

## Sizing Up Taiwan's Political Earthquake<sup>1</sup>

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On March 18, 2000, Taiwan experienced an electoral earthquake. After half a century in power on the island of Taiwan and eight decades of an uninterrupted ruling position dating back to its heyday on the Chinese mainland, the Kuomintang (KMT) lost power in a free and fair presidential election. The power rotation at the close of the century is historic by any measure. It has closed an epoch of one-party dominance and inaugurated a period of party dealignment and realignment. It deflated Lee Teng-hui's charisma and brought his era to an abrupt and calamitous end. At the elite level, it has triggered a generational turnover, pushing the baby boomers to the forefront of governing responsibility. Most significantly, it pushed the island's political system for a major step forward toward the consolidation of democracy.

## Anatomy of the Political Earthquake

The March 18 election was only the second direct presidential election in the country's history. The first, in 1996, completed Taiwan's long, artful decade of peaceful, incremental democratization. But it also confirmed—for the first time in a truly democratic presidential election—the KMT's continuing domination of the political system. In 1996, the incumbent President Lee Teng-hui won decisively, capturing an absolute majority of the vote (54 percent) despite the presence of two breakaway challengers from the KMT, in addition to the candidate of the historic opposition party, the Democratic Progressive Party (DPP). That candidate, Peng Ming-min, a longtime advocate of Taiwan independence, finished second but mustered only 21 percent of the vote. In 2000, the KMT presidential nominee, Lee Teng-hui's vice-president and anointed successor, Lien Chan, faced only two serious challengers, and yet he finished third, with 23 percent of the vote. Lien badly trailed both the DPP challenger, Chen Shui-bian—who won with 39 percent of the vote, after being defeated by the KMT in his bid for reelection as Mayor of Taipei barely a year earlier—and the KMT breakaway candidate, the former Governor of Taiwan Province, James Soong (Table 1).

The outcome of the March 2000 presidential election was a humiliating defeat for the KMT as a party and for Lien Chan personally. Although many KMT politicians privately feared defeat, because of the deep division in the party ranks signified by Soong's challenge, and because of the lackluster character of Lien as a candidate, none anticipated the scale of the defeat. And it was by no means clear that Chen Shui-bian and the DPP would come out on top. Indeed, just a few months in advance of the election, Soong—the most effective 'grassroots' politician in Taiwan—appeared headed to a decisive victory.

It is possible to attribute the KMT defeat in part to a factor beyond its control, or that of any party in Taiwan: the international *zeitgeist*

**Table 1 1996 and 2000 Presidential Election Results**  
**Percent of Total Vote**

Parties and Candidates	1996	2000
<b>KMT</b> Lee Teng-hui and Lien Chan (1996) Lien Chan and Vincent Siew (2000)	54.0	23.1
<b>DPP</b> Peng Ming-min and Hsieh Chang-ting (1996) Chen Shui-bian and Annette Lu (2000)	21.1	39.3
<b>New Party</b> Lin Yang-Kang and Hau Pei-tsun (1996) Li Ao and Elmer Fung (2000)	14.9	0.13
<b>Independent (KMT Breakaway)</b> Chen Li-an and Wang Ching-feng (1996) James Soong and Chang Chao-hsiung (2000)	10.0	36.8
<b>Independent (DPP Breakaway)</b> Hsu Hsin-liang and Josephine Chu (2000)		0.63

that has seen democracy and freedom expand in almost every region of the world during the past quarter-century. The people of Taiwan were eager for change, any change that would produce electoral alternation and thus turn out of power the only ruling party they had ever known. While Taiwan was indisputably a democracy by 2000, some element of democratic vigor was lacking in a system that had never seen the ruling party lose control of any branch of power at the national level: not the presidency, not the cabinet (the Executive Yuan), not the parliament (the Legislative Yuan), and not the constitution-amending body (the National Assembly). In a sense the stakes were limited in March 2000. No seats in the Legislative Yuan or the National Assembly were being contested. Although the president is not constitutionally required to obtain parliamentary approval of his choice of premier, the system retains much of the character of a French-style semi-presidential system. Yet, since 1949, power has mainly flowed in

Taiwan from the presidency on down, and there could be no doubt that this was the pinnacle of the political system.

In retrospect, the decision of Taiwan's electorate to pass control of that pinnacle to the opposition party seems less extraordinary than it did at the time. Just one day later, on March 19, the Socialist Party in Senegal lost a presidential election for the first time in the country's forty years of independence. Two and a half months later, on July 2, Mexico's Revolutionary Institutional Party (PRI) went down to a crushing defeat in that country's freest and fairest presidential election, ending the 71-year reign of the longest ruling party in the world. One-party hegemony, it seems, is going out of fashion. Even though the Liberal Democratic Party creaked back into power in Japan, it lost during the 1990s the towering dominance of Japan's electoral scene that it once had. The Congress Party of India is now a shell of its former self. Elsewhere, every successor to the communist parties that had ruled under dictatorship has lost a free and fair presidential election, even if some subsequently rebounded to power under a banner of reform. In this era of globalization, democratization, and the globalization of democratic models and norms, people want political choice and change. But this does not explain why Taiwan's electorate voted for change at the moment it did, and why the agent of change they chose was Chen Shui-bian.

To complicate the puzzle, it is important to stress two additional facts. Taiwan's voters had already used the ballot box to bring about dramatic electoral alternation at the level of city and county governments in the historic elections of November 1997. However, there was much greater risk associated with giving the untested and historically pro-Taiwan independence DPP control of the presidency, and thus of foreign policy, the entire national security establishment (which reports to the president), and cross-strait relations. It was therefore widely assumed that while the DPP might win power at the local level, and even govern well, the country would not 'risk' investing the national future with the DPP—at least, not for a long time to come. Moreover, economically, the

country was in quite good shape. It had managed to avoid getting dragged down in the East Asian financial crash of November 1997. It had maintained a stable currency and low inflation while recording economic growth in the range of five to six percent a year, or higher. This was well below the peak years of Taiwan's 'miracle' growth, but quite respectable for a country moving into industrial (and even postindustrial) maturity, particularly at a time when many countries in the region were in the grip of economic crisis and contraction. There were social problems and grievances, to be sure, but nothing on a scale that would forecast an electoral earthquake—especially in the absence of a strong opposition party.

Why then did the 2000 presidential election produce such a stunning outcome? Our analysis suggests five principal factors:

(1) *The moral and political exhaustion of the KMT.* No political party can remain in power for half a century and not grow arrogant, complacent, and corrupt. Even with its steady, competent stewardship of the country's economy, sustaining reasonably good times, the KMT had not been keeping up with the voters' desires for reform on a number of fronts. There was particularly deep concern about 'black gold' politics: the power of organized crime and its penetration into party politics and electoral representative bodies, reflected in the shady character of many local KMT factional leaders; the incestuous links between wealthy corporate interests and the party-state; the huge amounts of cash that sloshed around the political system, buying votes and influencing decisions; and the inefficacy of the judicial system in confronting these challenges. These factors and related hangovers from the authoritarian era, particularly the intertwining of the ruling party and the state, generated a national aspiration for comprehensive political reform.

(2) *The split with the KMT.* Prior to the year 2000, the DPP had never won more than a third of the vote in a national election. This led most observers to figure that the DPP had a ceiling of something

like 35 percent on its potential vote in a presidential election, and that a DPP victory could only be possible if the KMT split and the other 65 percent of the vote were fairly evenly divided between two strong contenders. Such divisions have opened the way to traumatic upsets, most dramatically in the 1994 election for Mayor of Taipei. In its inability to achieve reconciliation with James Soong and keep him within the party, the KMT dealt itself a severe blow.

(3) *The campaign and the issues.* Chen Shui-bian and his party ran a brilliant campaign, putting the emphasis on the issues that worked for him, particularly 'black and gold,' and neutralizing the issue that most threatened him, cross-strait relations. By leaking a scandal about his inexplicable personal finances, the KMT brought down the high-flying James Soong, but in the process also underscored the very issues of corruption and the need for reform that Chen Shui-bian was leading on. The perfectly timed public endorsement of Chen by Lee Yuan-tseh, Taiwan's most revered intellectual and moral leader, pushed Chen over the top.

(4) *The personalities.* Lien Chan was respected for his competence, administrative acumen, and discretion during a twenty-year career in government as minister of transportation and communications, vice premier, minister of foreign affairs, governor of Taiwan Province, premier, and then vice-president. But he was a dull, diffident, cold campaigner whose personality and family wealth conveyed an image of arrogance and social distance. James Soong and Chen Shui-bian, by contrast, were moving, charismatic, indefatigable campaigners who loved crowds and took naturally to the rigors of electioneering. In the search for votes, whether in person, on the stump, or on TV, Lien Chan was simply no match for these two natural-born campaigners, the most personally popular politicians in Taiwan after Lee Teng-hui.

(5) *Lee Teng-hui's miscalculation.* Taiwan is a hothouse of conspiracy

theories. Many have it that Lee Teng-hui sabotaged his own nominee in order to promote the cause of Taiwan independence through the candidacy of Chen Shui-bian. We do not find credible evidence to support this theory. Nevertheless, Lee Teng-hui did make some serious strategic miscalculations. All along, he was overconfident of his ability to shape Taiwan's political landscape to his will. He vigorously obstructed the possibility of Lien Chan reconciling with James Soong at the early stage of the campaign, under the erroneous assumption that he could easily dissuade native Taiwanese voters from supporting James Soong, a mainlander. In a similar vein, President Lee mistakenly believed that his personal popularity could carry over to his vice-president—that his own charisma would turn around Lien Chan's ill-fated campaign inches before the finishing line. It was clear that stopping Soong, rather than electing Lien, was his highest priority. This obsession perhaps prompted him to make some strategic miscalculations that cost his candidate and his party dearly.

A few key events shaped the contours and eventual outcome of the 2000 election. None was more important than the entry into the race by James Soong as an independent candidate. Reflecting back, many believe the race was really lost on July 16, 1999, when Soong declared his candidacy. Many supporters of Lien Chan, and other pragmatists within the KMT, had wanted to find a way to bring Lien and Soong together into a 'dream ticket.' But there was no getting past the absolute opposition of the KMT Chairman, President Lee Teng-hui. Exactly why President Lee became so alienated from his former political lieutenant and KMT secretary-general is not entirely clear, but at least three factors played a role. Soong was the first mainlander to build a truly national political following since Lee Teng-hui had 'Taiwanized' the KMT and the entire political system. During his four years as governor of Taiwan Province (1994-1998), Soong worked brilliantly to develop his own political power base, both in the cultivation of direct ties to grassroots communities and constituencies and in cementing patron-client bonds with local political bosses. By the mid-1990s, Lee had become an

imperious political leader who brooked no rivals, and Soong was emerging as a potentially significant political rival.

Second, Soong harbored views on cross-strait relations that Lee Teng-hui distrusted. Soong's opposition to President Lee's 1999 declaration of the 'special state-to-state relationship' between Taiwan and the mainland, his resistance to Lee's other adventurous acts and declarations, and his emphasis on renewing the political dialogue with Beijing were seen by President Lee as threatening to reverse his own historic course. In fact, Soong's views on dealing with mainland China were very much in the pragmatic center of Taiwan's political spectrum. The fact that Soong was so popular heightened the danger to all that Lee Teng-hui was seeking to accomplish.

Both of these first two factors were accentuated by policy and political differences that emerged between the president and the governor, following Lee Teng-hui's first direct election to the presidency in 1996. In particular, Lee Teng-hui took umbrage at Soong's refusal to go along the constitutional reform plan, formulated in late 1996 in collaboration between Lee Teng-hui's KMT and the DPP, to 'freeze' the provincial government, and saw it as confirmation of Soong's political ambition and untrustworthiness.

When Soong resolved to buck Lee's will and fight for the presidency directly, preventing Soong's victory became the aging president's most impassioned goal. It was for this reason that during the final weeks and months of the campaign, Lee Teng-hui spent most of his political capital and rhetorical fire attacking Soong rather than Chen Shui-bian. The president's unwillingness to denounce Chen in equally harsh terms fed countless rumors that President Lee actually gave up on his own candidate, Lien Chan, in the final weeks of the campaign. By the time leading business and societal figures who have been close to President Lee, such as Evergreen Chairman Chang Yung-fa, came out to endorse Chen Shui-bian, it was simply too late for Lee Teng-hui to put out the rumor that he was secretly practicing an 'abandon Lien to save Chen' strategy. Thus, he could not stop many of his traditional supporters

from defecting to Chen's camp, even though he explicitly appealed to them to back Lien in the campaign's closing days.

Last but not least, the perfectly timed public endorsement of Chen by Lee Yuan-tseh pushed Chen over the top. Being the first and only Taiwanese scholar to win a Nobel Prize (as a professor of chemistry then in the U.S.), and the most famous and respected academic figure in a society that reveres scholarly achievement, Lee Yuan-tseh was the most important moral voice outside of Taiwan's party politics. Lee Yuan-tseh's endorsement of Chen reinforced several strategic themes of Chen Shui-bian's campaign. First, in a very explicit and pointed way, it underscored Chen's determination to fight 'black gold' elements and clean up politics and government in Taiwan. Second, along with the endorsements of other major figures in business and government, it blunted the effort of both the Soong and Lien campaigns to paint Chen as a dangerous, radical, unreliable figure who would plunge Taiwan into needless conflict with the mainland and thereby wreck Taiwan's security and prosperity. Third (fanning the suspicions of a subterranean strategy by Lee Teng-hui), Lee Yuan-tseh's endorsement strengthened Chen Shui-bian's bid for the Lee Teng-hui voters.

### **Implications for Taiwan's Democratic Development**

From the perspective of democratic development, the power turnover at the turn of the century was long overdue. Among the third-wave democracies, Taiwan's democratic transition was often cited as an exceptional case where a quasi-Leninist party not only survived an authoritarian breakdown but also capitalized on the crisis to its advantage. From the late 1980s through the late 1990s, while the principle of popular accountability and open political contestation was being steadily legitimized and institutionalized, the KMT kept its political dominance largely intact through an impressive streak of electoral successes. The political legacy of persistent hegemony by a former

quasi-Leninist party has long complicated the quest for democratic consolidation.

We conceive of democratic consolidation as a broadly shared and unequivocal normative and behavioral commitment to the rules and practices of democracy at the levels of elites, organizations, and the mass public (see Linz and Stepan 1996; Diamond 1999). By this conception, Taiwan was, as it entered the campaign for the 2000 presidential election, and remains today some distance from that goal. As we demonstrate in this essay, the behavior of some key elites and political organizations still remains heavily instrumental, with a certain contempt for the rule of law and principles of transparency and fair play. As for the public, in a 1998 survey, only 54 percent said they think democracy is always preferable to dictatorship.<sup>2</sup> In consolidated democracies, generally 75 percent or more of the public embraces democracy over any alternative.

Despite all the political reforms achieved on his watch, toward the end of Lee Teng-hui's political tenure, Taiwan's new democracy still faced a series of daunting challenge as it slogged along toward consolidation. In the past, the KMT-initiated constitutional changes carried too many elements of unilateral imposition as well as short-term partisan calculation to give the new democratic institutions the kind of broad-based legitimacy that a constitution in a consolidated democracy should enjoy. Underlying this was sharp disagreement over both the nature and logic of the emerging constitutional order among the contending political forces. After four phases of constitutional revision between 1990 and 1997, the R.O.C. Constitution was towed away from a parliamentary system and shifted steadily closer to a semi-presidential system, akin to the French Fifth Republic. However, the emerging system is still different from the French system in some of its key elements of design. In particular, there are no built-in mechanisms to break a potential deadlock between the president and the assembly during a period of cohabitation. Thus, it was unclear how a non-KMT president could shape the cabinet and steer national policies

without a power-sharing arrangement with the KMT, which is bound to continue its control of the parliament until January 2002 and possibly well beyond.

The prospect of democratic consolidation in Taiwan was also clouded by quite a few issues that hung over from the process of democratic transition. The first issue is the political neutrality of the military and security apparatus. This privileged part of the state has long been a political instrument of the ruling party. High-ranking military posts were held disproportionately by mainlanders, who were invariably loyal KMT members. In addition, the security apparatus customarily conducted surveillance over the opposition and any individuals suspected of posing a threat to the KMT top leaders, without much consideration for due process. The military and security apparatus, in the name of presidential prerogative, continued to evade direct oversight by the members of the Legislative Yuan. Therefore, there was always some lingering doubt if the military and security apparatus, being a highly politicized organ of the state, would ever voluntarily pledge their allegiance to a democratically elected non-KMT government, especially one led by a party that had long advocated Taiwan independence.

Another problematic legacy of the undisrupted dominance of a hegemonic party is uneven development of the competitive party system. The inherited prevailing structural as well as institutional constraints had limited major opposition parties from developing into a viable alternative to the KMT at the national level. From the very beginning of open party competition in Taiwan (with the formation of the DPP in 1986), the opposition parties have not enjoyed a level playing field with the KMT. Well into the process of democratization during the 1990s, the KMT continued to benefit from its power of institution-making, privileged access to public-sector resources, enormous organizational and financial might (including a multi-billion dollar business and financial empire), and coveted ownership of major electronic media. The growth of party opposition in Taiwan was necessarily constrained by the fact that the hegemonic party had already filled up most of the organizational

space in society and locked in the support of key constituencies with both organizational and clientelist ties.

The KMT's prevailing practice of electoral mobilization has seriously contaminated the soil of national politics. It infested electoral politics with organized crime and money politics ('black and gold'). The epidemic problem of political corruption and the so-called 'Mafia politics' has eroded the legitimacy of Taiwan's new democracy, or at least obstructed the accumulation of democratic legitimacy. The legacy of intensive mobilization by a hegemonic party with quasi-Leninist roots was also responsible for a ubiquitous presence of partisan politics in all organized sectors of the society. This compressed the unconstrained sphere for public discourse, left too little space for an autonomous civil society, and made the creation of non-partisan mass media and a politically neutral civil service and military a daunting task. In a nutshell, Taiwan's new democracy has suffered from many lingering deficiencies and newly developed weaknesses. None of them were deemed tractable as long as the KMT remained in power.

Lastly, the issue of national identity remained the most unsettling factor for Taiwan's democratic consolidation because, like other types of ethnic conflict, it revolves around exclusive concepts of legitimacy and symbols of worth. Internally, the crisis evolved into a clash between two irreconcilable and emotional claims about Taiwan's statehood and the national identity of the people of Taiwan. During the 2000 presidential election, while the debate over the issue of independence vs. reunification seemingly receded as all major candidates avoided taking a clear-cut position on this sensitive issue, candidates' implicit national identity orientation remained a crucial coloring factor. Most notably, some supporters of Chen Shui-bian launched a negative campaign against James Soong, implicating him as Beijing's collaborator who might 'sell out' Taiwan. For its part, the KMT crudely predicted that Chen would plunge Taiwan into war with China if he were elected. Externally, much mirroring Taiwan's own internal conflict, there is a tug of war across the Taiwan Straits between two competing nation-

building processes. The PRC has attempted to impose its vision of nation building—i.e., the ‘one country, two systems’ model—on Taiwan and has vowed to use military means if necessary to stop the movement toward independence. As long as the PRC stands ready to intervene in Taiwan’s domestic political process and threatens to subvert any democratically elected government that allegedly promotes Taiwan independence, Taiwan’s new democracy will not be able to achieve the autonomy, legitimacy, and security that are necessary for consolidation.

Although it has not achieved consolidation by the conception we have articulated, Taiwan’s new democracy has nevertheless demonstrated remarkable resiliency. The transfer of power from a KMT to a non-KMT president has been peaceful in spite of fact that it has proceeded in the shadow of the PRC’s military threat and amid the aforementioned worry about the resistance of the military and security establishment to a DPP takeover. Beijing leaders were visibly shaken by the news of Chen Shui-bian’s victory but they chose to put Taiwan’s new leader on political probation rather than take any military actions. An even more reassuring gesture came from Taiwan’s mainlander-dominated military leadership. Two days after the election, General Tang Yao-min, the Chief of the General Staff, publicly pledged allegiance to the new president.

Chen Shui-bian did not overcome these immediate obstacles to a peaceful transfer of power without some implicit political compromises. Hours after he was declared the winner, Chen immediately extended his rhetorical olive branch to Beijing, expressing his willingness to negotiate with mainland China on the issues of direct links, direct commerce, investment, and military confidence-building measures. To dispel the apprehension that his presidency might further rupture cross-Strait relations, Chen pledged in his inaugural address his so-called ‘four no’s’: no declaring independence; no changing Taiwan’s formal name of the Republic of China; no enshrining ‘state-to-state’ in the Constitution; and no holding a referendum on formal independence. Notably, he also said he would not abolish neither the National

Reunification Council or the National Reunification Guidelines.

Chen took another bold move by appointing to the post of Premier Tang Fei, the KMT government's Defense Minister, a former Air Force Commander-in-Chief and the former Chief of the General Staff. Apparently Chen hoped that Tang would provide a 'stability card' to increase confidence in the new government among both the public and the lawmakers. More importantly, he hoped that the retired general's mainland and military background would bring the pro-reunification defense establishment under the control of the new government. Furthermore, he retained all the top officials of the military and security apparatus, in particular the heads of National Security Agency and the Investigation Bureau. While Chen was not pressured to make all these appointments, they nevertheless subtly underscore the need to pamper the military and security apparatus.

At any rate, a peaceful transfer of power from the KMT-controlled government to a DPP-led administration is no small democratic accomplishment in its own right. It established a series of new historical precedents and reinforced popular belief in the legitimacy of the new democratic institutions. The power turnover also ushered in a new era of democratic development and thrust open new possibilities for the deepening of democratic reform. Chen's victory also raised the popular expectation for advancing the reform agenda in three critical areas—cracking down on money and mafia politics, protecting human rights, and removing governmental control over the electronic media. However, before Chen Shui-bian is able to deliver on his campaign promises and pursue these reforms, he must first meet the challenge of governance, to which we now turn.

### **The Challenge of Democratic Governance**

From the perspective of democratic governance, the DPP has come to power probably before its time. With less than 40 percent of the

vote in what was essentially a three-man race, Chen Shui-bian did not achieve a convincing electoral victory. With only about a third of the seats in the Legislative Yuan, the DPP still lacks the necessary power base to steer the policy agenda at national level. It is even debatable if the DPP is the 'governing party' after Chen Shui-bian's inauguration on May 20, 2000. The DPP also suffers from an embarrassing shortage of experienced and qualified talent to fill all the policy-making posts and run the elaborate state bureaucracy. More fundamentally, the DPP has yet to complete the ideological transformation it must undergo if it is to represent the mainstream views of the society. In terms of its mentality, organizational capability and administrative experience, the DPP was not fully prepared to take over the governing responsibility (and even some senior figures within the party worried about this in advance of the election).

When Chen Shui-bian appointed Tang Fei as premier and refused the KMT's demand for party-to-party negotiations over a power-sharing scheme, he overestimated the powers bestowed on the president by the constitution as well as his capacity to forego the political imperative for 'cohabitation.' Chen rejected proposals for forming a coalition government with either the KMT or the People's First Party (PFP), a new party created by James Soong soon after the election. Instead, he established the so-called 'government of national unity' by drawing talent from different political backgrounds and negotiating with targeted cabinet members individually rather than on a party-to-party basis. For a while Chen Shui-bian thought that he could safely bypass brokering by political parties and run the government based on direct appeals to popular sentiment. After two months in office, he found himself trapped in an emerging economic and political crisis.

One basis for Chen's immediate difficulties was that the economy was not as sound as it seemed. The fiscal health of Taiwan's public sector has deteriorated rapidly after serial introduction of new entitlement programs over the last few years. The reconstruction after the devastating earthquake of 1999 has virtually dried up the government's

borrowing capacity under the Budget Law. Furthermore, Taiwan's banking sector has not fully recovered from the financial crisis that hit the East Asian region late in 1997. Taiwan's sagging real estate sector and sluggish stock market simply compounded the problem, as did the banking sector which is still saddled with a large sum of non-performing loans. Over the preceding two years, Vincent Siew's cabinet held off a much needed banking restructuring by instructing the banks to roll over these bad loans with new ones. The traditional manufacturing sector is still struggling with rising labor and land cost while the booming high-tech sector soaks up virtually all new investment capital. The KMT's electoral defeat also made a dent on the health of the banking sector because there was an implicit mechanism of co-insurance between the KMT and quite a few conglomerates, whose credit-worthiness was linked to their cozy relationship with the KMT leadership. Now the co-insurance schemes have faltered and the banks are saddled with loans that lack adequate collateral.

The syndrome of 'triple minority' surfaced sooner than anyone had expected. From the beginning, Chen's governing capacity was severely circumscribed by three facts: he was elected as a minority president; his party is a minority party in the parliament; and his faction, the Justice Alliance, remains a minority force within the DPP (that is now a somewhat less serious handicap, for the factional structure of the party has reorganized and congealed since the election). Also, the KMT has regrouped much more quickly than many political pundits had predicted. As soon as the KMT restored its organization coherence by electing Lien Chan to lead the party, the former ruling party started to flex its political muscle. As the majority party in the parliament, the KMT caucus was determined to see that most of Chen's political checks—i.e., the promises he made during his presidential campaign—bounced. Tang Fei's cabinet had its first bitter experience of losing control of the legislative agenda over the work week bill. President Chen Shui-bian made a campaign promise to shorten the work-week from 48 hours to 44 hours starting next year. The cabinet formally introduced a bill

to the legislature to put this promise into action. But the government bill was declared dead upon arrival and the KMT caucus decided to offer laborers a more generous deal. The caucus mobilized its members to shorten the maximum working time to 84 hours every two weeks. Repeatedly, the government's legislative proposals were turned down or held up by the Parliament. Tang Fei gradually lost favor with the president when it became clear that the political value-added that the premier brought to the new government was evaporating rapidly as his cabinet had simply lost the control of the steering wheel.

After only four months in office, Tang Fei was forced to resign when he failed to work out a compromise between the KMT-controlled Parliament and the president over the DPP's platform to scrap the ongoing construction of the fourth nuclear power plant. His departure set off a major political storm and seriously eroded the public's confidence in Chen Shui-bian's ability to govern. Finally, Chen Shui-bian stumbled into a political quagmire trying to outmaneuver the Parliament by pushing his new premier, Chang Chun-shiung, a veteran DPP parliamentarian, to announce the decision to suspend the construction without any warning signals and without Parliament's formal consent.<sup>3</sup> Chen's abrupt decision to suspend the nuclear power plan turned out to be a political disaster. The business community was stunned because it now seemed that Chen was not as pragmatic a politician as they had anticipated. The decision also inspired his two opponents, Lien Chan and James Soong, to mend their rivalry and form a united front, which now controls an even more formidable voting bloc in the Parliament. To retaliate against Chen's unilateral action, the two major opposition parties declared Chen's decision reckless and unconstitutional and vowed to take some draconian actions, including impeaching the president and/or introducing a motion to hold a recall election. The imminent political showdown further depressed business confidence and sent the stock market into a nosedive. From this point on, Chen's political fortunes spiraled rapidly downward. The ineptitude of the DPP government also had the bad fortune to accompany a downturn in the

U.S. market for Taiwan's high-tech goods. In about six months, Chen's approval rate has slipped dramatically from a high of 77 percent in mid-June to 35 percent at the end of the year,<sup>4</sup> while the stock market saw half of its value evaporate.

Political troubles at home hampered Chen's ability to steer cross-Strait relations onto a more stable course. In an effort to search for new thinking and foster domestic consensus on mainland policy, Chen asked Lee Yuan-tseh to head a blue-ribbon cross-party task force. However, both the KMT and the PFP boycotted the process, demanding instead the re-activation of the National Unification Council and a return to the 1992 cross-Strait consensus on the 'One China' principle. At the same time, Chen was under mounting pressure from the business community to reverse Lee Teng-hui's 'go slow, be patient' policy and to lift the ban on 'three direct links'—direct trade, shipping and air travel—with mainland China. The three links had been tightly held by Lee Teng-hui as Taiwan's last trump card in winning political concessions from Beijing at the negotiating table. Ironically, under a DPP government, the three links were increasingly promoted by many business executives and opposition leaders as the only rescue in sight to salvage the sinking economy.

Witnessing a tidal wave of new Taiwanese investment looking for new market opportunities after China's WTO entry, many DPP leaders have grudgingly accepted the view that the trend toward further economic integration with mainland China is inevitable, despite its complicated social and political ramifications. Watching President Chen being squeezed by political and economic forces toward accepting its own demanding terms for the resumption of political talks, Beijing now deems the political situation across the Strait much less threatening than it appeared right after the presidential election. Meanwhile, China continues to put military pressure on Taiwan through increased deployments, while wooing opposition politicians from the island with warm treatment and with new opportunities for Taiwanese businessmen. The March 18 presidential election gave Chen a plurality of less than

a forty percent, leaving Beijing to conclude that roughly sixty percent of Taiwan voters prefer a less confrontational stance toward the mainland. Based on that assumption, Beijing leaders are awaiting a realignment of political forces on Taiwan either before or after next December elections for the Legislative Yuan.

### **By Way of Conclusion**

While the threat of impeachment has eased for the time being, the ongoing standoff between the president and the parliament subject the credibility of Taiwan's constitution to a strenuous test, both in terms of its guiding authority and its institutional adequacy. The existing constitutional arrangements are clearly not adequately designed to cope with the scenario of divided government. Taiwan's semi-presidential system differs from the French system in some key respects. First, the French system requires the president to acquire a majority electoral mandate through the device of a run-off election, if no candidate wins a majority on the first ballot. Under the ROC Constitution, the president is elected by a first-ballot plurality, with no threshold of minimum electoral support. Second, the French system has built-in mechanisms to break a potential deadlock between the president and the assembly during a period of cohabitation. Under the revised ROC Constitution, however, the president cannot dissolve the assembly on his own initiative. Instead, the president can dissolve the assembly only when the Legislative Yuan unseats the cabinet with a vote of no confidence. Third, the French system empowers the cabinet to steer the legislative agenda. Under the ROC Constitution, government bills enjoy no priority. The legislature controls its own agenda. Neither the president nor the premier possesses the constitutional weapon of 'executive veto' to check legislative assertiveness. The cabinet can send back objectionable legislation and resolutions to the parliament for re-consideration. But the parliament has the final say if the same bill is passed again with

an absolute majority (i.e., half of the total seats plus one).

These arrangements are a sure recipe for political gridlock when the party that controls the majority in the parliament is different from the newly elected president's. Chen Shui-bian can appoint a premier at his will but his minority government has no control over the legislative agenda. The president cannot improve his position in the parliament through an early election as long as the KMT refuses to force a resolution through a vote of no confidence (because it fears that both the DPP and the PFP might gain seats at its expense in the next parliamentary election). There is no quick fix to these institutional deficiencies because it is very unlikely that any future constitutional amendment proposals can enlist the support of the required three-quarters majority in the parliament. Thus, putting a conclusive end to the constitutional conundrum and laying down a solid institutional foundation for Taiwan's new democracy may become ever more elusive goals.

The challenge of governance under these institutional arrangements has been so formidable that it substantially dilutes the significance of Taiwan's historic power turnover. It is ironic and unfortunate that the DPP government is now torn between two polar expectations. On the one hand, the turnover of presidential power seems to provide a historic opportunity to push through many long-awaited reforms, such as regulating party-owned businesses, suppressing vote-buying by overhauling the electoral system, reducing levels of government, augmenting local government's powers and functions, strengthening the integrity and independence of the judicial system, and creating an independent human rights commission. None of these reforms would be possible under continued KMT rule. Popular expectations for reform were indeed very high. On the other hand, the challenge of governing as a minority has consumed much of the new administration's energy and political capital, leaving Chen Shui-bian little breathing space for tackling issues of democratic reform. Now with a gloomy economic outlook, an imminent crisis in local banking institutions, a bleeding stock market, and a weakened NT dollar, Taiwan's electorate suddenly has the economic

bottom line to worry about.

Chen Shui-bian paid a high price for overestimating his capacity to evade the imperative of 'cohabitation'. By the time he became convinced that he could not rule without a working majority in the parliament, it was already too late to negotiate either a coalition government or a cross-party majority coalition in the legislature. At present, he has no choice but to wait out the current political turbulence and aim for either a substantial DPP gain in the December 2001 parliamentary election, or the formation of a new mainstream party through party realignment, or preferably some combination of the two. However, the prospect of any kind of DPP victory in the parliamentary election is very foggy at best. Most DPP leaders do not expect the party to gain a substantial number of seats in this year's election. Even under its best scenario, the DPP might become the largest party in the parliament but would still fall about thirty seats short of a majority, still leaving the KMT and the PFP together with a hefty majority. Chen's victory created a short-term bandwagon effect for the DPP, motivating more people, especially young people, to identify with the DPP. The level of partisan support, i.e., the proportion of self-identified DPP supporters, rose sharply from about 22 percent of the electorate at the beginning of Chen's campaign to 34 percent after he was inaugurated, making the DPP the most popular party on the island. However, that partisan support has come down the same way it went up. Since the inauguration, Chen's governance problems and sagging popularity brought the level of DPP support down to 25 percent by mid-December.<sup>5</sup>

Complicating the DPP's problems has been the unexpected resilience of the former ruling party. The KMT is down but hardly out. The party's organizational integrity was seriously damaged by the power struggle between Lee Teng-hui and James Soong first and then by Lien Chan's humiliating defeat. Quite some number of KMT legislators defected to James Soong's camp during and after the election (see Table 2). The KMT's level of partisan support has dropped more than half, from about 29 percent in the beginning of the campaign to as low as 10 percent

**Table 2 Distribution of Seats in Parliament**

	After Last Parliamentary Election (Dec. 1998)		After Presidential Inauguration (May 2000)	
	Seats	Ratio	Seats	Ratio
KMT	123	54.7%	115	52.0%
DPP	70	31.1%	67	30.3%
NP	11	4.9%	9	4.1%
PFP	--	--	17	7.7%
Others	21	9.3%	13	5.9%
Total	225		221	

after the election, making the KMT the least popular among the three major parties for the moment. Yet, there are still a few things working in its favor. The constitutional design almost guarantees the KMT control of the legislative agenda for another year as long as the party caucus sticks together. Also, the KMT still enjoys a vastly superior financial position. Its financial might enables the party leadership to retain many of its most talented former government officials, through the creation of a new party think tank, and to maintain its organizational links with many social groups through several new grant-making mechanisms.

James Soong's new political party still awaits its first real political test in the December 2001 parliamentary elections. In the first months of the Chen administration, the People's First Party has clearly benefited from both popular disenchantment with the discredited KMT and a growing disillusionment with the ineffectual DPP government. The PFP is clearly the number one rival to the DPP in terms of popular support, inching toward about 21 percent of partisan support among the electorate six months after its founding. However, the PFP's hopes of attracting

many KMT politicians into its fold turned out to be overoptimistic, leaving the party with only 17 seats (well under ten percent) in the Legislative Yuan. Currently, James Soong does not have the money to lubricate his nascent party apparatus and is left without a political stage to keep up his visibility. For some time to come, the PFP may have to content itself with the status of the second largest opposition party. The brightest prospect for the PFP lies in the forthcoming elections (also this December) for county and city magistrates, now the most powerful executive posts beneath the level of the central government.<sup>6</sup> In the 2000 election, James Soong reaped the largest numbers of votes in 15 counties and cities (out of 23). If Soong's popularity is transferable, the PFP will be in a better position to contest these crucial positions than the KMT, which suffered an electoral debacle at this level in 1997 (when its control of jurisdictions fell from 17 to 8, three of them on sparsely populated islands).

If the KMT's remaining electoral strength turns out to be at parity with the DPP after the next parliamentary election, it is highly unlikely that the KMT will be interested in forming a grand coalition with the DPP. On the other hand, after the departure of Lee Teng-hui's underlings from the KMT's power nucleus, closer cooperation between the KMT and PFP becomes probable. If the degree of ideological affinity is the only factor, the possibility of a future KMT-PFP alliance looks much more promising than DPP-PFP cooperation. It is very unlikely that James Soong will choose to form a coalition government with Chen Shui-bian unless he is offered the post of premier, which is seemingly out of the question from the DPP's perspective. Some of Chen's top advisors are entertaining the possibility of trying to split the KMT by joining forces with Lee Teng-hui's followers to create a new 'mainstream party'. It is, however, a very risky strategy, which would not only upset the DPP's own organizational integrity but also prompt Lien Chan to seek a closer alliance with James Soong.

Chen Shui-bian's governing status will thus face a new severe challenge in less than one year. Before President Chen can introduce

some lasting changes for the better, he has to make sure that his government can last after the next parliamentary election.

All of this raises serious questions about the prospect for consolidating Taiwan's democracy. Even in the face of a major economic crisis, Taiwan's democracy is no more likely to break down than did Korea's following the November 1997 financial crash. Yet survey data suggest that the economic crisis, combined with corruption scandals, did diminish public support for democracy and trust in its institutions in Korea. Unless decisive steps can be taken to clean up Taiwan's troubled financial sector, purge criminal elements from electoral politics, and strengthen the rule of law, popular and elite commitment to democratic norms and practices will not deepen and solidify in Taiwan. Yet democratic reformers confront a sharp dilemma. To enact these types of reforms, President Chen Shui-bian must forge a working majority in the Legislative Yuan. This will require some type of coalition government after the next election. Yet, unless the DPP gains a huge number of seats this December—enabling it to pull in more independent and reform-minded forces into a narrower, less formal coalition—effective governance will require cutting a power-sharing deal with a party that depends to some extent on 'black gold' politics. In short, the DPP will likely be forced to choose between its need for an inter-party coalition in order to govern effectively and its commitment to sweeping democratic reform. The sacrifice of either goal would retard the country's democratic progress.

### Notes

1 This article draws heavily from the two chapters that the two authors contribute separately to a forthcoming volume, tentatively titled *Taiwan Presidential Election and Democratization in Asia*, under the editorship of Muthiah Alagappa and to be published by M. E. Sharpe.

2 The survey was conducted by National Chengchi University. For further

details and analysis of this and other survey data, see Chu, Diamond and Shin (2000).

3 Accentuating the tactless political timing of the announcement was the fact that it was announced very shortly after President Chen held a high-profile meeting with Lien Chan and promised Lien that he would take into consideration Lien's strong opposition to any cancellation or postponement of construction on the power plant.

4 Based on the TVBS Polls.

5 Based on the TVBS Polls conducted on March 6, June 30 and December 20, 2000, respectively.

6 The two special municipalities of Taipei and Kaohsiung, however, are elected on a different four-year cycle.

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