businesspeople who have left their debts in Taiwan and invested their money in China," he said. As an example, he mentioned Formosa Plastics Group Chairman Wang Yung-ching, who invested huge sums in China and bowed to China's government, opposing Taiwan's referendum.⁵⁸

In September 2004, a paper on cross-Strait policy was released by the TSU and sent to President Chen Shui-bian. The TSU bluntly stated that the so-called "active openness and effective management" of cross-Strait policy during Chen's presidency of these past four years has in fact focused on the "active openness" part, while neglecting the "effective management" part. This paper also stated that TSU will maintain a cautious attitude in economic exchanges with China, stress on more robust national defense and more emphasis on Taiwan's national identity in education. The TSU also made several cross-strait policy proposals, such as compelling negotiations between the two sides of the Taiwan Strait through a discriminatory policy toward Chinese goods, and to make Chinese visitors to Taiwan sign statements acknowledging the nation's sovereignty. The TSU also opposed setting up additional schools for the children of Taiwanese businessmen in China and stressed the importance of establishing an immigration policy to prevent an overflow of Chinese immigrants, which would erode the nation's economy. TSU secretary-general Lin Chih-chia explained that the TSU's goal was to ensure that national security is not sacrificed in the process of eager economic exchange with China and its "one country, two systems" policy. "The bankruptcies of many Taiwanese businesspeople with operations in China have validated former president Lee Teng-hui's concern that overly open policies will lead to economic bankruptcy," Lin added.⁵⁹

⁵⁸ Ibid. February 24, 2004, Page 3.

⁵⁹ *Taipei Times*. September 12, 2004, Page 8.

In order to maintain the economic competitiveness of Taiwanese companies, the TSU urged the Legislative Yuan to pass the "national technology protection law" in the 2005 session. TSU lawmakers repeated that the party strongly opposed the transfer of high-tech industries to China. The reason behind such a statement was the Ministry of Economic Affairs' proposal to allow industries involved in 8-inch wafer fabrication, display panel technology, packaging technology and naphtha cracking to move to China. In the TSU's opinion, the transfer of these industries will compromise Taiwan's economic competitiveness badly. The TSU pointed out that one big issue the nation must deal with is that the government only regulates certain high-tech fields and not high-tech personnel. That was also the reason why the cabinet should make the technology protection law a top priority and pass it as soon as possible.⁶⁰

After the MAC announced that it was lifting bans on China-bound investment for low-end semiconductor packaging and testing as well as small-sized liquid-crystal-display (LCD) panel manufacturing in April 2006, the TSU voiced strong opposition to this plan, saying it would only increase unemployment in Taiwan and speed up the relocation of the local high-tech sector to China. Before the Economic Sustainable Growth Conference, which was held on July 27 and 28, 2006, Lee met with TSU legislators Lo Chih-ming, Ho Min-hao, Huang Chung-yung, and some economics experts on the second day to discuss the TSU's standpoint and strategies toward the coming event. Lee said that the first Economic Development Conference held in 2001, which resolved to lift restrictions on China-bound investment, did not help revive Taiwan's sluggish economy, and the employment situation deteriorated. They also lambasted the Executive Yuan's new policies welcoming Chinese tourists to Taiwan and advocating the start of charter flights.⁶¹

⁶⁰ Ibid. February 25, 2005, Page 2.

⁶¹ *Taipei Times* April 29, 2006, Page 12.

During the Conference, the TSU remained firmly on its standpoint. They opposed any easing of the investment ceiling and left the room. TSU caucus whip David Huang said that the Premier's proposal of loosening restrictions on cross-strait economic ties was "a path to ultimate economic unification with China."⁶²

However, the continuous opposition to the government and its mainland policy is not the best way to win the hearts of the voters. The TSU leaders have gradually understood this and some voices have called lately for the new approach and the TSU "own way". Former President Lee Teng-hui who is still respected by the TSU as a spiritual leader and has also been dubbed the "Godfather of Taiwan Independence," has recently made the statement that he "had never supported Taiwan independence." But other statements he has made on the subject, such as "Taiwan already is independent and it's unnecessary to pursue Taiwan independence," are merely a new package for the spirit of Taiwan independence. Then Lee Teng-hui began to criticize both the blue and green camps on a large scale, trying to find a way out of the pressure the TSU is under from the two major parties, looking for more support for the party and grab some legislative seats in the party vote, even if the TSU cannot beat the blue and green candidates in the district votes. Therefore, in terms of independence vs. unification question, the TSU has stopped talking about "independence" and turned to "name rectification" and "constitution drafting"⁶³ In terms of economical cooperation vs. national security, however, they still remain the most conservative of five parties, trying to lessen the volume of the economical interdependence and opposing the relaxing of laws.

⁶² Ibid, July 29, 2006, Page 1.

⁶³ Rationalism Gains the Upper Hand: the "Final Crusade" for De-Sinofication of the Taiwan Independence Movement. www.washingtonobserver.org

As a conclusion for this chapter, it may be said that all of the five main political parties today have been using cross-strait relations and economical ties between the two sides as a tool in domestic politics. Until 2000, parties were not very important players in the policy making process, as Lee Teng-hui, being both the President of the ROC and chairman of the KMT was still the strongman of Taiwan politics. From the early 90s to 2000, both main political parties were going through a process of change. The KMT turned from an authoritarian party into a democratic party that accepts different views inside the party. The DPP, on the other hand turned from a bunch of loosely connected factions into a party with united politics and a strong leader that won them the 2000 presidential election.

After 2000, pan-blue parties have tried to use the “China card” to impress the local electorate, business community and government of the PRC. All the chairmen of the pan-blue parties have received presidential level reception, although none of them is a president. Issues exclusively negotiated between governments, such as cross straits transportation links, economy and trade, were brought up in those talks. They, however, represent the Opposition. The pan-blue parties should not think of themselves as the one and the only group in Taiwan that is capable of dealing with the Chinese government.

The pan-green parties, especially the DPP, however, have failed to act as ruling parties. The TSU’s stubborn opposition to any business activity across the Taiwan Strait has decreased their public support and now they face a urgent need for a new approach. They, at least, have always been clear about their position. This is unfortunately not true about the DPP. Frequent twists and turns in policies and controversial statements from its leaders have led to a situation where the government is not taken seriously. 7 years after taking over power, the DPP is still not self-confident. It has been unable to find the exit from the situation where the PRC

has always refused to talk to them. While maintaining cooperative relations with the Mainland has been the common purpose among all political parties in Taiwan (with the exception of TSU), it is difficult to see how the DPP, under current leadership, is going to find the treasured win-win situation.