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CHINA ANALYSIS

TAIWAN AFTER THE ELECTION

ABOUT

The Chinese have long been obsessed with strategic culture, power balances and geopolitical shifts. Academic institutions, think tanks, journals and web-based debate are growing in number and quality and give China's foreign policy breadth and depth.

China Analysis, which is published in both French and English, introduces European audiences to these debates inside China's expert and think-tank world and helps the European policy community understand how China's leadership thinks about domestic and foreign policy issues. While freedom of expression and information remain restricted in China's media, these published sources and debates provide an important way of understanding emerging trends within China.

Each issue of China Analysis focuses on a specific theme and draws mainly on Chinese mainland sources. However, it also monitors content in Chinese-language publications from Hong Kong and Taiwan, which occasionally include news and analysis that is not published in the mainland and reflects the diversity of Chinese thinking.

The French version of China Analysis can be accessed online at www.centreasia.eu.

Introduction
by François Godement

Taiwan is important as an unresolved issue. It is also the European Union's fifth-largest trade partner in Asia and a source of major investment abroad. For years, Europe has had a very simple two-sided declaratory policy – no use of force and no independence – that has been likened to a "one China" policy. Under that mantle, relations have expanded, including a visa-free policy of greeting Taiwanese tourists and businessmen. For these reasons, Europe's approach appears now stationary. During his first term in the past five years, President Ma Ying-jeou has greatly stabilised political cross-strait relations, helped by China's decision to be patient. Taiwan has collected the economic profits and also opened itself to visitors from the mainland for the first time since 1949.

Taiwan is also one of the world's most lively democracies, with a free press and endless debates and criticism of government. Ma Ying-jeou's re-election was by no means assured, as there were domestic sources of discontent, particularly with a lower growth rate and the impact of the numerous industrial relocations to the mainland. But his opponent, Tsai Ing-wen, struck a moderate note in the campaign – and did not gain from this. Never had mainland China been so accommodating during a Taiwanese presidential campaign. In fact, the PRC's television networks carried many debates with Taiwanese participants – giving mainlanders a glimpse of what Chinese political democracy could be. In the end, Taiwan's electorate chose not to reject a team and a policy

that were working to the island's advantage.

These developments lead one to expect continued stability and more interdependence between Taiwan and the mainland. Yet there are also counterveiling trends. First, the PRC's goal is not peaceful status quo but peaceful reunification. A winning Ma can no longer play on the argument that he is threatened at the polls by a pro-independence opposition – or at least not before 2015. The natural temptation for Beijing's strategy-minded leaders would be to collect on the peaceful interval they have provided.

Conversely, if a fully developed Chinese democracy can co-exist with the PRC and even see its debates relayed without a language barrier, it is unavoidable that some mainland Chinese voices will ask why the same democracy cannot be applied on the mainland. The situation is compounded by the electoral situation in Hong Kong. Not only do political opponents carry a majority for the elected part of Hong Kong's legislative Council, but it is possible that local pro-Beijing lobbies have fragmented somewhat.

The PRC therefore now faces the perils of peace rather than a clear-cut situation of conflict. And this is a domestic political issue, since China does not accept the internationalisation of the Taiwan question, not to mention Hong Kong of course. Europeans should no more push the envelope on democracy than the United States – as it is, the prevailing trend has been remarkable. Instead, Europe should increase mutual exchanges and flows with Taiwan. A free trade agreement, and – why not? – a mutual access to public markets would give an example to others in Asia, whether the PRC or Japan. It is evidently also in Taiwan's self-interest to deepen relations with the EU and its member states.

1. Reactions on the mainland to the Taiwanese election

by Jean-Pierre Cabestan

Sources:

Chen Ruoyan, "Different opinions in the Chinese Communist Party over future cross-strait relations", *Zhengming*, February 2012, pp. 15–16.[1]

"It's lucky that China has a Taiwan", *Kaifang*, No. 2, February 2012.[2]

Zhou Yongkun, "The 'presidential' election in Taiwan and political reform on the mainland", *Caijing Blog*, 16 January 2012, http://blog.caijing.com.cn/expert_article-151500-32017.shtml.[3]

Zheng Zhenqing, "Perspectives on the 2012 'presidential election' in Taiwan; between living standards and the question of identity", author's blog, *China Elections*, 14 January 2012, http//:chinaelections.org/NewsInfo.asp?NewsID=221297.[4]

Guan Ling, "The Taiwan elections must be considered scientifically", 14 January 2012, *Jingji guangcha wang*, *China Elections*, http://chinaelections.org/NewsInfo.asp?NewsID=221289.

Ding Liting, "Which Taiwan experiences should the mainland study?", author's blog, *China Elections*, 16 January 2012, http://www.chinaelections.org/NewsInfo.asp?NewsID=221364.

The most unexpected aspect of the recent elections in Taiwan was the interest they generated in China. Taiwan's democratic elections have never before been so closely followed on the other side of the strait. The huge upsurge in interest can be traced back to the rise of social media, particularly micro-blogging. China now has an estimated 250 million bloggers. And as attention focused on the Taiwanese democratic project, many Chinese used the events to raise questions about their own political system. The Hong Kong magazine *Zhengming* says Kuomintang (KMT) leader Ma Ying-jeou's re-election has given new impetus to the debate within the Chinese Communist Party (CCP) leadership about whether to accelerate the reform process and whether to take more definite steps towards reunification.

Looking for democracy

In its English version, the establishment newspaper *Global Times* recognises the depth of mainland Chinese interest in these elections. Nearly 3 million comments about the polls were posted on Sina Weibo, the major Chinese microblog service.[5] Writer Yang Jingjie says the Taiwan polls are a "laboratory of democracy". But he adds in the article comments in Chinese that the election represents a public endorsement of the "1992 consensus", the compromise reached in 1992 by Beijing and Taipei that says there is only one China but each side is free to interpret in its own way what "one China" means.[6]

In its Chinese issue, the *Global Times* raises the familiar spectre of the break-up of the country to brand bloggers' calls for similar elections on the mainland naïve[7]. In a bilingual editorial, the *Global Times* says mainland China had a large influence on the outcome of the Taiwan elections: "The DPP [Democratic People's Party], which denies the 1992 consensus, was not only defeated twice by Ma Ying-jeou, but also, to a large extent, by the power of the Chinese mainland. In one way, the election in Taiwan reflects the rise of China. If the economic development of the Chinese mainland had been in decline for the past eight years, the debates and the results in this year's Taiwan elections would have been quite different."[8]

What fascinated the Chinese bloggers about the elections was the reality of electoral choice.[9] Some users were a little vulgar, like this one from Shanghai: "With ballots, Taiwan officials have to bow to the voters; without ballots, the 'Fart People' have to kneel to them".[10] Others used grim humour: "Just now, a Taiwanese friend said to me at the end of our conversation, 'I am going to vote tomorrow morning and by the evening we will know who the President will be.' At the time, I couldn't think how to reply to him. Although we usually have no real barriers in communicating, I was deeply ashamed. I could only say, 'You in Taiwan, you are very backward. If we were having an election tomorrow, we

1 Chen Ruoyan is a journalist for the Hong Kong magazine, *Zhengming*.
2 Article by an anonymous *Kaifang* journalist.
3 Zhou Yongkun is a professor at Suzhou University, Jiangsu.
4 Zheng Zhenqing is an associate professor at the Faculty of Public Administration, Tsinghua University, Beijing.
5 Yang Jingjie, "Millions Follow Taiwan Polls", *Global Times*, 16 January 2012, http://www.globaltimes.cn/NEWS/tabid/99ID692291/Millions-follow-Taiwan-poll.aspx.
6 This idea was widely disseminated in the official media: see "Key elections for the people of Taiwan", *Renminwang*, 14 January 2012, http://tw.people.com.cn/GB/16878101.html; "Taiwanese public opinion: Ma Ying-jeou's victory reflects popular approval of the '1992 consensus' and the peaceful development of cross-strait relations", *Xinhuawang*, 15 January 2012, http://www..xinhuanet.com/tw/2012-01/15/c_111439624.htm.
7 See in particular the editorial of *Huanqiu shibao – Global Times* for 17 January 2012, "Da Zhongguo bushi mianfei wucan". Under this headline, which could be translated literally as "Great China is not a free breakfast", the article argues that if China is to be strong and united, the idea of introducing Western-style democracy as in Taiwan must be shelved. "Da Zhongguo bushi mianfei wucan", *Huanqiu shibao – Global Times*, 17 January 2012, http://opinion.huanqiu.com/roll/2012-01/2363549.html.
8 Editorial, *Global Times*, 16 January 2012, http://opinion.huanqiu.com/roll/2012-01/2359674.html.
9 Along with the articles cited at the beginning of this article, some of the blog entries mentioned have been selected and translated into English on the websites *China Digital Times* and *China Media Project*.
10 "Taiwan Election on Sina Weibo (Update)", 13 January 2012, http://chinadigitaltimes.net/2012/01taiwans-election-on-sina-weibo. This comment bears a certain resemblance to the saying reported in James C. Scott's *Domination and the Arts of Resistance*, "When the great lord passes, the wise peasant bows deeply and silently farts".

would already know today who would be elected[11]'".

Interestingly, the February 2012 issue of *Kaifang* carried a very similar joke: "the outcome of elections in China is known several years in advance!" But the journal, edited by Jin Zhong and published in Hong Kong, says the joke was made by the economist Han Zhiguo at a meeting in Beijing on 18 October 2011, which was attended by the relatives of leading officials, including Hu Deping, the son of Hu Yaobang, Luo Diandian, the daughter of Luo Ruiqing, and Xi Qianping, the daughter of Xi Zhongxun (and Xi Jinping's elder sister).[12] Han Zhiguo, whose blog has 3.89 million followers, wrote: "It's lucky that China has a Taiwan (幸亏中国有一个台湾 *Xingkui Zhongguo you ge Taiwan*) to show everyone that China too has elections!"[13].

Other public figures reacted to the elections, such as famous writer and critic Hao Qun, who writes under the pseudonym Murong Xuecun. He wrote on his microblog: "Whether Ma or Song wins the presidential race in Taiwan, the winner is ultimately Taiwan. This is a victory for the system [that is, Taiwan's political system][14]". The writer mentions Song Chu-yu, a very minor conservative candidate, and not Tsai Ing-wen, Ma Ying-jeou's real rival: is this ignorance or prudence?

The well-known blogger, Yao Bao, who writes under the name, Wuyuesanren, also talks about the importance of the electoral process rather than reunification: "The centre of attention in the Taiwan elections has begun to shift from cross-strait relations and Taiwanese independence to the electoral process itself. This reflects a greater awareness of the importance of elections and political rights among those of us who are watching from the sidelines [...] Maybe the real issue is whether both sides of the straits could imagine holding elections like this. If they could, reunification would not be at all controversial[15]".

Many Chinese think the Taiwan elections are re-opening the question of political reform. Some people talked about the history of the KMT. It has successfully transitioned from dictatorship to democracy and has eventually returned to power through free elections. "The Kuomintang shows us that a political party can reform itself, and that even if it leaves office there is still a chance [for it to return]. But once a party has been overthrown by the people, it's finished[16]".

11 Comment from Darkilljou, "Taiwan Election on Sina Weibo (Update)", 13 January 2012, http://chinadigitaltimes.net/2012/01taiwans-election-on-sina-weibo.

12 Qianping is the given name of Xi An'an, Xi Zhongxun's second daughter.

13 "It's lucky that China has a Taiwan" is also the title of the *Kaifang* article cited in the Sources above.

14 Hao Qun is known for his novel *Chengdu, jinye qing jiang wo yiwang*, published in English as *Leave me alone, a Novel of Chengdu*, (Allen & Unwin, 2009). Quoted by Ying Chan, "Elections in Taiwan set the bar for China", *China Media Project*, 17 January 2012, http://cmp.hku.hk/2012/01/17/18035.

15 *ibid.*

16 *ibid.*

Ding Liting, another blogger writing on the *China Elections* website, mentions both the precedent (先例, *xianli*) and the high stakes of these elections for China: "As reform on the mainland is entering a critical phase (a question of life or death – 生死有关的时刻, *shengsi youguan de shike*) for the Communist Party, we must remember the following truth: the only basis for power is the genuine and sincere support of the masses! Losing power can also be an opportunity to gain strength by being tested (卧薪尝胆, *wo xin chang dan*), to improve and to reform – in short, to earn a second chance! If the system continues to rely on violence and force, in the current environment of the industrialised market economy, sooner or later, its corruption and illegitimacy will cause it to be overthrown by the popular masses!"

More soberly, and more cautiously, the blogs from the reformist media welcome the maturity (承受, *chengshou*) of the Taiwanese electorate and politicians. The constitutional expert Zhou Yongkun, a professor at Suzhou University, wrote in his column for *Caijing*: "The winner did not try to humiliate the loser and the loser accepted defeat gracefully [...These elections] are an encouragement to political reform on the mainland. They show us that in every modern society, whatever the issues, democracy must be taken seriously. I believe that those who promote the idea that 'democracy is not a good thing' cannot find 'a lesser evil to democracy' (比民主更不坏, *bi minzhu geng bu huai*)".

The centre of attention in the Taiwan elections has begun to shift from cross-strait relations and Taiwanese independence to the electoral process itself.

While praising democracy, this commentary also draws support from a reference to the official intellectual reformist, Yu Keping, and his careful treatise, *Democracy is a good thing* (民主是一个好东西, *minzhu shi yi ge hao dongxi*)[17]. But Zhou also makes an argument for liberal democracy that contradicts culturalist arguments against it: "Are there or are there not general principles of modern constitutional democracy? Can constitutional principles that have their origins in Christianity be accepted in countries with non-Christian cultures? [...] does the fact that democracy has its roots in the specific cultural soil of Christianity mean that it 'makes no sense' for people living in non-Christian cultures? The answer is no."

Is there a Republic of China?

The Taiwan elections have given rise to another line of thinking about the conflict between Beijing and Taipei and the sovereignty of the Republic of China on Taiwan. Ma's re-election seems to justify Hu Jintao's strategy of patience. But Chen Ruoyan writes in *Zhengming* that the election has

17 Yu Keping, *Democracy is a Good Thing*, (Brookings, 2009). Yu Keping is the associate director of the office of documentation and translation of the CCP Central Committee.

re-ignited debate among some of the party leadership on the best way to proceed. They feel that the 1992 consensus could lead to a de facto recognition of the existence of the People's Republic of China (PRC) on the mainland and the Republic of China (RoC) on Taiwan. For some of the CCP leadership, this is a depressing situation (沮丧, *jusang*), because it removes any real prospect of unification.

These concerns suggest the possibility of a shift in mainland thinking on the Republic of China. A comment from Guan Ling on the website of the magazine *Jingji Guancha* ridicules the idea of denying the existence of the Republic of China: "According to the official history of the People's Republic of China, the Republic of China disappeared in 1949 and was replaced by the PRC. Since then, the island of Taiwan has only had the perverted remnants (余孽, *yunie*) of the KMT reactionaries. But the Democratic Progressive Party was formed in the early 1980s [in actual fact, it was formed in 1986], thanks to the policy of opening instituted by the then President of the Republic of China, Chiang Ching-kuo, as well as to his legal and constitutional reforms. Therefore, if you follow the logic of the mainland, the DPP does not exist. All of the DPP's policies, whether on the independence of Taiwan or on rejecting the nuclear option, are the products of a country that has already disappeared (灭绝, *miejue*)."

Other internet commenters agree, taking a realist approach to current developments in Taiwan. In a very detailed analysis of the Taiwan elections, Zheng Zhenqing, an associate professor in the Faculty of Public Administration at Tsinghua University, talks about Taiwanese identity on his blog: "National identity is no longer expressed through a conflict between supporters of unification and supporters of independence; it is instead expressed more subtly in the debate over the 'Taiwanisation of the Republic of China', which is linked to and interrelates with social policies (民生, *minsheng*). The recent elections reveal a real rationalisation of policies, and they were on the surface less tense and confrontational than those of 2000, 2004, and 2008. But the complexity of public policy and identity politics has not diminished."

Zheng's last point shows that it is not just the existence but the sovereignty of the RoC that is in question – a serious issue for all Taiwanese people, whatever their partisan affiliations. Although still a delicate subject in the PRC, the question of sovereignty was tackled by Zheng Yongnian, director of the East Asian Institute at the National University of Singapore, in a widely read article in Taiwan's leading Chinese language newspaper, *Lianzhe Zaobao* (*United Morning News*). After highlighting the fact that the new situation will force the DPP to moderate its stance on China, Zheng argues that "sovereignty" is distinct from the "right to govern": "China is not claiming the right to govern Taiwan (治权, *zhiquan*) but only sovereignty (主权, *zhuquan*) over it. The concept of sovereignty is changing constantly and rapidly, because economic and social interactions across the strait cannot be shut down, and China is also developing a diplomatic culture of respecting differences while seeking harmony (和而不同, *he er bu tong*) [...] all this should promote the development of a model for mutual relations on both sides of the strait"[18].

Like Chen Ruoyan in *Zhengming*, Zheng Yongnian thinks some Chinese leaders would like to accelerate the process of reunification. With some justification, some believe that Ma Ying-jeou's opposition to reunification within current political structures (one of his three "nos") shows him to be the main supporter of the "peaceful independence" of Taiwan. However, what Zheng calls "the fever of over-hasty reunification" (急统症, *jitongzheng*) is unlikely, he thinks, to catch on with the majority of the Chinese government. The negative effects it would bring about would be quickly felt in terms of national identity and of encouraging a revival of Taiwanese nationalism.

The human dimension of the elections caught the imagination of the Chinese public. As *Kaifang* and many social media writers said, Tsai Ing-wen, even with her separatist views, charmed more than one Chinese blogger with her style, her frankness, and her struggle for gender equality – a sharp contrast with the male-dominated CCP. The huge interest in these elections on mainland China was down to the existence of free choice in Taiwan, the candidates' personality and dignity, and the impossibility of not comparing the Taiwanese example to the situation in China. Will this encourage a return to debate on reform in China – or will it instead push the CCP leadership to demand more from Ma Ying-jeou?

18 Zheng Yongnian, "Taiwanese democracy and the future of cross-strait relations", *Lianhe Zaobao*, 31 January 2012, http://www.zaobao.com/special/forum/pages8_zp12013a.shtml.

2. Ma Ying-jeou's mainland strategy in a changing strategic environment

by Mathieu Duchâtel

Sources:

Su Chi, "A new window of strategic opportunity for Taiwan", *Lianhebao – United Daily News*, 1 March 2012[19].

Alexander Huang Chieh-cheng, "Stability in the Taiwan Strait depends on our relationship with the United States; a loss of Washington's support would increase the risk of war", *Lianhebao – United Daily News*, 9 March 2012[20].

Tsai Yi-hsu,"Ma Ying-jeou's mainland policy after his re-election", *Lianhe Zaobao – United Morning News*, 21 January 2012[21].

How long can President Ma Ying-jeou go on expanding relations with Beijing without beginning negotiations on Taiwan's status and the nature of its relationship with China?

Su Chi, former national security advisor to Ma Ying-jeou, believes that 2012 has seen the opening of "a window of strategic opportunity for Taiwan". But this window will only last a year. Ma Ying-jeou's election in March 2008 gave Taipei an earlier chance at gaining strategic advantage. His high popularity ratings in Taiwan coincided with a moment of favourable international opinion towards the island. Washington in particular was relieved that a period of heightened tensions under Chen Shui-bian had come to an end. Su Chi thinks Taipei made good use of that opportunity. Ma's government improved the security situation in the Taiwan Strait, strengthened national cohesion, and restarted economic growth.

Su attributes 2012's moment of opportunity to a combination of domestic and international factors. In recent years, Taiwan's political parties have been campaigning for election every year. The constant electioneering has necessarily affected policy and the pace of introducing new initiatives. But now, for the first time since the beginning of the democratisation of Taiwan in the late 1980s, there will be a significant time period before the parties have to begin campaigning again – there will be no elections before 2016. Su also believes that the Taiwanese people's relationship with democratic rule has matured. The benefits of democratisation have become more apparent: the people are protected by the rule of law, basic rights are guaranteed, and the island is less affected by corruption. But even so, the state is still figuring out how best to make use of its powers. In a competitive global environment, Taiwan is falling behind because of its ageing population, the loss of talent to other countries, insufficient growth in domestic demand, and the island's inability to attract international investors. The Taiwanese people are acutely aware of the challenges facing the island's democratic system.

On the geopolitical front, Su says that for the last 20 years the Strait of Taiwan has been the site of a historically unprecedented situation in which "one tail wags two dogs" (一條尾巴搖兩條狗, *yitao weiba yao liang tiao gou*). Taipei has managed to play the United States and China off each other and has maintained the strategic initiative throughout, forcing the two major powers to adapt. Lee Teng-hui took a large number of initiatives to hold onto Taiwan's strategic edge. He set up the "officially unofficial" political dialogue with Beijing in the early 1990s at the same time as overseeing a massive expansion of purchases of American and French armaments. In 1995, his visit to Cornell University precipitated the missile crisis in the Strait. And his 1999 characterisation of cross-strait relations as "special state to state relations" (兩國論, *liangguolun*) put him firmly in the pro-independence camp and upended the political balance in Taiwan.

Chen Shui-bian had his own new policies on strategy. He put forward a theory of "a State on either side of the strait". He started a search for new diplomatic allies, although it was thwarted by China's greater influence – during his term in office, Senegal, Chad, and Costa Rica broke off diplomatic relations with Taipei and recognised Beijing. He held a referendum to try to ratify a new constitution and presided over a large increase in the number of referendums in general. The main outcome of Chen's initiatives was to align Taiwanese policies more closely with those of the United States and China, and to neutralise the pro-independence movement in Taiwan.

Since 2008, Ma Ying-jeou's mainland policy has been to seek stability in the Strait and economic advantages for Taiwan, based on his principles of "the 1992 consensus" and the triple "no" – that is, "'no' to unification, 'no' to independence, and 'no' to the use of force" (不統不獨不武, *butong budu buwu*). He has continued the diplomatic modus vivendi with China, based on a tacit agreement between Beijing and Taipei that Taiwan stop seeking new diplomatic allies. The agreement allows Taipei to maintain diplomatic ties with the 24 countries that still recognise the Republic of China. He has tried to "deal with simple issues before complex ones, and economic ones before political ones" (先經後政、先易後難, *xianjing houzheng, xianyi hounan*). With the exception of the 1992 consensus, Beijing does not openly subscribe to any of Ma's principles, but it gives them its implicit support.

19 Su Chi was the General Secretary of the Republic of China's National Security Council from 2008 to 2010. He previously served under Lee Teng-hui as Chairman of the Committee on Mainland Affairs, an office with ministry rank in charge of Chinese affairs and cross-strait relations.

20 Alexander Huang Chieh-cheng is a professor in the department of Strategic Studies at Tamkang University, Taiwan.

21 Tsai Yi-hsu is a professor of Political Science at the Taiwan University of Chinese Culture.

Su helped define Ma's mainland policy, so he defends its results as quantifiable and concrete. He says Taipei has obtained three successive arms sales from the United States, as well as an increased international presence. It has gained observer status at the World Health Organisation, and the number of countries allowing visa-free travel from Taiwan has risen from 53 in 2008 to 125 in February 2012, including, since 2010, the European Union, which Ma Ying-jeou claims as a major diplomatic success. In 2012, Taiwan hopes to agree a visa exemption with the United States. China is not opposed to this policy. But Ma's policies may not be solely responsible for the expansion of visa-free travel. The UK and Japan exempted Taiwanese tourists from visa requirements before his election.

But there is no guarantee that Taiwan will be able to keep up its current strategic success. Su wonders whether the small state, which does not have international recognition, will be able to keep its ascendancy over major powers in Ma's second four-year term. The region's equilibrium is dependent on the relationship between China and the US, and that relationship is changing. The US has begun to shift its focus towards Asia. Both China and the United States are facing changes at the top, with the upcoming presidential elections in the US and the leadership transition in China after the 18th Party Congress. Su thinks that it is unnatural and illogical for a geostrategic situation to rest on an "imbalance" (取予失衡, *quyu shisheng*). But the consequences of any rebalancing that shifts the centre of initiative from Taipei to Beijing could disrupt cross-strait relations and the triangular security arrangement with the US. Su concludes that Taipei has only one year to reposition itself strategically to keep its footing in a region where things are moving fast.

Taipei has only one year to reposition itself strategically to keep its footing in a region where things are moving fast.

Alexander Huang thinks the next four years will see a slowdown in the progress of cross-strait relations. After four years of negotiations and the signing of 16 agreements, cross-strait relations are stable. Taipei and Beijing have stored up valuable experience in bi-lateral negotiations. But Ma's logic of settling the easy questions first means that at some point, things have to get more difficult. The number of easy issues is growing smaller and smaller. Bilateral negotiations have already entered a more challenging phase, and the issues on the table are becoming more complex and sensitive. Alexander Huang says that this means new agreements will be less frequent.

Huang thinks the relationship between China and the US is set to improve. He believes that Washington holds the key to the strategic balance in the Taiwan Strait. The American presence in Asia is changing, which will mean changes for Taiwan's strategic position. The US is withdrawing from Iraq and refocusing its strategy onto the Pacific area, at the same time as US-China competition is heating up. This is affecting policy in East Asia. From Taipei's point of view, the American pivot towards Asia is not necessarily a good thing. US-Taiwan relations are dominated by trade issues and by the debate in Washington over the relevance of maintaining a mutual security understanding with Taiwan. Washington thinks Ma Ying-jeou's mainland policy is sensible and favourable to American interests. But even so, a growing number of voices are calling for the "sacrifice of Taiwan" (放棄台灣的辯論, *fangqi Taiwan de bianlun*) or, at least, for a halt to arms transfers. So, Taiwan needs to reconsider its policy towards the US. It must strengthen its security partnership with the US in order to guarantee the island's long-term security. Alexander Huang thinks that, at a time when all eyes are on China, the Taiwanese public needs to refocus on the centrality of the relationship with the US for the island's safety and survival.

Tsai Yi-hsu asks whether, now that he no longer has to face a re-election campaign, Ma will spend his new term trying to build his legacy in world history. There is considerable concern in Taiwan about Ma's mainland strategy. Some worry that his rapprochement with China might even lead him to sacrifice Taiwan's sovereignty, making the island a "puppet democracy" (烏龍民主, *wulong minzhu*). Others think Beijing will put pressure on Ma to force him to agree to negotiations on sovereignty. But on the other hand, some analysts think China will step up the economic and political favours it has been granting Ma and maybe even organise a summit between him and Hu Jintao. Tsai Yi-hsu thinks Beijing's policy towards Taipei will be based on the idea that "eradicating seedlings to grow better plants is a bad choice" (揠苗助長只會壞事, *yamiao zhuzhang zhi hui huaishi*). Forcing through an agreement would be counter-productive, because the pressures would break the fragile consensus in Taiwan backing Ma Ying-jeou's mainland policy.

Ma Ying-jeou's current priority is domestic policy. He needs to enact an ambitious economic policy to address the implications of the European financial crisis for Taiwan's exports and for Taiwanese investors' foreign holdings. After the legislative elections of January 2012, the Democratic Progressive Party (DPP) holds 40 seats out of 113, up from 27 after the last elections. The pro-independence Taiwan Solidarity Union has three seats, as does the People's First Party, which is close to the Kuomintang (KMT) on policy but trying to distinguish itself from the governing party to give itself more credence as a political organisation. So the DPP cannot block KMT policy. But it still carries greater weight in opposition than it did in the previous legislative assembly.

The new Chinese leadership will affect Beijing's political timetable for Taiwan: no new initiatives can be expected from Beijing before the Party Congress. It is unlikely that there will be any new developments either in the run-up to the plenary session of the National People's Assembly in March 2013, when the new government and the President

of the Republic will be confirmed. After that, Xi Jinping, Li Keqiang, the new Politburo Standing Committee and the new Taiwan policy team will probably take some time to modify the "work on Taiwan " (對台工作, *duitai gongzuo*). In 2015, the campaign for Ma's successor as KMT candidate for the presidential elections will begin. Ma Ying-jeou will have to lay the groundwork for the KMT candidate in the election, most likely either Wu Tun-yi, the current prime minister, or Chu Li-lun, the mayor of New Taipei. The need to campaign effectively will probably limit the actions Ma can take on mainland policy.

This means the "window of opportunity" for cross-strait relations will open between the summer of 2013 and the start of 2015. A peace agreement defining the status of Taiwan and the nature of cross-strait relations is unlikely to come out of it. As has been clear since Ma Ying-jeou's presidential campaign of 2007–2008, priority will be given to confidence-building measures at the military level, and probably to seeking an agreement between the KMT and the Chinese Communist Party "ending mutual hostility" (結束敵對狀態, *jieshu didui zhuangtai*). In the meantime, Taipei and Beijing will continue patiently and gradually building relations on an institutional basis. The keyword for 2012 and the first quarter of 2013 will be "deepening" the relationship before political negotiations come back onto the agenda on both sides of the strait.

3. A crisis of conscience in the Democratic Progressive Party

by Hubert Kilian

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Wang Jian-zhuang, "The only road for the DPP to follow", *Zhongguo Shipao – China Times*, 9 February 2012[22].

Shi Cheng-feng, "The report that has not established Tsai Ing-wen's responsibility for the electoral defeat", *Lianhebao – United Daily News*, 16 February 2012[23].

Lee Chang-mo, "The four reasons for Tsai Ing-wen's defeat", *Xin Xinwen – The Journalist*, No. 1300, 1 February 2012.

Lin Ying-qiu, "The growing antagonism between Wu Nai-jen and Chiou I-ren", *Xin Xinwen – The Journalist*, No. 1300, 1 February 2012.

Lee Cheng-hung, "The problem is not with the floating voters but the DPP's inability to reformulate a mainland policy", *Ziyou Shibao – Liberty Times*, 13 February 2012.

In the middle of the campaign, opinion polls seemed to show that Tsai Ing-wen and Su Chia-chyuan would lead the Democratic Progressive Party (DPP) to victory in the presidential election[24]. But on 14 January 2012, the Kuomintang (KMT) incumbent, Ma Ying-jeou, was re-elected. The DPP's electoral strategy was partly to blame for its candidates' failure. Its platform focused mainly on social problems. It rejected Ma's economic policy on the grounds of injustice, because, it said, his policy increased social inequality. Tsai's campaign did not want national identity or cross-strait relations to be the fundamental issues of the election. But this attempt to change the focus of Taiwanese politics did not come with any serious overhaul of the party's platform on cross-strait relations[25]. As a result, Tsai's defeat was followed by a crisis of conscience for a political organisation that is now facing an urgent need for renewal.

The articles review the mistakes made in the DPP's electoral strategy and identify the main thrust of the internal debate that is going on in the DPP as it tries to regroup after its defeat. Lin Ying-qiu says in *Xin Xinwen* that there are currently two strands in the party's thinking: "The first

22 Wang Jian-zhuang is the former chairman of the China Times group and director of *Xin Xinwen*.

23 Shi Cheng-feng is chairman of the Faculty of Indigenous Studies and Social Work at the National Donghwa University in Hualien.

24 "Tsai in the lead, brain trust poll says", *Taipei Times*, 3 November 2011.

25 The Resolution on the Future of Taiwan (台灣前途決議文, *taiwan qiantu jueyi wen*) was passed in May 1999 at the 8th National Congress of the DPP and was strongly opposed by Beijing. This resolution was still being cited as the basis of the party's mainland policy in interviews in December 2011 with Hsiao Bi-khim, campaign spokesperson and director of the DPP's foreign policy. This resolution requires a referendum to endorse any change in the *status quo* and claims that Taiwan is an independent and sovereign state.

strand involves thinking of ways to escape from the stranglehold of the difference in electoral strength between the KMT and the DPP using new strategies (路線檢討, *luxian taolun*), and the second consists in reflecting on the mistakes made during the electoral campaign 選舉技術檢討, *xuanju jishu taolun*)". On the DPP's mistakes, the analyses all agree on one main point: centrist voters did not support Tsai Ing-wen. On shoring up electoral strength, the writers say the DPP is facing a dilemma on how it can change its mainland policy without losing its base. Two months after the defeat, few internal party analyses have been published in the press on a debate crucial for the DPP's future. So to outline the political direction the DPP is likely to take now, commentators examine the mistakes made during the campaign.

Yang Wei-ren says two factors were decisive in the failure of the DPP. The first was the party's inability to attract centrist voters to a revised mainland political programme. He says that "after her defeat, Tsai Ing-wen immediately recognised the need for further reflection in the DPP on the cross-strait issue, acknowledging that under her chairmanship, not enough had been done in that direction." Yang thinks that to return to power, the party is going to have to come up with a new position that takes account of China's economic attraction. The second factor was the party's failure to convince the business community to support it rather than the KMT. He says "the DPP must inspire sufficient confidence in the general public and the business world, as well as in Beijing. To do that, it will have to change the DPP's political stance on the issue of relations with China."

Lee Chang-mo believes that the centrist voters, whose support Tsai Ing-wen failed to win, decided the result of the election. He cites Hsu Hsin-liang, a former chairman of the DPP, who said during the campaign that "this election will come down to the 3% of floating voters"[26]. Tsai Ing-wen won 6,090,000 votes (45.63%) against 689,113,000 for Ma Ying-jeou (51.6%), a difference of 790,756 votes. Lee says "these figures are very significant, and now serve as a basis for discussion and analysis on reform within the DPP." Lee looks at the results of the presidential elections of 2004 and 2008 along with figures for voter participation to estimate the level of support for the DPP at 45%. In this analysis, Tsai Ing-wen is not completely responsible for the defeat, since she carried her entire support base. He says floating voters, that is, those who voted on strictly economic grounds (經濟選民, *jingji xuanmin*), represented 10% of votes cast, of which 2.8% went to the independent candidate, Soong Chu-yu, 4% to Tsai Ing-wen, and 3% to Ma Ying-jeou. These economic voters decided the outcome of the election. Neither the DPP's social policies nor Tsai Ing-wen's ten-year programme (十年政綱, *shi nian zhenggang*) were enough to attract the 800,000 votes she needed from the centre ground. Lee points to the major flaw in this programme: it was designed to attract the popular masses at the expense of the middle classes where these floating voters were concentrated.

Shih Cheng-feng, a Taiwanese expert on national identity, believes that the report put out by the central committee of the DPP in February 2012 was an attempt to defend Tsai Ing-wen[27]. Shih says it gives as reasons for the defeat the KMT's in-built electoral advantage, the gap between voters' stated intentions and their actual vote, and the party's strategic mistakes, including its inability to generate a sense of crisis among its supporters (沒有危機處理, *mei you weiji chuli*) that could convince them to return to their home provinces to vote. He says the DPP could not have won the presidential race. The three key elements in any election, Shih says, are party identification, candidate image, and political programme. The DPP faced difficulties in each area and made several missteps. Tsai Ing-wen mistrusted the militancy in her own organisation. The party had difficulty mobilising support because of its campaigning style. And the DPP has still not recovered from its eight years in government. Shih says the party had to rely on divisions in the KMT camp, while the KMT worked hard to block the DPP's access to the centre of the political spectrum.

The DPP is facing a dilemma on how it can change its mainland policy without losing its base.

Lin Ying-qiu in *Xin Xinwen* links the party's strategic errors to the rivalry between Wu Nai-jen and Chiou I-ren, the two leading officials in charge of campaign strategy[28]. Lin Ying-qiu says one of Wu Nai-jen's most serious mistakes was to think that the independent candidate, Soong Chu-yu, would drop out of the race before the election under pressure from the ultra-conservatives in the KMT and Beijing. Chiou I-ren, knowing Soong's obstinacy, thought he would stay in for the long haul. This disagreement at the top caused confusion in the DPP's election strategy, preventing it from capitalising on the division in the KMT. Lin agrees that the DPP underestimated the importance of appealing to the centrist floating voters, due to an overly superficial

26 "DPP hopefuls refine platforms", *Taipei Times*, 10 April 2011. Hsu Hsin-liang was chairman of the DPP from 1991 to 1993 and from 1996 to 1998, and had also been a member of the New Party in favour of a form of re-unification. He rejoined the DPP in 2008 and supported Hsieh Chang-ting in the Presidential campaign of 2008. He stood in the DPP primaries to gain the party's support and became an advocate of complete economic opening to China.

27 "DPP members criticise election review", *Taipei Times*, 17 February 2012.

28 Wu Nai-jen was general secretary of the DPP before becoming the director of a publicly owned company, Taisugar. While head of that company, he was involved in a corruption scandal, and in March 2012 was sentenced to a prison term for his part in the affair. He is appealing the sentence. He managed Hsieh Chang-ting's campaign in 2008, and was one of the three leaders of the New Wave faction, whose dialogue with Beijing going back as far as 1997 was revealed by Wikileaks. Chiou I-ren was the general secretary of the National Security Council during Chen Shui-bian's two terms in office, from 2000 to 2008, as well as general secretary to the Republic's Presidential Office. He served as vice-premier from 2007 to 2008. He was also one of the co-leaders of the New Wave faction. He was also condemned for corruption scandals during the presidency of Chen Shui-bian.

analysis of the strengths and needs of the island's society. Lin says that Hsu Hsin-liang, in a programme devised 20 years ago, raised the DPP's electoral backing from 25% to 39% by coming up with solutions for the economic concerns of voters from the centre. But no comparable effort was made in this cycle.

Lin finds a structural explanation for the DPP's failure to attract centrist voters within the party's decision-making process. He says the old New Wave faction (新潮流系, *xinchao liuxi*), whose members had a solid understanding of cross-strait relations and the economics involved, wanted to highlight economic and cross-strait issues. But the KMT moved more quickly and astutely to promote the 1992 consensus from early on in the campaign[29]. This won the KMT the support of the major employers and neutered the DPP's best politicians' attacks on the issue. In this, Lin agrees with Shih Cheng-feng, who says, "The weakness shown by the failure to mobilise support was exacerbated by the fact that the DPP had no clear programme". He points to the lack of substance in the "Taiwan consensus" (台灣共識, *taiwan gongshi*) proposed by Tsai Ing-wen[30]. Lin Ying-qiu says Tsai's proposal for a national unity government at the end of the campaign was another mistake and caused friction between Wu Nai-ren and Chiou I-ren.

In the *Liberty Times*, an independent daily, Lee Cheng-hung highlights the political dilemma confronting the DPP in its desire for reform, because persuading the party to give up its traditional demand for sovereignty will only erode its base and add to its marginalisation, putting it further behind the KMT. The writer fiercely criticises what he considers a naive ideology of peace on the basis of a free trade agreement (自由貿易市場機制獲利, *ziyou maoyi shichang jizhi huoli*), which plays down military risk, and, he explains, ignores the "asymmetrical balance of forces" that works against Taiwan and its political autonomy. He thinks the DPP needs to do further work on its mainland policies, so as to escape from the grip of the KMT and its framework for cross-strait exchanges. But the DPP must never abandon its mission to defend Taiwan's sovereignty.

All the writers agree that the inconsistency of Tsai Ing-wen's mainland policy lost the election for the DPP. The party can no longer afford to fudge its position on Taiwanese sovereignty. But as Lee's article shows, the DPP has to confront its political heritage of defending Taiwan's sovereignty and the legacy of Chen Shui-bian. This process is likely to be very difficult in view of the polarisation of opinions on the issue at the heart of the DPP[31]. Hsieh Chang-ting's moves to open the debate and the criticisms he draws from the *Liberty Times* show that the path ahead will be tortuous. Lin Ying-qiu thinks that the intra-party division, as evidenced by the differences between Wu Nai-jen and Chiou I-ren, suggests the renewal of the DPP's policy framework will be a painful process.

29 Until 2006, when the DPP voted to abolish factions, the New Wave was always in favour of economic relations with China. Along with Su Tseng-chang, Wu Nai-jen, and Chiou I-ren, other notable members were Hong Chi-chang, formerly chairman of the Strait Exchange Foundation under Chen Shui-bian, Cheng Wen-tsang, Minister of Information under Chen Shui-bian, Chiu Tai-san, former Vice-Minister of Mainland Affairs, and Liang Wen-jie, former director of the department of Chinese Affairs at the DPP.

30 "Tsai speaks to NYT about the 'Taiwan consensus'", *Taipei Times*, 7 January 2012. The DPP denies the existence of the 1992 consensus based on the principle of one China. It believes that all the political parties in Taiwan must be brought together around a consensus on sovereignty through a transparent democratic process. This consensus should be ratified by Parliament and a referendum so as to present a united front in negotiations with Beijing. This "Taiwan consensus" represented Tsai Ing-wen's main proposal on cross-strait relations. It was criticised for its vagueness, even within the DPP itself.

31 Liu Shih-chung, "The DPP must get serious about China", *Taipei Times*, 28 February 2012; Tung Chen-yuan, "Cross-strait issue needs modern fix", *Taipei Times*, 7 March 2012.

4. The business world mobilises to re-elect Ma Ying-jeou

by Tanguy Le Pesant

Sources:

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"Understanding the problems of our times and aspiring to progress in stability", advertisement, *Pingguo Ribao – Apple Daily*, 13 January 2012, p. A6.

"Under the leadership of President Ma, tourism is progressing and Taiwan is sure to gain", advertisement, *Ziyou Shibao – Liberty Times*, 12 January 2012, p. A9.

The Taiwanese business community made an unprecedented and decisive intervention in the 2012 presidential election. In the two weeks leading up to the election, the Kuomintang (KMT) and the Democratic Progressive Party (DPP) candidates were running level in the opinion polls. But at this crucial moment, Taiwanese employers came out in resounding support of outgoing president Ma Ying-jeou. Their action undoubtedly contributed to his re-election on 14 January 2012. The KMT has always had the support of the business community, but this was the first time that the business community came together nearly unanimously to back its candidate.

The vast majority of the Taiwanese economic establishment supported Ma Ying-jeou and the 1992 consensus, a central theme of the president's campaign. This consensus – which the DPP contends does not exist – refers to a meeting in 1992 in which representatives from both sides of the strait are said to have verbally agreed that there is only one China, comprised of Taiwan and the mainland, but that each side has a different interpretation of the meaning of that one China. The KMT government believes that the Republic of China is the one and only China.

The day before the election, in the largest circulation newspaper on the island, the *Apple Daily*, a group of 27 business leaders put their names to a statement addressed to "all employees of businesses". The statement referred indirectly to the global economic crisis and linked the safety of Taiwan to the continuation of peaceful relations with China based on the 1992 consensus. In the message, titled "Understanding the problems of our times and aspiring to progress in stability" (共體時艱 穩中求進, *gong ti shi jian wen zhong qiu jin*), the writers said: "in the current economic situation, the candidate who supports the 1992 consensus will maintain stable cross-strait relations, enabling us to run our businesses without fear and to continue to care for our employees and their families." They added, "without business, there are no jobs".

The statement was published at the initiative of John Hsuan, vice-chairman of United Microelectronics Corporation (UMC), the second largest maker of semiconductors in the world. It brought together several key figures from Taiwan's industrial world who had not publicly endorsed candidates in previous elections[32]. These business leaders included Du Shu-wu, head of Synnex Technology International, and most of the employers from companies in the Hsinch Technology Park (信竹科學園區, *xinzhu kexue yuanqu*). It was also signed by nearly all the heavyweights of Taiwan's industrial and financial institutions, including managing director of Hon Hai Precision Industry/Foxconn, Terry Gou; chairman of the Evergreen Group, Chang Yung-fa; chairman of Taiwan Cement, Leslie Koo; chairman of the Far Eastern Group, Douglas Hsu; and head of Cathay Financial Holdings, Tsai Hong-tu.

Tong Ze-rong says that, whether they believed in the 1992 consensus or just in "stable cross-strait relations" (穩定的兩岸關係, *wending de liang'an guanxi*), the Taiwanese business leaders abandoned their habitual reserve because of the uncertainty of the election's outcome. A defeat for Ma could have led to a disruption of the framework under which, over the years, their businesses have developed in mainland China. Tong says these businessmen see "the reshuffling of the cards in the global economic game and the shift of the centre of gravity towards Asia", because of the growing power of the Chinese economy. Once "the world's factory", China is now becoming "the world's market". The country is gradually building the capacity to overtake the United States. So, Taiwan's industrial and financial sectors cannot afford to stay out of the Chinese market.

Tong notes that the big industrialists are not the only ones who want peaceful relations between the two sides of the strait. The growth in Chinese tourism to Taiwan is benefiting small enterprises and businesses such as travel agents, hotels, restaurants, and small shops in tourist areas. Illustrating Ma's support from this sector, two days before the election, an advertisement was published in the *Liberty Times* commissioned from the tourism industry committee in favour of Ma Ying-jeou and Wu Den-yih's election. It represented the views of leaders from about 100 tourism-related associations and business organisations. They said that "the vote to elect the President affects the fate of 700,000 workers in the tourist industry" and thanked President Ma "for the appropriate choices he made in government that allowed the expansion of the tourist

32 "Business leaders come out in support of Ma", *The China Post*, 12 January 2012; "Businesses come out to support the continuation of peace", *Lianhe Wanbao*, 13 January 2012.

industry".

The statement attributed the prosperity of the sector to Ma's policy of openness, which has generated a huge rise in visitors to the island. Over 6 million people visited Taiwan in 2011, 29% of whom came from Mainland China. Agreements allowing visa-free travel by Taiwanese citizens to most countries in the world also helped the industry. Investment in tourism has increased and employment in the industry has grown: 319 new hotels have been opened in four years. New foreign investors have been attracted to develop the tourist market in Taiwan.

The ads are consistent with Tong's contention that the businessmen who supported the KMT and the 1992 consensus were mostly interested in defending their economic interests, their own futures, and Taiwan's prospects for economic growth. Huang Qin-ya in *The Journalist* also says the large employers' mobilisation was not about pan-Chinese nationalism. Instead, the business leaders were trying to defend their economic interests in China through careful handling of both the mainland authorities and the government of Taiwan.

Huang Qin-ya uses as examples Chang Yung-fa, the "shipping king", and Yin Yen-liang, the financier who has become the "king of large-scale distribution in China". Huang says both these businessmen's activities depend for success on the Taiwanese government's approval. The two businessmen have taken different approaches to dealing with this situation. Chang Yung-fa was at first close to presidents Lee Teng-hui and Chen Shui-bian. But he fell out with both in defending policies he thought necessary for developing good relations with the mainland: opening direct air and sea links and liberalising investment policies. In 1997, he publicly criticised Lee Teng-hui's policy of "patience without haste" (戒急用忍, *jieji yongren*), a policy aimed at slowing down Taiwanese investments in the PRC. Chang's criticism cast a serious chill on his relations with the president, and they were never close again.

In the presidential campaign in 2000, Chang supported DPP leader Chen Shui-bian, who had worked for him as a lawyer. His support for the president who ended KMT rule in Taiwan caused China to punish his Evergreen Group and forced the business to submit to a tax audit. It also refused to grant a licence for a joint venture with a Chinese company that would have enabled the group to take part in test runs before the opening of direct links between China and Taiwan[33]. As it turned out, the establishment of direct links was postponed on several occasions. These delays frustrated Chang greatly, and he subsequently distanced himself from the Chen government.

In 2006, Chang tried to get closer to the KMT. The party was in severe financial difficulties, and Chang helped them by buying the KMT headquarters for TWD 2.3 billion (about €50 million). He used the building for the offices of his charitable foundation. That purchase was the beginning of better relations with Ma Ying-jeou, who was head of the KMT at the time. But even so, Chang Yung-fa accused Ma of incompetence several times during his first term in office. However, Huang Qin-ya says that Chang's support for Ma's second run was not surprising. By involving itself in the liberalisation of trade across the strait, Evergreen linked its fate to the continued development of more open policies. Since then, the group has needed to maintain good will from the Chinese authorities so it can receive licences and permits to take freight, passengers, and goods across the strait in its aircraft and container vessels. This makes Chang Yung-fa unwilling to offend China.

Huang goes on to talk about Yin Yen-liang, the chairman of the Ruentex group, who gave generous financial support to Ma's campaign, unusually for him. Up until this cycle, Yin Yen-liang had been much more cautious than Chang Yung-fa in his dealings with political power. He had always tried to avoid antagonising political decision makers, whether from the DPP or the KMT or the communist authorities. He was the first major Taiwanese employer to pay a visit to Chen Shui-bian after his election in 2000, which marked him as one of the businessmen close to the DPP. But at the same time, Yin maintained close relations with some officials in the KMT, especially Wang Jin-ping, the chairman of the Legislative Yuan, where the KMT had a majority during both Chen Shui-bian's terms. In the early 2000s, Yin's Ruentex set out to conquer the Chinese market. Within a decade, the RT-Mart chain had become the leader in mass retail on the mainland.

The business leaders were trying to defend their economic interests in China through careful handling of both the mainland authorities and the government of Taiwan.

Huang Qin-ya says that for Yin, keeping a foot in each political camp turned out to be more difficult than he would have liked. In late 2011, the KMT tried to discredit DPP presidential candidate Tsai Ing-wen using the "Yu Chang affair" (宇昌案, *Yuchang an*)[34]. Yin Yen-liang's group had bought the biotechnology firm at the centre of the accusations, but his statements on the affair were very restrained. In early 2012, the Taiwanese government's Office of Professional Insurance (勞工保險局, *laogong baoxian ju*) launched legal proceedings against the Nanshan Insurance Co., which had been acquired a few months earlier by Ruentex. Huang says this legal action was taken in retaliation against Yin – even though he spent millions throughout the final two weeks of the campaign promoting

33 In January 2001, as a test case, direct links were established between the island of Quemoy (Kinmen) and Matsu in Taiwan and the coastal cities of Xiamen and Fuzhou on the Chinese mainland.

34 In 2007, while vice-premier, Tsai approved government investment in the Yu Chang biotechnology company. After leaving office, she became chair of the company. The KMT alleged that she gave the go-ahead for investment knowing that she would be involved in the firm after her term in office.

"the preservation of peace between the two sides of the strait and maintaining prosperity" in most of Taiwan's magazines and newspapers.

Two days before the election, Yin even purchased a half-page advertisement on the front page of a national newspaper for a piece he signed himself, "The five reasons to vote for Ma Ying-jeou". One of his reasons was the ability to travel to 124 countries without a visa. The other four were directly linked to improvements in cross-strait relations. Yin said the establishment of direct air links allowed for economies of time and expenditure. Economic growth, he said, means "everyone earns more". The fight against crime has led to better protection of wealth. And "harmonious relations between the two sides of the strait" are a guarantee of peace on the island. Huang says that Yin's statements were aimed not only at avoiding the anger of the Ma government, but were also intended to reassure the Chinese government, who have a part to play in determining Nanshan's future success. Yin Yen-liang wants the company to expand its activities on the mainland, which it cannot do without the approval of Beijing.

The Taiwanese businessmen's mobilisation to help re-elect Ma Ying-jeou testifies to the extraordinary dependency on the mainland of whole sectors of the Taiwanese economy. It seems that the future of Taiwan's economy lies across the strait. But this structural entanglement enables China to exert pressure in the politics of Taiwan. Thus the Taiwanese business community's publicity exercises can be seen as a form of tribute to the Chinese government. Even so, Taiwanese business leaders are not speaking out for national unification. Instead, their support for rapprochement with China arises from a dissociation of the logic of capitalism from that of nationalism. As Huang Qin-ya says, convictions do not make a successful entrepreneur – to make the best of the current situation, Taiwan's businessmen are doing whatever it takes to keep good relations with political power.

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