

**Political Change in Taiwan:
Implications for American Policy**

An address by RICHARD BUSH

and

**Roundtable Discussion on Taiwan's
Historic 2000 Elections**

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About the Speaker

RICHARD BUSH

**Chairman of the Board and
Managing Director
The American Institute in Taiwan**

Richard Bush is chairman of the board and managing director of the American Institute in Taiwan (AIT), a private organization that conducts unofficial relations with the island of Taiwan on behalf of the United States government. Established in April 1979, AIT has a small headquarters in Washington, D.C., and offices in Taipei and Kaohsiung. Dr. Bush was appointed to the AIT Board by Secretary of State Madeleine Albright on September 2, 1997, and was selected as chairman and managing director on the same day.

Dr. Bush was born in Chicago in 1947. As a boy, he lived in the Philippines (1950–55) and Hong Kong (1960–65), where his parents were missionaries. He attended college at Lawrence University and graduated with a degree in political science in 1969. He studied Chinese politics and history at Columbia University from 1969 to 1977 (except for an 18-month period of service in the U.S. Army) and received his doctorate in political science in May 1978.

From 1977 to mid-1983 Bush worked on the staff of the Asia Society's China Council. From July 1983 to January 1993 he was a staff consultant on the House Subcommittee on Asian and Pacific Affairs, and advised the chairman, Stephen J. Solarz, on issues regarding China, Taiwan, and Indochina, and the countries of the Western Hemisphere. From January 1993 to July 1995 Bush served on the Democratic staff of the House Committee on Foreign Affairs/International Relations, working on Asia Pacific issues. From July 1995 until his current appointment, he was a member of the National Intelligence Council.

Dr. Bush is married to Martha Hodge Bush, who works for the Council of Chief State Schools Officers. They have two children, Sharmon Melissa Bush and Andrew Milton Bush, who in May 1997 graduated from the University of Maryland and Virginia Polytechnic University, respectively.

Political Change in Taiwan: Implications for American Policy

Dr. Richard Bush

Chairman of the Board and Managing Director, the American Institute in Taiwan

Speech given at the Walter H. Shorenstein Forum
Asia/Pacific Research Center, Stanford University
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RUSSELL HANCOCK: Good afternoon, ladies and gentlemen. My name is Russell Hancock. It is my privilege to serve as the director of the Shorenstein Forum, and it is in that capacity that I welcome you to this important Forum event. The Shorenstein Forum is part of the Asia/Pacific Research Center (A/PARC), and seated here on the stand is Professor Harry Rowen, who is the director of A/PARC. A/PARC in turn, you should know, is part of the Institute for International Studies (IIS), and I'm pleased to recognize Professor David Holloway, our presiding authority, the director of IIS.

The Shorenstein Forum was created to acknowledge the generous contributions of Walter Shorenstein—business leader, philanthropist, and long-time champion of Asian-American relations. We're delighted that Mr. Shorenstein is here today and before we go any further I've invited Walter to make a few welcoming remarks.

WALTER SHORENSTEIN: Thank you, Russ. I'm delighted to have the privilege of sponsoring forums of this nature. It's great to

be associated with such fine and extraordinary people and I'm sure that we will have an impact as we go along. Thank you. [APPLAUSE]

HANCOCK: In addition to generating pure research, the Shorenstein Forum intends to be a “forum” in the true sense of that word—a gathering place for office holders, elected officials, scholars, journalists, and other actors who are shaping events and outcomes in the Asia Pacific region.

In recent weeks, observers have marveled at an extraordinary set of outcomes in Taiwan, the implications of which are historic and profound. In March, a free and fair election was held, in which we witnessed the crushing defeat of the ruling Kuomintang (KMT) Party, the repudiation of outgoing President Lee Teng-hui, and the

This election took place peacefully. In the long history of Chinese political systems, succession at the highest levels usually takes place as a result of a coup, an assassination, a war, or some other jarring event.

triumph of the Democratic Progressive Party (DPP) and its candidate, now president, Chen Shui-bian. For students of Asian democracy, this is profound: Taiwan is the only Chinese political system in the world that chooses its top leader by direct vote. Neither the PRC, nor Hong Kong, Macao, or Singapore permits such a choice. Even in Japan—

which is Asia's longest running democracy—leaders of the majority party pick the prime minister. And even in Taiwan, you could say that this is new, because it is only the second election since the enabling amendments were added to the constitution in 1994.

Furthermore, this election took place peacefully. In the long history of Chinese political systems, succession at the highest levels usually takes place as a result of a coup, an assassination, a war, or some other jarring event.

For students of foreign policy, the implications are profound as well. The Taiwan elections have generated considerable nervousness in many quarters. Of course, the election has ushered in a new chapter in Taiwan's relations with Beijing, which has long feared Taiwan's political severance and its international acceptance as a full and separate nation state.

Despite these tensions, there are many who believe that the recent inauguration opens a window of possibility for restoring cooperation across the Strait, and that the United States can play an

extremely constructive role. And here I would like to say that nobody will be more central to this dialogue than Richard Bush, who is chairman of the board and managing director of the American Institute in Taiwan (AIT). We are very fortunate to have Dr. Bush with us. He's here directly from Taiwan—this is his first American stop since the inauguration last Saturday of President Chen Shui-bian.

I would like now to bring Professor Michael Oksenberg to the podium, whom I have asked to introduce Dr. Bush. He will also moderate the question-and-answer session after Dr. Bush's remarks. Professor Oksenberg is a senior fellow at IIS, a professor of political science, one of the core faculty here at A/PARC, and truly among the leading scholars of contemporary China. Thank you, Mike, for being here. [APPLAUSE]

MICHEL OKSENBERG: Thank you very much. I can think of no greater pleasure than the opportunity of introducing Dr. Richard Bush, and welcoming him and his wife, Marty, to Stanford University. Let me tell you a little bit about his background. He joins a long tradition of students of contemporary China whose interests in part are attributable to the devotion of their missionary parents, who served in China. Richard graduated from Lawrence College, which at that time nurtured a number of outstanding China specialists, several of whom came to Columbia University. Richard got his Ph.D. in political science from Columbia, where he wrote an outstanding thesis on republican China, and particularly the interaction between the government and the private sector. Instead of pursuing an academic career—which I personally always regretted, because he would have been one of the great contributors to scholarship on China—he instead decided to pursue a career in public service.

Richard's first job, as I recall, was as head of the China Council of the Asia Society. After that position, which enabled him to learn about the world of Washington, his talents were well recognized particularly by Congressman Steve Solarz, who asked him to join his staff, which of course was centrally involved in the House International Relations Subcommittee on East Asia. Richard continued that job and won even greater respect as he mastered the intricacies of the House. And when Steve Solarz was defeated, his successors continued to demand Richard's presence. Eventually, Dr. Bush became one of the principal advisors to Lee Hamilton, the very important Democrat from Indiana. His influence on Mr. Hamilton was quiet and subtle, as was Mr. Hamilton's influence on him.

From there, Dr. Bush went on to become the National Intelligence Officer dealing with China in the intelligence community of the United States, and from there, headed up the American Institute in Taiwan in its Washington office. This is an extraordinary career. Most recently, Dr. Bush's diplomatic skills have become publicly evident as he has dealt with this very delicate period in Taiwan's transition from KMT to DPP rule.

That's the formal record of Richard Bush, but I must tell you why I'm particularly pleased to welcome him here. There is no student I have had for whom I feel greater fondness than Richard Bush. I still remember an unforgettable lunch with you, Richard, when we went to the Faculty Club early in your Columbia career. I think I said something to the effect that graduate students probably have no better ideas than those they have when they arrive at graduate school, before they fall under the nefarious influence of their professors. And I said, "What are your ideas?" because I wanted to hear them. Richard responded that he was particularly interested in why China had found it difficult to carry out gradual change—or what might be called change through great reform—but instead somehow was trapped in a cycle between reactionary rule and revolution. He said that his broader interest in China was that underlying sense of the impediments that China faced in carrying out reform. That interest is of course particularly germane now, because Richard has become centrally involved as a policymaker in one of the great instances of reform, reform in China.

I take great pleasure in welcoming Dr. Bush to Stanford. We have both had institutional migrations since, but not necessarily intellectual migrations, and his talk is filled with personal significance for me precisely because it is on the historical import of Taiwan's 2000 elections and its implications for Sino-American relations. To Marty and to Richard, welcome to Stanford. Hopefully this is the first of many, many visits. [APPLAUSE]

RICHARD BUSH: Thank you very much, Mike, for that very kind introduction. I think I recognize some of who you were talking about, but not all. I'll take it as a challenge to try and accomplish what you've set out for me to achieve. I would also like to acknowledge Dr. Rowen. We have a connection because Dr. Rowen was at one time the chairman of the National Intelligence Council and I remember many times gazing at his picture in the National Intelligence Council conference room—not too much younger than he now appears. [LAUGHTER]

I should say that the course that my career has taken owes a

great deal to Mike Oksenberg. He, more than most people in the China field, understood that scholarship and public service could be mutually reinforcing, and should be mutually reinforcing. And for those of us who ended up in government, he really charted the course, by being himself someone who can take the best of one's understanding of the Chinese world and apply it in the world of policy and power, and make policy better for the sake of it. Thank you, Mike, very much.

Let me apologize to the Stanford community because of a slight that was paid to you. I was part of the delegation formed by the U.S. government to represent the American people at the inauguration of Chen Shui-bian, and as it turned out, sadly, there were two members of that delegation from Berkeley. [LAUGHTER] One was the leader of the delegation, the very able Dr. Laura Tyson. The other

“Look at Bill Clinton, he was forty-three when he became president of the United States. Why can't I, at fifty, become president of Taiwan?”

was the well-respected Chinese-American scholar Chung Li Tien. We did try to find somebody connected with Stanford to come with us, but it didn't work out. My profound apologies.

Being in Taiwan as part of that delegation was a great privilege for me. It's an event that I've been working toward since I became

chairman of AIT, but there were some particularly meaningful moments. One was watching Dr. Tyson and Chen Shui-bian, in an unscripted conversation, talking about the ways in which Chen Shui-bian was very similar to Bill Clinton. Both very intelligent, both formerly the heads of small jurisdictions—the state of Arkansas in Bill Clinton's case, the City of Taipei in Chen Shui-bian's case—both self-made men, both skillful politicians. Then Chen Shui-bian turned to Dr. Tyson and said, “Yes, in fact, President Clinton has helped me a lot, because when people criticized me and said I was too young to be president, I would respond, ‘well, look at Bill Clinton, he was forty-three when he became president of the United States. Why can't I, at fifty, become president of Taiwan?’” He went on to say, “If people criticized me for not having experience at the central level, I would say, ‘well, look at President Clinton, his experience was as governor of a small state, and now he's president of the United States.’” President Chen went even further in this comparison and noted that his wife had been a

legislator in Taiwan's Legislative Yuan. He said, "If she could become a legislator before I became president, why couldn't Mrs. Clinton become a legislator after President Clinton left office?" [LAUGHTER]

All this, by the way, was done in front of a large press corps, but it was quite amusing.

The second moment for me was seeing some of the men and women who were political prisoners back in the 1980s, and who I in a small way, and Congressman Steve Solarz in a larger way, helped to get out of jail. They are now part of the ruling government and it's truly outstanding.

The most profound moment of the whole few days, though, was sitting in front of the office of the president in downtown Taipei. Tens of thousands of people were out in the plaza watching

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Chen Shui-bian—the son of a poor farmer, a brilliant student, a self-made man, an accidental dissident who, along with his wife, suffered terribly for his political ambitions—take the oath of office as the tenth president of the Republic of China, as he put it. This truly is an important transformation in Taiwan's political life. Dr. Hancock outlined some of

the reasons that's so, and I agree wholeheartedly with him.

Now, it goes without saying that with Mr. Chen's election, we're moving into uncharted territory. Some people would even say that we're moving into dangerous territory. These folks point to the fact that President Chen and his party have advocated Taiwan independence. We note that the People's Republic of China is unalterably opposed to Taiwan independence, and has warned consistently that it would go to war to prevent such an outcome. They know that the United States has a general sympathy for democracies, and a particular concern for Taiwan's security and well being. The conclusion of these people is that the United States could get into a shooting war in the Taiwan Strait.

I believe that, whoever had won the 2000 election, the complexion of Taiwan politics and of cross-Strait relations would have

changed. I also think that along with that change, there remain important elements of continuity. For reasons I'll explain, the situation facing us is as not as dire as this pessimistic logic chain might indicate.

Those of you who are native Chinese speakers in the audience, and those of you who have a year or two of the language, are aware that the Chinese word for crisis, *weiji*, is composed of the characters for danger and opportunity. To deny that there is some danger in the Taiwan Strait today would be naïve. To ignore the opportunity that is also latent in the current context would betray an absence of vision.

Today I'd like to address four different issues. First, the domestic implications of Taiwan's presidential election. Second, the current state of cross-Strait political relations in the wake of President Chen's inauguration. Third, the economic and social cross-Strait context, and finally, United States policy.

I. Internal Implications

We've talked a little bit about how important this election is for Taiwan—and also for Chinese political development—but elections and transfers of power are not good simply for their own sake. They're important because, over time, they make leaders and parties more accountable to the public and provide a mechanism for the public will to be reflected in government policy. Of course leaders have a responsibility to lead, and to mobilize public opinion when they think it's in the collective interest to do so. But in democratic systems, leaders' definitions of the collective interest will inevitably be shaped by public opinion, and elections are one way of shaping it. In this regard I think the March 18th election produced a somewhat ironic result, in that President Chen won with only 39 percent of the vote.

The principle reason for his victory was the ruling KMT's difficulty in satisfactorily resolving the competition for the party's nomination. As a result, Mr. James Soong ran as an independent and the vote that otherwise might have gone to the KMT was split. Mr. Chen received an absolute majority of the vote only in Tainan County, his native place. In every other jurisdiction, he did not get as much as Lien and Soong combined. Now, this is not a new problem for the KMT and it's not unique to Taiwan. Other democratic systems face the same problem. The United States has had major independent candidates in 1948, 1968, 1980, and 1982, and in each case they had a significant impact on the election. Bill

Clinton was elected in 1992 in part because Ross Perot drained votes from George Bush.

In addition, more generally, Taiwan's electoral system for representative bodies encourages a certain amount of fragmentation within parties. Moreover, it's important to remember that Chen's party, the DPP, is not taking over the entire central government. As of now, the KMT still has more or less a majority in the Legislative Yuan, and there has also emerged a People First Party around James Soong, which is to the right of the KMT.

The future of the KMT is a topic of intense discussion, to put it mildly, and I don't have a prediction about how that debate will turn out. I do know that over the decades, the KMT has proven to be a resilient organization and it still has many talented people in its ranks. But whatever happens within the KMT, the DPP may still have a minority in the legislature. As a result, it will have to reach out to other political forces in order to govern. The DPP leadership knew of this problem long before the election, and since then we've seen steps taken to address it.

In short, we need to look not only at the "who" of Chen Shui-bian's election, but also the "what." That is, what will be the new configuration of the Taiwan political spectrum, and what are the consequences? Both have implications for policy, and I believe we

We must contemplate a Taiwan political system in which, one way or another, it will be more difficult for leaders to formulate policies in an authoritative way.

must contemplate a Taiwan political system in which, one way or another, it will be more difficult for leaders to formulate policies in an authoritative way. More time will be needed to build a broad consensus and to fashion approaches that command a majority. This is not a trivial matter, since Taiwan faces a number of important challenges: How to pre-

serve the island's economic competitiveness? How to ameliorate the negative effects of Taiwan's social change? How to improve Taiwan's democratic system? And most importantly, how to address cross-Strait relations and ensure Taiwan's security? Formulating policies will not only take more time. The content of those policies will change because they will be defined by the interaction *among* political forces, and not by the choices of only one of those.

One of the KMT's liabilities in the recent elections has been the so-called "black gold," or corruption phenomenon. This phrase

refers both to the role of money in campaigns and to the bargains the KMT struck with local political groups which—how shall we put it?—don't exactly qualify as humanitarian organizations. I raise this problem not so much for its own sake (although it's an important issue), but as one symptom of a much deeper concern. In theory, it's expected that any democratic political system should reflect the will of the people. The political system, therefore, is a prism through which are refracted the people's desires and concerns. But no democratic system is perfect in this regard. In all of them, there are distortions of the popular will because of institutional imperfections and the role of special interests. These distortions give advantages to some groups and disadvantage others. Each democratic system inevitably will face calls from the disadvantaged to reduce the distortions in the expression of the people's will, through reform of electoral systems, through changes in campaign finance rules, through adjustment in the balance of power among branches of government, and so on. And John McCain, I think, is the person who voiced those desires in the United States this year.

Policies will change because they will be defined by the interaction *among* political forces, and not by the choices of only one of those.

This may seem a rather theoretical and philosophical issue, but I would argue that it has a fairly profound practical importance for Taiwan. The leaders and people of the island face fundamental questions over how to preserve Taiwan's freedom, prosperity, security, and dignity in the context of evolving cross-Strait relations. All political forces on Taiwan agree that the people of the island should have a say in those choices. The question remains: how well, in fact, does the island's political system reflect the views of the people on these matters? I don't have an answer to this question, but I'm aware that the question exists.

II. Cross-Strait Relations: Political Implications

Let me turn now to cross-Strait relations, at least in the political realm. The 2000 election created a situation which made it harder to build consensus in Taiwan on fundamental issues. This more complicated situation should not be an excuse for inaction, but it also calls for a certain measure of realism.

Taiwan's election should remind us that Taiwan's democratization has, in a rather profound way, transformed the cross-Strait political equation. Taiwan's willingness to move forward on cross-Strait relations and to meet some of the demands and expectations of the PRC is no longer just a function of Taiwan's top leaders. It's also a function of views of the public at large, the press, members of the legislature, and the leaders and factions of political parties. The people of the island themselves will have to be convinced that any arrangements reached in cross-Strait dialogue are in their fundamental interest. On the one hand, the extent to which Taiwan's people interpret the actions of the mainland side as hostile or bullying makes it much harder for Taiwan's leaders to get support for cross-Strait initiatives. If, on the other hand, the people are convinced that cross-Strait arrangements are appropriate, then they will be more enduring because they enjoy broad support.

Cross-Strait relations have had their ups and downs over the last fifteen years and the attitudes of the Taiwan public have changed accordingly. There was a gradual improvement in the late 1980s and early 1990s, as economic relations also improved. Semi-official organizations were even established to facilitate cooperation. This positive trend culminated in a meeting in Singapore in the spring of 1993 between the respected heads of two of those organizations, Wang Daohan [chairman of the Beijing-based Association for Relations across the Taiwan Strait (ARATS)] and Koo Chen-fu [chairman of the Strait Exchange Foundation (SEF)]. Two years later, cross-Strait ties started to unravel with Lee Teng-hui's trip to the United States to visit his alma mater of Cornell. There was improvement for a while in 1998, and then a downturn again in 1999 when President Lee announced that cross-Strait relations constituted a "special state-to-state relationship." Things calmed down last fall but heated up again in February, as it became apparent that Chen Shui-bian might win the election in March.

Both before and after Mr. Chen's election, Beijing engaged in a rhetorical offensive that, objectively speaking, neither won the hearts and minds of anyone on Taiwan nor improved the atmosphere for cross-Strait relations. The PRC, for example:

- issued a white paper on the Taiwan Strait issue that warned that Taipei's refusal to settle cross-Strait issues through negotiations might be grounds for war.
- insisted that Mr. Chen accept the "one China" principle as a precondition for dialogue.

- threatened to impose a political litmus test for Taiwan businessmen who trade or invest with the mainland.
- talked openly, through Hong Kong media and think tank scholars, about the possibility of war.

President Chen, on the other hand, has sought to be conciliatory and to avoid provocation. Both before and after the election, he pledged that he would not declare independence, change the name of the island's government, insert the special state-to-state formula in the constitution, or hold a referendum on the island's future. He's willing to resume dialogue with the mainland on any issue, including the "one China" principle, as long as it is conducted on the basis of parity, peaceful resolution, and no predetermined outcome. He's remained calm in the face of Beijing's propaganda barrage. Considering where he and his party have come from, he's shown remarkable flexibility and restraint. Moreover, on the substance of his cross-Strait views, I don't think he was that different from those of other major candidates.

The argument over the "one China" principle is in large measure a symptom of mutual mistrust.

I mentioned that one of the issues here is the "one China" principle—whether it's to be a pre-condition for talks, or an item for talks. In my view, the argument over these words is in large measure a symptom of mutual mistrust. Beijing apparently suspects that Mr. Chen harbors a design to permanently separate Taiwan from China, in spite of all he's said in order to allay those concerns. President Chen is not convinced that the PRC is prepared to deal fairly with Taiwan. We've been in this situation before. After the 1996 crisis, when missiles were fired in the Taiwan Strait, there ensued a two-year period in which Beijing demanded that Taipei return to the "one China" principle, and Taipei responded with its interpretation of a formula that allowed the initial cross-Strait meetings to occur. The theological argumentation was intense, but it was really a way for Beijing to express its profound mistrust of Lee Teng-hui, and for Taipei to convey its dissatisfaction with PRC bullying. Then, in early 1998, each side began to see reasons to resume dialogue and to give each other the benefit of the doubt. The debate over "one China" didn't end, but it took second place to a discussion of the terms on which dialogue should resume. We should all hope that a similar process ensues now that Mr. Chen has taken office.

What did Mr. Chen say in his inaugural address? First of all, he identified the shared past of the two sides of the Strait in terms of ancestry, culture, and historical experience. Second, he stressed that the present provides a new opportunity for the two sides to create an era of reconciliation together. Third, he expressed confidence that leaders on both sides—and I quote—“possess enough wisdom and creativity to jointly deal with the question of a future ‘one China.’” President Chen also reaffirmed that as long as Beijing has no intention to use military force against Taiwan, he would not take the various steps that Beijing opposes—such as declaring independence, or holding a referendum. He appealed to Beijing to set aside hostility and pursue a positive approach toward Taiwan.

President Chen’s treatment of the “one China” matter in his inaugural address did not satisfy Beijing, but it was perhaps too much to expect that he would do so. On the one hand, Beijing criticized aspects of his speech, but it also, on the other hand, took note of elements that it regarded as positive. Beijing has expressed renewed interest in dialogue, referring back to something called the 1992 Consensus. The United States certainly hopes that the two sides will take a creative approach in moving the cross-Strait relationship forward through dialogue.

Precisely because the Taiwan issue is so sensitive, it is imperative that the two parties talk to each other. Because the mutual mistrust is so deep, it is all the more important that each side work to allay the suspicions of the other. President Chen seems to want to do that. Beijing should continue to reserve judgment on Mr. Chen, and give him time to refine his policies based on a fuller understanding of the previous government’s past actions. None of us wants to see military conflict. Even more, none of us wants to see a conflict that could have been avoided through patience and efforts by both parties to address their differences directly.

III. Cross-Strait Relations: Economic and Social Implications

I think restraint and creativity on the political and military front are all the more important because of the growing integration that is occurring on the social and economic front, and here I move to my third topic. The Taiwan Strait has become, over the past thirteen years, a veritable highway for commercial and cultural cooperation.

This began in the 1980s, when the appreciation of the new Taiwan dollar increased the costs of production on the island and forced manufacturers to look for new low-wage platforms for products like shoes. The mainland was the obvious site. As a result of that migration, there are now more than 30,000 Taiwan firms that have contracted for over \$40 billion in investment in the PRC, with a gradual shift from small, single-proprietor enterprises to large investments and joint ventures.

Over 200,000 Taiwan businesspeople now live and work in the PRC, and they've established over fifty associations around the country to promote their interests. Some businessmen, I'm told, have wives on both sides of the Strait, which is a novel kind of unification. More significantly, Taiwan-invested firms employ about three million mainland workers and about three percent of the urban workforce. Thus, Taiwan contributes to the realization of Beijing's top objective.

Nowhere is cross-Strait economic integration more complex and more vital than in the information technology (IT) sector, which is of particular importance for this part of the United States. Taiwan firms and their mainland partners have moved beyond low value products into the IT industry. In order to stay competitive. Taiwan's powerhouse computer companies have moved production of their low-end items offshore, and the PRC is their overseas destination of choice. Taiwan firms are now producing probably over 30 percent of their total global IT output, or \$10 billion annually, on the mainland. This investment is reshaping the composition of cross-Strait trade to the point that Taiwan exports of IT products now account for perhaps forty percent of all of its exports to the PRC.

Precisely because the Taiwan issue is so sensitive, it is imperative that the two parties talk to each other. Because the mutual mistrust is so deep, it is all the more important that each side work to allay the suspicions of the other.

Business is only one dimension of cross-Strait interactions. I could also talk about human contacts, religion, or political dimensions. There are ambivalent points to all of these, and if you want to talk about that more in the question time, I'd be happy to do so. But despite the problems of any ambiguities in people-to-people cross-Strait activity, these ties are not trivial, because they're based on common interest and shared cultural bonds. They remind people on

both sides of the shared stake they have in cooperation, and may serve both as a disincentive to conflict and as a social and economic foundation on which other forms of cooperation (including political cooperation) can be built.

There are people on the mainland who have drawn hope from the Taiwan political experience for democratization on the mainland. None of this is inevitable, of course, and we should not assume that positive economic links on their own will foster political reconciliation. But those links do take the hard edge off political disagreements. They create constituencies on both sides for moderation. They remind all of us of how much we have to lose if conflict ensues.

IV. United States Policy

Let me sum up my presentation so far:

- Chen Shui-bian's election does begin a new era in Taiwan politics.
- In terms of the substance of cross-Strait policy, he has moved toward the middle.
- His views on how to proceed are within the Taiwan mainstream.
- In terms of style, he has been moderate and conciliatory.
- The Taiwan public will play a key role in determining the government's future approach, as it has in the past.
- Economically, the two sides of the Strait share common interests in peace and stability, as they have before.

In other words, the 2000 Taiwan election brought change, but there's more continuity than is obvious at first glance. If there is discontinuity in the cross-Strait equation, it may be in how Beijing perceives or misperceives the situation and what it chooses to do about it.

Now, with respect to United States' policy—my fourth topic—I see continuity. All the elements of U.S. policy concerning Taiwan will, and should remain in place. Taken together, these policy elements are designed to foster an environment in the Taiwan Strait region that is conducive to our fundamental interests in peace and stability, and are therefore good for the PRC and Taiwan as well.

The elements of that policy are as follows:

- We will continue to reaffirm clearly and adhere consistently to our “one China” policy as defined by the three communiqués in the Taiwan Relations Act. This policy remains the cornerstone of Taiwan–PRC–U.S. relations and has both fostered peace and stability in East Asia, and facilitated the remarkable evolution on Taiwan itself.

- We will insist that the Taiwan Strait issue be resolved peacefully. We reject and oppose the use of force or the threat of force to resolve that issue. Furthermore, to quote the Taiwan Relations Act, it is U.S. policy to maintain the capacity of the United States to resist any resort to force, or any form of coercion, that would jeopardize the security or social or economic system of the people on Taiwan.

- We will maintain a confidence that the two sides have the creativity, on their own, to resolve this issue through cross-Strait dialogue. The

United States will neither play the role of mediator nor pressure either side to negotiate or accept any arrangements that it does not believe are in its interests.

- We understand that any arrangements between Beijing and Taipei

should be on a mutually acceptable basis and not be imposed on one side by the other. How specifically to define the “one China” principle, and how concretely to realize it, are best left to the two sides of the Strait on a mutually acceptable basis.

- We understand that because Taiwan is a democracy, any arrangement between the two sides ultimately will have to be acceptable to the Taiwan public.

- Finally, the United States is willing to support any outcome voluntarily agreed to by both sides of the Taiwan Strait.

We should not assume that positive economic links on their own will foster political reconciliation. But those links do take the hard edge off political disagreements.

At this sensitive time, the best thing the United States can do is maintain a consistent and predictable set of policies. The administration does believe, however, that the inauguration of Chen Shui-bian opens a window of possibility for restoring cooperation across the Strait. This should be a time for seizing opportunities, not

erecting obstacles or escalating conflict. This is a time to focus on a future based on shared interests, rather than a time to be haunted by the divisions of the past. This is a time to offer incentives for progress, rather than to feed paranoia and reinforce the inclinations for stalemate. It is not up to the United States to say how this opportunity should be seized. But Washington does believe that the best interests of all concerned—particularly the 22 million people on Taiwan—can best be met by exploring the prospects for dialogue and cooperation. The best interests of the 1.3 billion people of the PRC lie in Beijing seizing the opportunities inherent in this new situation, and not in defining it in a way that precludes a positive outcome, or worse.

The U.S. administration takes very seriously the PRC statements before the election that suggest that Beijing's intentions might be changing. The passage in the white paper that Taipei's refusal to settle cross-Strait issues through negotiations would be grounds for war was particularly unhelpful. The administration has reminded Beijing of the benefits of peace. It has reminded Beijing that the Taiwan public has become the key element in the cross-Strait equation. It has warned against any use of force.

The United States is well aware that the PRC is modernizing its armed forces and that some elements of this modernization make Taiwan feel less secure. We will continue to provide defensive arms to Taiwan in accordance with the Taiwan Relations Act. Yet ultimately, I don't think that the

PRC policies and behavior themselves have a greater impact on Taiwan's desire to resolve cross-Strait differences creatively than do U.S. arms sales.

PRC is going to achieve its political goals by trying to awe Taiwan into submission with its growing military arsenal. Nor do I think Taiwan can preserve its security simply by buying more arms. The way out of this problem depends on the

ability of both sides to promote an atmosphere that reduces tensions and makes military conflict unlikely and arms acquisitions less necessary.

By the way, I don't take seriously the complaints of the mainland side that the United States bears some responsibility for the lack of progress in cross-Strait relations. It is not our objective to preserve Taiwan as an island aircraft carrier. And I find no evidence to support the hypothesis that U.S. arms sales reduce Taiwan's incentive to negotiate. Indeed, it's my personal view that the Taipei

side is more likely to engage the mainland if it has a certain sense of security, which U.S. weapons help to provide. I think PRC policies and behavior themselves have a greater impact on Taiwan's desire to resolve cross-Strait differences creatively than do U.S. arms sales.

Some observers assert that Mr. Chen's victory has rendered Washington's "one China" policy an anachronism. I disagree. The United States' approach to this issue has always been flexible enough to accommodate different conceptions of China and different outcomes to the Taiwan Strait issue. We are aware that, both on Taiwan and in the PRC, creative individuals are looking for approaches to the China issue that would permit each side of the Strait to preserve its own interests and values, while simultaneously maximizing the prospects for peace and prosperity. More power to them.

This is not a time to be haunted by the divisions of the past, but a time to focus on a future based on shared interests.

Other critics of U.S. policy charge that the Clinton administration is appeasing Beijing at Taiwan's expense. Appeasement is a very strong word. It's also the wrong word to describe the United States' policy. The PRC leadership does have more to learn about the complexities of Taiwan's democracy, but I believe it understands full well the United States' insistence on a peaceful resolution of the Taiwan issue. Nor is the United States going to tell Taiwan's new leadership to accept PRC terms for negotiations. That would go against our long-standing policy, and it would be antithetical to our values. We do have a profound interest in the preservation of peace and stability in the region. We hope that together the two sides can find a mutually acceptable basis to resume dialogue and maximize areas for cooperation.

To be sure, the next few years will be extremely challenging. But peace and stability are more likely to be assured if the two sides of the Strait summon the creativity to address their differences. Each side may be confident that the permanent objective of the United States is to build an environment in which positive changes can occur peacefully through dialogue. Neither side should fear that the United States is acting to undermine its fundamental interests. As I said before, this is not a time to create obstacles or escalate conflict, but a time to seize opportunities. This is not a time to be haunted by the divisions of the past, but a time to focus on a future based on shared interests. This is not a time to reinforce the stalemate, but a

time to offer incentives for reconciliation. Thank you very much.
[APPLAUSE]

OKSENBERG: Thank you so much for those remarks, which underscore the qualities for which you are so well known in Washington and Taipei, and I daresay in Beijing as well. Not only your intelligence, but your judiciousness, precision, and your integrity. You are known in Washington as a person who elicits trust, and you have demonstrated why. Now the floor is open for questions.

* * *

AUDIENCE QUESTION: I'm Larry Diamond, from the Hoover Institution. My question basically comes down to this: How long is the status quo viable? I think the Clinton administration—and really, I think the audience should know that you have played a very big role personally in this—deserves a tremendous amount of credit for the engagement not just with Taiwan, but with the DPP, which has helped to move it toward the center. As you noted, one big story of the election was not just Chen Shui-bian's victory, but his victory as, essentially, a moderate within the mainstream, now moving away from the independence platform of the past. I think for a long time our assumption had been that if the DPP ever came to power, it would do so as a pro-independence party that would take provocative steps. Now, it is a party that has moved toward the center and is *not* going to do provocative things to destabilize the status quo. But it appears that the context has changed to the point where forbearance from provocative acts may no longer be enough to preserve stability. The question now is whether each side can do positive things to reach out to start political negotiations—not just economic negotiations—and to establish the three direct links [policy reforms that allow China and Taiwan to be linked (1) commercially, (2) through telecommunications, and (3) through less restricted travel across the Strait]. How long can the two sides fail to restart, and have some success or mutual confidence-building in political discussions about sovereignty, before the equilibrium of the present disintegrates and

. . . one big story of the election was not just Chen Shui-bian's victory, but his victory as, essentially, a moderate within the mainstream . . .

the PRC may actually act on the threat that it issued in the white paper?

BUSH: I must confess that this is the hard part of the afternoon for me. Up to now I sort of knew what I was going to say, but now I don't know what the questions are going to be. So I took a long drag of coffee. [LAUGHTER]

It's an extremely important question. I would go back to the point I made that we do have an argument over words and terms, and those are very important. But those are, I think in part, a symptom of the fact that each side mistrusts the intentions of the other. That mutual mistrust, if it does go on, can be corrosive. It is for the two sides to find ways to engage each other, and for each side to raise these concerns and to reassure the other that its worst fears are not justified. That provides the basis for a resumption of contacts and cooperation, not only in the economic area but in political areas as well. I think that Chen Shui-bian has demonstrated he's eager for that kind of discussion. The people in his government have observed in the last couple of days that the signals coming out of Beijing are not that bad. So maybe we have here the sort of process that began in February 1998, where each saw the interest in re-engaging with the other. I have no idea what's going to happen, but I think that kind of conversation is where you make the start.

AUDIENCE QUESTION: Hi, my name is Wei. I'm an engineer in Silicon Valley. I actually have two questions, if that's okay. The first question is: How did the communiqués—particularly the third communiqués—affect the initial democratization in the early 1980s? Because I guess before that, the KMT was very much a dictatorship. And then the second question: there's a Taiwan Security Enhancement Act, and this would provide more connections between the U.S. military and the Taiwanese military. How would this additional security enhancement hinder progress, especially given your statement that additional arms could actually help make Taiwan feel more secure?

BUSH: Okay, those are good questions. The question was, how did the normalization of U.S.–PRC relations accelerate the changes that occurred in Taiwan? I think the simple answer is that Taiwan's leadership, at that time, saw more and more that its international claim to legitimacy could be built internally, from the ground up. But the only way you do that is to end repression, to open up the

political system, and gain the support that democratic institutions provide. To learn the detailed story of that, I commend to you Ramon Myers' book *The First Chinese Democracy*, which is really an outstanding study of this whole period.

The second question, on the Taiwan Security Enhancement Act? Well, there are a couple of problems with that. For one, in the

. . . when we established U.S.-PRC relations, we pledged that we would have unofficial relations with Taiwan. Those relations are very substantive and mutually beneficial, but it's the fact that they are unofficial that allows them to be that way.

administration's view, it has unconstitutional elements in it, and it dictates to the president how to conduct foreign and national defense policy. For another, it goes to the nature of our relationship with Taiwan. In 1978-79 when we established—under Mike Oksenberg and Jimmy Carter's auspices—U.S.-PRC relations, we pledged that we would have unofficial relations with Taiwan. Those relations are very substantive and mutually beneficial, but it's

the fact that they are unofficial that allows them to be that way. There are provisions in the Taiwan Security Enhancement Act which the administration believes would restore some measure of officiality. That poses a challenge to the very basis of the U.S.-PRC relationship which, when it is conducted properly, contributes to Taiwan's security. That, I think, is the reason why the administration is so opposed to it and believes that Taiwan may be worse off.

There was one point I wanted to make as I was thinking about Larry Diamond's question, and the way the DPP and Chen Shui-bian have moved in recent years. One element of that movement was Chen Shui-bian's close analysis of now British Prime Minister Tony Blair, and how Mr. Blair recognized at a certain point that if the British Labor party was ever going to take power again, it was going to have to abandon its ideological and fundamentalist positions of the past and move toward the center, into the mainstream of British political life. That is exactly what he did. That's why he became prime minister, and Chen Shui-bian, I think, was very much taking a page out of his copy book. It's what Dick Morris I think calls triangulation.

AUDIENCE QUESTION: I'm Liu Ming from Shanghai Academy of Sciences. I met you seven years ago in the Congress.

BUSH: Nice to see you again.

QUESTION: Nice to see you. There seem to be two ways of thinking about this. On the one hand, they say China will have some kind of hope in Chen Shui-bian, but that before he can accept the "one China" principle, he needs some kind of consensus on the island. On the other hand, there are a lot of people saying that the Chinese leadership and the Chinese military forces will not wait for a long time. They say there is maybe a seven or ten-year timetable. They have no illusions about Chen Shui-bian, so sooner or later a new crisis will erupt, maybe a new conflict. Do you believe Chen Shui-bian will accept the "one China" principle? Also, some say that the head of your Taipei office, Ray Burghardt, had influence in drafting the speech. I want to know what kind of influence you think you have achieved from the speech?

BUSH: The rumors that my good friend Ray Burghardt had anything to do with the speech are absolutely false. Chen Shui-bian wrote the speech and he wrote it based on his vision for Taiwan's future and his appreciation of the larger context in which Taiwan exists. We do have a good working relationship with Mr. Chen and we're pleased with that. As far as Chen Shui-bian accepting the "one China" principle, here we get into a very "theological" area. It's a very complicated and abstract area. But I think there are a couple of important points. One is that Taiwan is a democratic system. There are disagreements within Taiwan about what the future nature of Taiwan's relationship with the mainland should be, and there has to be some process of bringing about a level of consensus on that. This is natural, because it's Taiwan's future that we're talking about.

Second, I think that Chen Shui-bian feels that it's important to have a better understanding of what Beijing is talking about when it says the "one China" principle. What is its content, and what content applies to what situations? Until you have that understanding, it's kind of hard to accept it. He is eager to have a conversation with the Beijing side to discuss that.

AUDIENCE QUESTION: I'm Randy Schriver, in Stanford's political science department. You mentioned that there would be conti-

nunity in the U.S. policy toward arms sales and security assistance. Do you have any sense at this early juncture about Chen Shui-bian and the new administration's views on the same topic? Do you expect continuity there, particularly in the area of missile defense?

BUSH: I think it's too early. They were working very hard on picking a cabinet, writing an inauguration speech. As you know, within the

Beijing is not interested in the United States mediating this dispute, which it regards as an internal affair.

leadership of the Taiwan military, there has been quite a bit of continuity. I would expect that these issues will be addressed in the months ahead.

What we do know from looking at the DPP's defense white paper is that they tend to think that the navy and the air force need to get more attention. But I think this is really a work in progress.

AUDIENCE QUESTION: Will there be any U.S. mediation between Beijing and Taipei?

BUSH: The best answer to this question is a remark I found recently that's attributed to Arnold Toynbee. He said, "America is a very large, friendly dog in a very small room. Every time it wags its tail it knocks over a chair." Maybe a tad too humorous for the subject, but I think there are several issues here. First, we have had limited experience mediating between Chinese parties. There was the Marshall Mission back in 1946 and 1947, and it was a valiant effort. It ended up failing because there was not sufficient trust and goodwill between the two parties concerned, and the end result was that General Marshall and the United States were suspected by both sides.

Similarly, what's missing in this situation is mutual trust, and I'm not sure that's something the United States can provide.

Second, there is the simple fact that, as far as anybody knows, Beijing is not interested in the United States mediating this dispute, which it regards as an internal affair. If it's an internal affair, why would you have an outsider come in and play such a central role, thus internationalizing it?

Finally, I think that in a dispute like this, if there is an objective solution out there, that the two parties can get to with trust and goodwill, it's likely to be much more enduring than if you have an

outside mediator. If it's the two sides that create the agreement and then have to implement it, they *own* it, and they will be more likely to take responsibility for it. If it's an outsider, in this case the United States, then it becomes easy at any point, when one is dissatisfied, to blame the mediator or ask the mediator to come back in. This is not an easy issue, I grant you. But I think it is one that creative people can influence.

AUDIENCE QUESTION: I'm Richard Shanhown, Princeton University. You compare Chen Shui-bian with Tony Blair. That's very good. But unfortunately, I think Chen Shui-bian is not as strong as Tony Blair is in his party. The most respected people in the DPP are Lin I-Hsiung and Chen Ting-nan. They are very clean but they are very much on the other side. The problem with Chen Shui-bian, perhaps, is that he cannot convince his own people so he can really seriously negotiate with the PRC and Jiang Zemin. Similarly, I think Zhu Rongji and Jiang Zemin are also very weak. Both sides use nationalism. This is like playing with fire, and could be very, very dangerous. How do you know how weak they are? [LAUGHTER]

BUSH: You identify a very significant issue and it's one element of this very complicated equation that does make it harder for the two sides to come together and negotiate an acceptable solution. I don't want to speak to the political problem on the PRC side of the Strait. I think that people in the DPP are fond of saying they are a very democratic party. From the beginning, different leaders have had contending points of view but they have become very experienced in building consensus within their party and listening to one another, and shaping ideas on that basis. I can't predict the future, nor how Mr. Chen will deal with the problem you identify, but I think the past gives us some hope.

AUDIENCE QUESTION: Ramon Myers, of the Hoover Institution. Early in May, when Tang Shu-pei was in Tokyo, he was quoted as saying that "one China" doesn't necessarily mean the PRC. Last summer, Wang Daohan wrote an article in the *Yuzhou Zhoukan* [Asia Week] saying very much the same thing, redefining Beijing's position on "one China", which they had stated as early as 1992. My question to you is simply: when you were in Taipei, did this resonate in any way among the people that you talked with? Has the Chen Shui-bian administration seriously looked at this as a major concession?

BUSH: Here we're getting again into a theological area, and I think the sorts of statements that you cited by Mr. Tang and Wang Daohan need to be taken seriously. I think one also has to take seriously statements, like those in the white paper, that there is "one China" in the world. Taiwan is a part of China. The government of the PRC is the sole legal representative of China. That's one definition. The other is there's only one China in the world. Taiwan's a part of China. China's sovereignty and territorial integrity cannot be divided. So we have different balls in the air—some look good and some there are questions about. This is the reason that at some point there needs to be a discussion of what these different definitions mean for Taiwan's long-term relationship with the mainland. I'm not dismissing these other things out of hand, but I can understand how there's caution on Taipei's part in wanting to have a little bit more information.

If each side does believe they've tried to place the ball in the other's court, how long will these two sides be patient with this particular situation?

OKSENBERG: I'm going to exercise the chair's prerogative and raise a question that in a sense builds upon Larry Diamond and Ramon Myers' questions. It seems to me that each side, in recent days, to continue your ball metaphor, has attempted to place the ball in the other side's court. Each has done something innovative. Chen Shui-bian has gone beyond Lee Teng-hui in a willingness to begin discussion on San T'ung, the three connections between the two sides—transportation, civil air transportation, and communications. Meanwhile—precisely the point that Ramon Myers has just made—the Chinese have offered to return to the 1992 formula which entails an expression of "one China", but with each side perhaps expressing orally their interpretation or reserving to themselves the right to interpret what "one China" means. My question is as follows: Do you have a somewhat similar sense that each side has now tried to place the ball in the other's court? If so, two questions, it seems to me, follow. One, what are the specific actions that could be undertaken to try to move out of what could become an impasse as each side awaits a response from the other—essentially saying that it's the other side's responsibility to blink first and respond. Two, the question that Larry posed is, if each side does believe they've tried to place the ball in the other's court, how long

will these two sides be patient with this particular situation? You have stressed the need for patience. I agree with that, but what can be done during this period so that the only thing that is moving forward is not simply patience?

BUSH: Jet lag is really kicking in. [LAUGHTER] Let me give a brief answer to what is a complicated issue. Maybe we can talk about it a little bit more. I think that we have seen in the last few days—and indeed in the last couple of weeks—a willingness to talk in terms that are not so rigid, and that is all for the good. I recall the period in 1998 when an interactive process began, each side making a bit of an overture, sticking its toe in the water and seeing what the other side would do. And then, when there was enough of a positive response, the other side made another overture. All this culminated in Koo Chen-fu's visit in October 1998. There are ways that that process could have broken down. During that time, you still had arguments back and forth about the "one China" principle, but I think each side saw sufficient opportunity to test the intentions of the other, that each in an incremental way was able to get to "yes."

Now, this is a different situation, and there are different factors to be considered. I don't have a good sense of the time frame. I'm aware that every August the Chinese leadership meets at Bei Daihe to discuss the major challenges it faces. I'm aware that there is a legislative election in Taiwan at the end of 2001 that may reshape the political landscape. But this seems, at least, like a good time to test the waters, and see what response can be elicited from the other side.

AUDIENCE QUESTION: My name is Linda Chao, of the Hoover Institution. It seems like people outside of Taiwan are more concerned with what's going on in the cross-Strait relationship. Overseas Chinese, and I'm one of them, watch television every night and read Chinese newspapers every day, and really, really worry about what might happen in case one side loses patience and does something rash. When I went to Taiwan a few weeks ago, I talked with my friends and relatives, and I realized it that people in Taiwan are not really worried. As they say in Chinese, *shei pu shei* (who's afraid of whom?), and we're not afraid. I was wondering just how much the power of Washington, and of America in general, plays into this mentality among Taiwan's people. Is it that they have some sort of belief that the American government will protect them, or sell weapons to them? Or have you in some way communicated to

Taiwan's government so that the people really feel that the United States will be there to help them in case of emergencies or crises?

BUSH: Well, this is the \$64,000 question. I think there are a lot of reasons why people in Taiwan seem relaxed on this point. I think the situation is a little bit volatile, or is changeable. People in Taiwan are aware that the United States has great sympathy for them, and that we do play an important role in Taiwan's economy and its security. However, I think there's also a realism that what the United States does in a crisis can't be predicted in advance, because it's impossible to deal with hypothetical situations. What we would do would be a function of the circumstances, but at the same time we would be very clear with Beijing that peaceful approach is really the only way to go.

HANCOCK: Dr. Bush, on behalf of the Shorenstein Forum, I want to thank you for your clarity, and your insight. [APPLAUSE]

Taiwan's Historic 2000 Elections—and Aftermath

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**Roundtable Discussion of the Walter H. Shorenstein Forum
Asia/Pacific Research Center, Stanford University
April 14, 2000**

RUSSELL HANCOCK: Ladies and gentlemen, I welcome you to this roundtable discussion. My name is Russell Hancock, and I have the privilege of serving as the director of the Shorenstein Forum here at Stanford. I'm delighted you are here, and eager to launch into our subject matter.

We have just witnessed a historic election on the island of Taiwan. The outcomes there included the convincing defeat of the ruling KMT party, the repudiation of outgoing president Lee Teng-hui, the strong showing of James Soong, and the sensational victory of Chen Shui-bian and the DPP.

The implications of these events are profound and potentially quite far-reaching. The election has generated considerable nervousness in many quarters, as we saw, for example, when there were sharp losses in the Taiwan stock market the week before it. Beijing fears permanent political severance, and fears Taiwan's acceptance in the international community as a separate, sovereign nation state. And some of China's leaders have blamed the United States, whether wrongly or rightly, for enabling this process.

Now, the consequences of a Sino-American conflict over Taiwan are unpleasant to contemplate, and the possibility of a cross-Strait conflict is too horrible to imagine, which is why it has been encouraging that the rhetoric coming out of Taipei and Beijing has been more conciliatory of late. President-elect Chen's appointments have likewise been conciliatory and astute, which brings us to the present day, and this roundtable discussion.

We are fortunate to have three distinguished participants who have observed these developments first-hand. Gentlemen, we thank you very much for your presence here today. We've asked each of you to speak for ten or twelve minutes each and then we'll open up to the audience for questions. We look forward to a very stimulating discussion.

Let me begin by introducing Professor Larry Diamond. Larry is a senior research fellow at the Hoover Institution and professor of political science and sociology by courtesy. He is a specialist on democracy broadly considered, and its development throughout the world. He has studied democracies in Asia, Africa, and Latin America, and he is also an expert on American foreign policy and the manner in which it promotes democracy abroad. He's the co-editor of the quarterly *Journal of Democracy*, and has also been a co-editor with Juan Linz and Marty Lipsett in the ongoing series *Democracy in Developing Countries*. Only two years ago Larry was a visiting scholar at the Sun Yat Sen Institute at Taipei, and he has just returned from Taiwan where he was a first-hand observer of the election. Larry, thank you.

DIAMOND: Thank you, Russ, and thank you all for coming. I want to talk about why I think Chen Shui-bian and the DPP won this election and then for a little bit on what I think it means. I want to say at the beginning that this really was an extraordinary outcome. Many of the people who were working for the DPP did not expect it. Very few political scientists I have talked to in Taiwan, or polling specialists in Taiwan, anticipated that Chen Shui-bian could

have gotten more than 35 or 36 percent of the vote in a three-person race. He got almost 40 percent. The DPP's target was, I think, five million votes as a really optimistic target, and he got well over that. It is very tough to get 40 percent of the vote with three strong candidates, and he did that in a context, as you know, where the DPP had never won a political victory larger than control of the majority of the city and county governments. This, in itself, was a rather remarkable achievement in November 1997—to win, for the first time, a majority of the twenty-three city and county governments in Taiwan. This was with the whole future of the country at stake, and with Zhu Rongji pointing his finger in the TV cameras, warning the people of Taiwan not to do exactly what they did, and that they wouldn't get a second chance if they made a mistake. And with all of the international nervousness, you understand.

I have never witnessed a more moving and powerful moment than Saturday night, March 18th, from 5 o'clock until about 7 or 8 o'clock, when the results started pouring in and Chen Shui-bian surged to a stunningly significant lead that he never lost in the election count.

I'd just like to say that I have watched various aspects of democracy and election campaigns in quite a number of developing countries and political systems over the last twenty-five years. Personally, though, I have never witnessed a more moving and powerful moment than Saturday night, March 18th, from 5 o'clock until about 7 or 8 o'clock, when the results started pouring in and Chen Shui-bian surged to a stunningly significant lead that he never lost in the election count. What of the concerns about what would happen in the country, the crisis that would befall it if Chen Shui-bian sneaked in as a minority president? Would the military really hand over power? Could democracy be consolidated? These worries just melted away and the KMT behaved and has behaved impressively—in my opinion, like the Democrat or Republican incumbent administration in the United States when they lose. They acknowledge their defeat and prepare to hand over power. It's just a remarkable development.

Why did Chen Shui-bian win when even many of his own people did not expect him to? I think he always believed he would win, and this tells you something about him. Why did he win when the DPP had never gotten anything like this percentage of the vote in a presidential election before?

I think you have to consider two dimensions. One is the dimension of the KMT and the presidential nominee, and the other is the dimension of Chen Shui-bian personally in his campaign. First, the KMT. The KMT was dealing with two very big handicaps that in the end completely overrode its enormous assets—namely, the assets of being the incumbent party, and, by far, the richest political party in the world. The KMT has a business empire estimated at

There is no political party anywhere in the world—I don't care how democratic, how inspired, how honest it starts out—that can be in power in one political system without interruption for half a century and not become extremely corrupt.

anywhere from \$4 billion to \$20 billion, which yields an income of several hundred million dollars for the party. I'll put that in perspective in this way. Al Gore has proposed that the United States develop an endowment to fund future congressional election cam-

aigns, and that \$7 billion, if accumulated over the next seven to ten years, could fund all the congressional elections in the United States. It would take a long time for the United States to get to this size endowment to fund the congressional election campaign. Taiwan could do this *tomorrow*, by taking a portion of the KMT's business assets and putting it into an endowment fund. In fact, I think they should do that, and it would be a wonderful thing for democracy and Taiwan if they did.

As a party, the KMT has been in power for fifty years on the island of Taiwan and its offshore island—longer, if you go back to the end of World War II. There is no political party anywhere in the world—I don't care how democratic, how inspired, how honest it starts out—that can be in power in one political system without interruption for half a century and not become extremely corrupt, extremely arrogant, and not very responsible in dealing with the public trust. This was a growing perception among the people of Taiwan, and was summarized in the term “black gold”—which perhaps our other panelists will talk about further—which characterizes Taiwan politics as increasingly dominated by the “black” element, or organized crime. Electoral party politics are dominated by local mafia elements on whom the government has not had the will or the ability to crack down, and these have increasingly stained the character and quality of democracy in Taiwan.

I think the final blow for the presidential campaign of the KMT presidential candidate Lien Chan came about ten days before the actual voting. He appeared at a major campaign rally in Kaohsiung, on the stage with one of the nation's most notorious figures of organized crime—who is himself a member of the country's parliament and whose resulting legislative immunity means he cannot be prosecuted. But everybody knows he's basically a criminal and a thug. This was the final step that drove Taiwan's most revered scholar, Lee Yuanzhe, to come out and specifically endorse Chen Shui-bian. I think he was deeply troubled—as many Taiwanese were—by this growing infiltration of organized criminal elements into politics, and the inability of successive KMT governments to fight back.

The second thing I want to point out about the KMT is that it made the disastrous mistake of nominating a distant, reserved, politically ineffective, and unpopular candidate to be its presidential candidate, namely the vice president Lien Chan. He is a very fine man. A man with whom people have worked, and whom they really admire in many ways for his intellect and ability, but who just is not politically skillful. Please keep in mind that Taiwan is now largely, particularly in electoral terms, a presidential system. Presidential elections, much more than parliamentary elections, are not so much about parties. They

are increasingly, in a media-driven age, about personalities, as we have seen in the United States, and in Israel as it has moved toward

Why did Chen Shui-bian win? He was lucky; he was smart; he was disciplined; and he and his party mounted an extraordinarily effective campaign.

a presidential system, and in Taiwan and elsewhere. Chen was an appealing personality. James Soong was a dramatically appealing personality. Lien Chan wasn't. One reason the KMT lost this election was because its undemocratic internal structure allowed President Lee Teng-hui to force upon the party someone who wasn't a strong candidate and had many handicaps. Perhaps Ramon will want to talk more about this.

Now, why did Chen Shui-bian win? I think there are basically four reasons. He was lucky; he was smart; he was disciplined; and he and his party mounted an extraordinarily effective campaign.

First, he was lucky that the KMT made all the mistakes I've mentioned, and made them in a situation where there emerged an

extremely strong independent candidate in James Soong, the former governor of the Province of Taiwan. Chen Shui-bian would have lost the presidential election, I am pretty sure, if any one of the following three things had happened:

- If there had been a democratic primary election to determine the nominee of the KMT, which Soong was prepping for, in which case I think Soong would have won. Even if he hadn't, the KMT would have been able to field a single candidate rather than having an independent challenger. That two-person race, in essence, would have led to the defeat of Chen Shui-bian.
- If there had only been two major candidates in the race rather than three—that is, if Soong had not run.
- If Soong had not had his reputation blackened by the KMT with a financial scandal that emerged in January. Many of you are familiar with this—money that was mysteriously in his bank account.

Soong was leading in the polls; he's extremely popular. He's someone who I think will survive to be a significant force in the future. He's already started his own political party, is an extremely adept campaigner, and stunningly effective at dealing with people on an individual level. If it hadn't been for the scandal, frankly, I think Soong would have won the presidential election. So Chen was lucky.

Second, Chen Shui-bian won the election because he realized that the DPP needed to reposition itself on cross-trade relations and international affairs—not only for political reasons, but also for the good of Taiwan and its ability to survive if there was a DPP government. Chen embarked on a long effort that has resulted in the type of government you're seeing now, which I think is going to be moderate, clever, innovative, restrained, and very forthcoming in dealing with China.

Third, Chen was disciplined. I have to tell you, having watched him campaign on several occasions at fairly close range: he is simply one of *the* most remarkable politicians I have ever observed in my life. He is charismatic. He is forceful. In one campaign, I saw him standing on a stage in a business suit in the driving rain, speaking at length, as if there were no rain, and no problems. I don't even understand Chinese, and I was swept off my feet by the fervor of his rhetoric, and the emotional bond between this man and his audience, resulting from what he has fought for over the years. His skill

as a campaigner is remarkable. But even with all of that emotion and rhetorical quality he did not veer, once the campaign got going, from the disciplined strategy of restraint in terms of cross-Strait relations. The great fear of his senior campaign staff was that at some point—maybe on the final night of the campaign at that extraordinary rally at the Taipei Soccer Stadium—he wouldn't be able to restrain himself any longer, and at the end would lift his fist and say, "Long Live Taiwan Independence!" That would have been a disaster for him electorally, and certainly a disaster, if he won, for dealing with China thereafter. He didn't do it, and he hasn't done it, because he's an extremely disciplined man.

Fourth, as I have said, Chen is a very effective campaigner, so he got a much larger percentage of the vote than he ever has before. His campaign was run in an extremely impressive way. I wish I could give you more examples of the rallies he organized. There were probably 200,000 people inside and outside the soccer stadium on the final night in Taipei. The rally he held the weekend before in Kaohsiung was probably the largest political rally ever on the island of Taiwan—an extraordinary technical production.

Finally now, let me just say a word or two about the prospects for the future. I don't think I need to dwell on this—maybe my colleagues will—but we can also talk about it in the question-and-

In one campaign, I saw [Chen] standing on a stage in a business suit in the driving rain, speaking at length, as if there were no rain, and no problems. I don't even understand Chinese, and I was swept off my feet . . .

answer period. I am not worried, and frankly for some months now I have not been worried. Once I started realizing how consistently this new line was being adhered to I stopped worrying about Taiwan provoking China, doing something stupid or irresponsible with respect to

cross-Strait relations, and then leading toward a downward spiral of overt conflict with China. I think you're going to see creativity, moderation, restraint, and conciliation continued as the theme of foreign policy in cross-Strait relations, and considerably less destructive provocation of the kind that we saw from Lee Teng-hui. I think it's going to be a more restrained and conciliatory regime by far, with respect to the PRC, than was that of Lee Teng-hui.

If that were enough, I wouldn't be worried. What *does* worry me is the question Beijing's true intentions—if there are any coherent intentions. What worries me is an immediate run that may not be enough, that China may actually mean what it says in the white paper, and that it's not going to wait forever to have a serious dialogue about political unification. Whether Chen Shui-bian is capable of uttering the term “one China” in a manner that Beijing will find adequate to restart negotiations, I don't know. I think he will make an effort to do so; whether it goes far enough, I don't know. I think he will be responsible in dealing with China, and even innovative. But whether he will be pliable enough to suit a sustainable political majority or viable coalition in Beijing to restart negotiations, I just don't know. But I do worry about the future stability and peace of the region if these two sides don't start talking to one another in a serious way in the next couple of years. Thank you. [APPLAUSE]

HANCOCK: Thank you, Larry. Let me next introduce Dr. Suisheng Zhao. Dr. Zhao is the Campbell National Fellow at the Hoover Institution for this academic year. He's visiting here from Colby College in Maine, where he is a professor of government and East Asia politics. He has just published a book entitled *China and Democracy: Reconsidering the Prospects for a Democratic China*, and last year he published a book entitled *Across the Taiwan Strait: Mainland China, Taiwan and the 1995–1996 Crisis*. He has also published widely elsewhere. Dr. Zhao, too, was an official observer of the elections for the Mainland Affairs Commission in Taiwan.

SUISHENG ZHAO: Thank you very much for your kind introduction, Dr. Hancock. Talking to people before the election, you could feel that the Taiwanese people wanted change. It was very clear that many people did not want to see the KMT continue for another fifty years, or stay in power in Taiwan because of all the problems Larry mentioned. “Black Gold” politics is one of these problems.

At the time before the election, there were still about 30 percent of voters who had not decided which candidate they were going to vote for. Among this 30 percent, as I discovered from talking to some people, were many who did not want to vote for the KMT. The choice was between James Soong and Chen Shui-bian. Eventually, Lee Yuanzhe's endorsement of Chen, and Beijing's premier Zhu Rongji's very militant threat changed the dynamic, giving a small margin to Chen Shui-bian, 39 percent to 36 percent. I talked

to a taxi driver at that time and asked him whom he was going to vote for. He said, "I am not going to vote for the KMT for sure, but I was thinking about Soong. Soong was a good person and he might be a good leader. When he was a governor, he did such a good job. However, one problem I have with him was how both of his family members have U.S. passports and my thought was that his roots were not in Taiwan. Chen Shui-bian, in this case, is one of us. He has roots in Taiwan." I don't know who he eventually voted for, but I thought his remarks were indicative of the dynamic, last-minute voting behavior in Taiwan at that time.

On the last day, the Friday evening before the election, I went to all three rallies for Chen Shui-bian, James Soong, and the KMT

. . . the result of the election was the choice of the Taiwanese people. It was democratic; it was fair; and it showed that Taiwan's people made their own choice. It also proved that democracy could work in Chinese culture and with Chinese tradition.

candidate, Lien Chan. From there, it was also very clear. When you went to the KMT's rally, people were not enthusiastic. You could clearly see they had been organized to go there by the Party. When the Party candidate told them to yell, they yelled. They were provided things like hats for free. When you went to James Soong's campaign, people

had to pay 100 Taiwan yuen to buy a hat, but many people still bought them. That made it very clear to me that people wanted change. From that perspective, I would say that the result of the election was the choice of the Taiwanese people. It was democratic; it was fair; and it showed that Taiwan's people made their own choice. It also proved that democracy could work in Chinese culture and with Chinese tradition. That is one point I want to make—that the election was a victory of democracy in Taiwan.

After the election on March 18th, the new government faced some new problems. But many of these problems are similar to those confronted by the KMT government during their tenure. The most pressing challenge to the new government is how to handle the cross-strait relationship, about which Larry was very optimistic. I'm not that optimistic.

DIAMOND: You thought I was being optimistic? [LAUGHTER]

ZHAO: Let me give you my reasons as to why I'm not that optimistic. First of all, I would like to agree with Larry, that the new Chen Shui-bian government is trying to be a very responsible, pragmatic government, and to prevent a crisis from taking place across the Taiwan Strait. Specifically, I think some very important steps have been taken since March 18th. Let me give you some examples:

- First, Chen Shui-bian announced that as long as national security and people's interests are guaranteed, he's willing to begin negotiations on cross-Strait direct transport and trade.
- Second, Chen mentioned that "one China" is one of the topics he could negotiate on with mainland China, a big change from the DPP's old position.
- Third, Chen invited President Jiang Zemin and Premier Zhu Rongji to visit Taiwan.
- Fourth, Chen is willing to make a trip to China, and to go to Beijing before the inauguration date.
- Fifth, in an interview two days ago, Chen mentioned that he welcomes the granting of Permanent Normal Trade Relations to China, a major issue for debate in the U.S. Congress.
- Sixth, Chen tried to make the DPP review their old party constitution—which demanded a referendum to decide Taiwan independence—and he is willing to reconsider changing that stipulation.

Chen also promised to start the three links—communications, commercial, and coastal—with mainland China by the end of the year. All of these are very good gestures.

In spite of these gestures, what is mainland China's view so far? I think it is very cautious, not very positive, and that its position is relatively unchanged. Beijing's attitude thus far has been to listen to what Chen has to say and to see what his actions will be. [China's Vice Premier] Qian Qisheng made that statement. He said that the new leader of Taiwan cannot only make gestures, but must take action if Taiwan is to earn the confidence of others.

Why could mainland China not accept Chen Shui-bian's so called "good gestures"? Because they don't trust him. Trust is a very crucial issue here. Beijing cannot trust the DPP, they cannot trust Chen Shui-bian, and they cannot trust the Taiwan government. Why? For two good reasons, I think.

First, historically (in the last ten years) Beijing feels it has been betrayed, cheated by the Taiwan government. As a matter of fact, Lee Teng-hui's early years also started with good gestures and good postures. He started the National Unification Council and adopted National Unification Guidelines, after he came to power in the late 1980s and early 1990s. Beijing was not sure, at first, about what Lee would do, though they had high hopes that he would avoid the burden of the old KMT-CCP conflict, and consequently, make some breakthroughs. They took a very patient, "wait-and-see" attitude, much longer than they will wait for Chen Shui-bian this time. Using what they called "peaceful offenses", including economic and cultural exchanges, Beijing provided a lot of preferential treatment to Taiwanese businesspeople. Beijing tried to show Taiwan goodwill, hoping it would eventually come to the negotiation table, and accept what they call the "one China" principle and work on the "one country, two systems" formula.

But what happened? They were very disappointed. Lee Teng-hui used up Beijing's patience. He skillfully maneuvered Taiwan's domestic politics and eventually changed the whole game. Before he came to power the "game" was how to reunify Taiwan with China, and who should represent China. But, particularly in the 1990s, the game soon became how Taiwan could become independent. Lee engineered this change very skillfully, by promoting democratization, which is good in itself, but in this case he used democratization to promote the Taiwan independence movement. In the whole process, Lee used the democratic problem to expand Taiwan's international space. Gradually he eliminated his rivals, those nonmainstream people like Hao Bo-Cun who had very close connections to China, even though they were anti-Communists. Lee gradually got rid of the people who identified with "one China", and slowly changed the constitution. He eventually established strong support in Taiwan political circles for Taiwanese independence from the mainland. That was Beijing's perception.

Before [Lee Teng-hui] came to power the "game" was how to reunify Taiwan with China, and who should represent China.

But . . . the game soon became how Taiwan could become independent. . . . From that point forward, Beijing felt betrayed.

From that point forward, Beijing felt betrayed. In 1995, before the first direct presidential elections in Taiwan, Beijing became so frustrated it panicked. If you talked to Beijing leaders at the time, you found that they thought Lee Teng-hui was going to declare independence after he was elected. They were very concerned. Lee Teng-hui dismissed the old national legislature, which was composed of mainlanders who were not really elected from mainland China. He also abolished the governor position to make Taiwan a modernized state rather than a province. He skillfully managed change and Beijing felt betrayed, which caused the Taiwan Straits crisis of 1995–1996. After that, Beijing thought it could stop Lee Teng-hui’s so-called “independence momentum.”

It was very clear to [Chen Shui-bian’s supporters] that Taiwan has been a sovereign state.

After the 15th Party Congress in 1997, Beijing wanted to talk again. Koo Chen-fu was invited, and visited Wang Daohan in Shanghai in 1998. They were going to meet again in Taipei in the fall of last year. But then, what happened? Lee proposed a new special state-to-state theory, a big shock to Beijing leaders, and the whole situation changed. So, what we see from Beijing’s perspective is clear: “We will not be cheated again. We want to see action.”

What is “action”? That is to accept the “one China” principle. What is the definition, the content of this “one China” principle? That can be negotiated, but you must begin at the “one China” principle, and go from there. That’s Beijing’s position, and I don’t think Beijing sees Chen Shui-bian as someone who can move beyond that point.

When I was in Taiwan I talked to the DPP people, Chen Shui-bian’s supporters. It was very clear to them that Taiwan has been a sovereign state. There was a clear consensus on this issue. And Taiwanese people—not only Chen Shui-bian’s supporters—support that kind of thinking as well. They could not distinguish Taiwan’s claim as a sovereign state from the Republic of China’s claim as a sovereign state. When I was in Taisung City, for example, we went to the DPP’s local campaign headquarters. Those people were very militant, particularly when they thought I came from mainland China. They had a banner that said “Welcome Scholars from China.” I told them that yes, I originally came from China, but for this trip, I came from the United States. What they implied was that they, as Taiwanese, are different from Chinese, of which group I

was seen as a member. When I talked about China–Taiwan as one country, they were really angry. Then, on the same day, the local paper published a report stating that the Chinese scholars had learned a lesson there. So, you can see how strong the claim is for Taiwan’s sovereignty.

You can also see, then, from Chen Shui-bian’s perspective, how difficult it is for him to back away from Taiwan’s sovereignty. He will play the “people’s card” in dealing with mainland China. The sovereignty issue—the “one China” principle, in this case—cannot be compromised.

So far, Chen Shui-bian’s strategy has been to visit mainland China, or Taiwan, and to use nonessential issues to cover or postpone discussion of the substantive issues. If mainland China is smart enough—as smart as Chen Shui-bian—it will be very difficult for it to accept this postponement strategy, and to be distracted by sideline concerns.

The evening the election results came out, and I was very concerned. At six o’clock, I had dinner with some business people in Taipei, and we watched Chen Shui-bian’s victory speech, when he invited Jiang Zemin and Zhu Rongji to Taiwan. We thought, “What is he talking about? Impossible!” To have the president of the

. . . we watched Chen Shui-bian’s victory speech, when he invited Jiang Zemin and Zhu Rongji to Taiwan. We thought, “What is he talking about? Impossible!”

People’s Republic of China attending Taiwan’s president’s inauguration? It is too far away from reality, from my perspective. Beijing’s strategy in this case, I think, will be that they will not accept Chen, for now.

On the other hand, mainland China is not ready to fight a war with Taiwan. Therefore, it will have to be patient. In the meantime, Jiang Zemin has proposed a policy called the “16-Character Policy.” The last four chapters are “*bao chi gao ya*” (to keep high pressures on Taiwan), to see what will happen. How long that kind of patience will last is a very good question to ask. Thank you. [APPLAUSE]

HANCOCK: Thank you. Finally, let me introduce Dr. Ramon Myers. Dr. Myers is senior fellow at the Hoover Institution and also the curator of the Asian Collection at Hoover. He is the associate

editor of the *Journal of Asian Studies* and was previously the editor of a forty-four volume series entitled *The Modern Chinese Economy*. He is a scholar of Taiwanese history, and his publications include a 1997 book entitled *The First Chinese Democracy: Political Lives in the Republic of China on Taiwan*. But his scholarship is not limited to Taiwan. He has also published on U.S.–Korean relations, Japanese trade and investment, and a host of other Asian issues, and he too has just returned from Taiwan, where he was a first-hand observer.

RAMON MYERS: Thank you very much, Russ, for organizing this panel, and my thanks to the Shorenstein Forum. I'll be very brief. My perspective on the reasons for this dramatic turnover is somewhat different. Look at the figures. Mr. Chen won 39 percent of the votes. Mr. Soong won 36 percent. Mr. Lien won 23 percent. If you add 23 and 36 you get 59

President Lee regarded [James Soong] as a danger, a threat to his long-standing efforts to redefine Taiwan's relationship with China.

percent, which means that if the KMT party had not split they could easily have won that election. Absolutely no problem at all. Historically in the elections, particularly when

they began to be legal, the DPP never won more than 40 percent. It was lucky to get that much of the public vote.

So, why the split in the KMT? Political scientists, when they look at elections, like to look at behavioral patterns, but not many of them, it seems to me, go into the real details and complexities of what happens in the high élite circles, particularly involving leadership. Why did the KMT split? That's the key problem. Had they not split, Chen Shui-bian would never have won. So, we have to ask the question and we have to answer it.

Basically, there was a chance for a new ticket—namely the Lien Chan and Soong tickets that had been formed a year ago. This new ticket held the possibility for a patch-up, in which Soong and Lee might have been able to reconcile their differences. Soong and Lien could have been a team that would clearly have projected the KMT party into victory.

But there was bad blood between President Lee Teng-hui and James Soong and that bad blood goes back as early, I believe as the last week in December 1996. That was a very important week, because the government held something called a National Development Conference. At that conference, Lee Teng-hui essentially engi-

neered his own agenda as to what he wanted to come out of that conference. The two important things that he had hoped to gain politically from that conference were, number one, that there would be constitutional revision to strengthen the hand of the presidency, and number two, that there would be downsizing and abolition of elections for the provincial governor and the provincial assembly.

When the president and his assistants pushed this into the National Development Conference, it's interesting to note that James Soong had never been informed about it. He never even knew that his own job was in jeopardy because the president

already feared him. When he was elected a provincial governor in 1997, I believe, he had won the most votes ever in any election in the country. And President Lee regarded him as a danger, a threat to his long-standing efforts to redefine Taiwan's relationship with China, which Professor Zhao Suisheng has very eloquently presented to you. James Soong certainly didn't want to redefine Taiwan's relationship with China. Therefore, he and the president gradually had a falling-out, and I think it came probably in that last week of December 1997. From then on, there was a real power struggle between these two in the KMT, meaning that Lee Teng-hui would never have allowed Mr. Soong to be on that election ticket in February and March 2000.

Something else also happened to Lee Teng-hui in the four years after he had been elected in March 1996. He became very arrogant. He had already been in power about eight years. Hubris clearly clouded his political judgment, because I believe he honestly thought that his stalking horse, Vice President Lien, could win the election. When this campaign for the year 2000 began to emerge, I think he basically had two objectives. First, he was going to put his vice president into power, and as the chairman of the KMT, he was going to sit behind Mr. Lien and make very sure that Mr. Lien carried out his politics of continuing to make Taiwan a sovereign independent state in China. Second, as chairman of the party, he thought he could pretty well keep his hands on power.

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If Lee's first objective was to put Lien into office, his second objective was to make damn sure that Mr. Soong didn't win, in case Lien didn't look like a good outcome. As the election campaigning evolved, it became clear that it would be a very close race, but a week or ten days before election day, polls were coming in to KMT headquarters that clearly indicated that Lien was going to lose. Then, in that last week, several mysterious things began to happen. Some of the heavyweight élites of Taiwan began to come out and endorse Chen Shui-bian: wealthy businessman Chao Wen-fu, the head of the great conglomerate, Evergreen; and Nobel Prize laureate of the *Academia Sinica*, Lee Yuanzhe. I'm not sure they all came out together just because they wanted to. I suspect that there was somebody traveling behind the scenes prompting them to do so, and I don't think we have to mention who that might be. So, clearly, when Mr. Lee Teng-hui learned that his vice president was not going to win, you can bet that he made every effort to make certain that Chen Shui-bian would win and that Mr. Soong would be defeated. Anybody who knows anything at all about Taiwan politics I think buys this argument.

DIAMOND: I don't.

MYERS: Then that puts you in the category of not knowing very much about Taiwan politics. [LAUGHTER]

Anyway, let me continue just for a few minutes and then open up for questions. Even after the election, it was extremely hard for the defeated Party chairman to think about taking accountability and stepping down. In fact, there had to be demonstrations in front of Party headquarters, and advertisements by unhappy KMT cadres and scholars demanding that this man step down, and take responsibility. There was a huge struggle just to get Lee to finally relinquish his Party chairmanship. But from information that I've been getting from Taiwan recently, it seems that Lee can't stay out of politics. Lien Chan, the vice president, has the path now of trying to rebuild the KMT party for the second time in the last fifty years. He has set up a committee to restructure the KMT, and it seems that Lee is even trying to meddle even in that effort, with respect to who is going to be on the committee and as to what is going to happen.

In the little time that I've had here, I've wanted, clearly, to stake out a different perspective as to why this election went as it did. The implications for cross-Strait relations, it seems to me, are very gloomy indeed. I share all the gloom and pessimism of my friend Zhao

Suisheng. First, I'm not optimistic at all that this pragmatic, charismatic, clever, smart politician knows how to deal with Beijing, because he doesn't understand how they think in Beijing. Second, he's got an enormous burden of people in his own party that think, like he, that Taiwan is basically independent and that there's no need to sit down and talk with Beijing about sovereignty in the Taiwan-China question.

I'm not optimistic at all that this pragmatic, charismatic, clever, smart politician knows how to deal with Beijing, because he doesn't understand how they think in Beijing.

Keep this in mind. In 1979, Beijing made an offer to Taiwan, a federation formula for how the Taiwan-China sovereignty problem could be resolved. To this day, the leadership in Taiwan has never replied with a formula for federation of its own. All

the things that Professor Zhao told you about Lee Teng-hui's maneuverings to redefine the relationship of Taiwan to China explain largely why there has never been this kind of an offer put on the negotiating table by the KMT party under Lee Teng-hui's leadership. The KMT party lost this election because it had bad leadership, not necessarily because Chen was eloquent, charismatic, brilliant, and so forth. But in one area I do agree with Larry Diamond: Chen Shui-bian was very damn lucky. [LAUGHTER]

HANCOCK: Thank you, gentlemen. We turn now to the audience for questions.

* * *

AUDIENCE QUESTION: Might one of you elaborate on a new scenario or framework for cooperation across the Strait, and also on the role of arms sales between the United States and Taiwan?

MYERS: Well, I would simply say that we concluded a policy study, which we will shortly publish at Hoover, that outlines the only way I see of getting Taiwan to sit down and negotiate the issue of sovereignty and the resolution of the civil war—by forcing them to do so. To have Beijing force Taiwan would not be good for peace across the Strait. I think the pressure would have to come from the United States, and basically I don't see any reason to sell any

weapons at all to Taiwan until they sit down and talk. They must put on the table their own kind of federation formula to preserve Taiwan's democracy and prosperity, within a cooperative framework that would still satisfy the nationalistic impulse of the People's Republic of China. I think that's possible. I think something like a commonwealth formula could be offered as such a federation formula to Beijing, and negotiated, whether it takes one year or five years to do it. It would be a good idea for Taiwan to sit down and do that. But the only way to manage this is not to sell them the weapons, and keep in the future the decision to review whether to sell weapons. I think that this is ultimately the way—the only way, maybe—to avoid trouble across the Taiwan Strait.

DIAMOND: I agree with Ramon very strongly on a plausible interim solution. There can't be political unification soon, and a vacuum in discussing the substantive issues, as Suisheng called them, could be very dangerous. And I echo the sentiment that one would hope that these two sides could be induced and persuaded to sit down and talk about the substantive issues. One would hope that Taiwan would be creative enough to respond to the proposal of a few years ago, and to advance a proposal of its own that would reverse the slide toward independence and begin the movement in the other direction. A proposal that would persuade Beijing that Taiwan is no longer on a path of schism, and that's the key. I think that a plausible first step would be for this new government to speak increasingly in the language of there being one Chinese nation and of all people in Taiwan being a part of that Chinese nation. This could lead naturally into some proposal for a cultural commonwealth. It would be short of a political arrangement, but a first step along the path. I think that

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is the most the Chen government can offer now, but it would be a big step and I hope they do it. There are some people in this new circle that will come into power who are thinking about it—they are very open-minded. I'm not sure that will be enough for Beijing. I think Suisheng could speak to that better than I.

Now, let me just say one other thing. I can tell you for a fact that Annette Lu was not the first choice for Chen Shui-bian's running mate. I'm not going to say more, but I know that for a fact. She's a very impressive woman. It's a complicated story about how she came to be the DPP vice-presidential candidate. I personally think that the speculation that Lee Teng-hui played a role in this is a fabulous stretch, to put it very politely. [LAUGHTER]

I am skeptical. That's as strongly as I want to put it, Ramon. I just don't know. You know a lot more, and you may have sources

. . . Lee Teng-hui was so arrogant, so hubristic, and so out of touch with reality that he thought he could put Lien Chan over the top. . . . I think he was shocked on election night, frankly.

that are persuasive on this point. But I am skeptical about the story, which was rife throughout Taiwan. Any taxi driver would tell you immediately, that "Lee Teng-hui has engineered this" and "Lee wants this businessman and not a politician. He's really supporting Chen Shui-bian." I'm skeptical of that view, since I don't have the

intimate, persuasive information that you may have. One reason I'm skeptical is because I've heard plausible information that the KMT was getting poll information of a very different nature that showed Lien Chan in the lead. I also think that there was an emperor complex. You've spoken about this as well, but I think it goes even further. I think that Lee Teng-hui was so arrogant, so hubristic, and so out of touch with reality that he thought he could put Lien Chan over the top. The people who were serving him, in terms of polling and everything else, were so afraid of giving the emperor the bad news that they were jiggering the poll data to persuade him that Lien Chan could win. I think he was shocked on election night, frankly. I think he thought the machine—the luster of his personality and whatnot—could pull it out. Now, I may be wrong, but I don't doubt that his preference would have been Chen Shui-bian over James Soong. I don't question anything else you said about the rift between them, or the certainty that Soong would have run in a two-person race. I'm not sure, though, that he really threw it to Chen Shui-bian in the end.

MYERS: Professor Wei Yung, why don't you comment? Maybe you can be an umpire between these two positions.

WEI YUNG: Well, let me give you some parameters. These are not debatable.

First, had there been a one-slate candidate for the KMT, Chen Shui-bian could not possibly have won. Why did that not come up? There is no time for me to tell the whole detailed story. Soong was ready to be the vice-presidential candidate of the KMT. He came over here to the United States. He was here! He was in Berkeley and at that point he was even thinking about being a scholar, or maybe having a more leisurely life. Then, when he went to Taiwan, he was ready for the nomination of the vice presidency, but the president said no.

Second, I was on the Constitutional Planning Committee. We were thinking about the outcome of elections, and whether there should be a simple plurality or absolute majority. The whole committee was for absolute majority because we cannot have a minority president. We must have a majority president. And what happens? We all decided, we went through several stages of plans, and then on the final day, the word came. Simple plurality. We were very, very mad. That's it. Had it been different, there would have been a run-off election, and who'd be president? James Soong.

Third, had we not we removed the right and the power of approval for the permission in the constitution, there's no chance that Chen Shui-bian could have been a candidate. Who removed the power of the parliament, of the premiership approval? President Lee. He insisted. I told my colleague in the parliament that Lee is a lifeline for approval and permission. The lifeline of the parliament. He removes the power from the parliament, and parliament becomes a stooge. He wants to castrate institutions.

So maybe Lee did not personally plot the whole thing. But the person who did was a close associate of President Lee. There is no guilt of plotting, but there was a clear guilt by association in the initial appointments.

AUDIENCE QUESTION: Could I take your Machiavellian theory one step further? Given the outlook Chen explained in his English language article in *Foreign Affairs*—which was a very skillful spinning out of the arguments—why wouldn't it be that he had to go one step further? That this is like a roll of the dice, and Chen is the man who can take the point on this—

MYERS: I have no trouble with that statement. Lee clearly did not want Soong to win and he clearly was not going to allow Soong to

win. He had Soong's headquarters broken into in November of last year. He had the phones tapped of all the people who are supporters of Soong and were trying to help the campaign. No, I see the sinister hand of Lee everywhere. Clearly, when he became aware that Lien Chan's chances were very poor, I think he made every attempt in the ways that he had through the office of president—where he had consolidated so much power in the last four years—and tipped the

I see the sinister hand of Lee everywhere. . . . I think he made every attempt in the ways that he had through the office of president—where he had consolidated so much power in the last four years—and tipped the balance very nicely.

balance very nicely. That was a roughly 300,000 vote difference, not very big.

ZHAO: Exactly, that's the point here. At a political rally, I saw Lee Teng-hui come to the stage, take over the podium and say "Okay, okay, don't talk." It was very strange behavior. Then he spoke for a few minutes and said "Don't vote for James

Soong. Soong is a bad person and you cannot believe him." Then he talked about Chen Shui-bian and the only thing he said about Chen was that he was too young. He said "Chen's a good person, and maybe you can back him next time but he's not perfect now." That's the only message he had, and he put Chen back on stage. No candidate was allowed to talk from Chen's campaign, but the others who campaigned talked all the way to twelve o'clock. So I thought, what's going on? What is Lee Teng-hui doing here?

DIAMOND: Let me just say one last thing. Again, I don't know the answer. I'm just expressing skepticism, because I think Taiwan is just a boiling pot of conspiracy theories all the time. Some of them are right but often a conspiracy theory can be wrong. I think the KMT released millions of dollars of money in the last two weeks of the campaign to try and buy votes through its political machines. One of the extraordinary—and I think hopeful—things about this election is that that the money appears not to have been very effective. I think a lot of the middlemen just absconded with it. People were just so disgusted with Lien Chan they weren't interested any longer. It just didn't work. But you and I both know, Ramon, that there is only one man who could have authorized the release of that money, and that is the chairman of the party. Do you

really think that if he'd wanted to put Chen Shui-bian over the top, he would have poured these millions of dollars into this machine to try and buy the votes for Lien Chan? That says to me that he wanted Lien to win. I agree that Chen was his second choice. I don't doubt that, or that at all costs he would have done anything to stop James Soong. But my theory—and it's only a theory—is that this emperor was so out of touch with political reality that he thought this man who was so unpopular as a politician could be put over the top, simply because he was Lee Teng-hui's choice.

MYERS: I think that was true up until maybe the last few days before the election, during which time I think he got the word out to key élites to come out and throw their weight behind Chen. I think he feared that Soong might just beat him out.

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DIAMOND: Possible.

HANCOCK: We have time for one final question.

RANDALL SCHRIVER [Stanford Ph.D. student]: I think delaying or cutting off or suspending arms sales to Taiwan would be extremely irresponsible.

MYERS: Why?

SCHRIVER: First of all, we have domestic law that requires us to provide weapons.

MYERS: It's a judgmental interpretation of that law.

SCHRIVER: It requires us to make systems available for sufficient self-defense.

MYERS: But not for independence.

SCHRIVER: Not for independence, but what's going on in the PRC

right now is one of the most aggressive military build-ups opposite Taiwan that the world has ever seen.

MYERS: Largely driven by the fact that we've been supplying Taiwan.

SCHRIVER: There is a deployment of 650 ballistic missiles for which there is no defense opposite Taiwan. There is no defense against ballistic missiles.

MYERS: I don't know where you get your information on that but...

SCHRIVER: Department of Defense reports to the U.S. Congress.

MYERS: Okay, but the point is that that law can be interpreted different ways. And it was not designed in 1979 to supply weapons, to facilitate an effort to make Taiwan separate from China.

SCHRIVER: No, I'll move on here but it is subject to interpretation and there's no way to interpret China's build-up and refusal to renounce the use of force in any other way than that Taiwan is in need of military assistance.

DIAMOND: This is a point on which I disagree with you, Ramon. I understand the spirit of what you're saying, but I favor the notion that we should make very clear, and forcefully clear, to Taiwan that there's no blank check. If they head down the road toward independence, the American security umbrella and even weapon sales are potentially going to be taken off the table. I think we have succeeded in doing that, and that's why I think we're going to see a much more moderate and conciliatory stance from Chen Shui-bian than even from Lee Teng-hui. I don't think that the arms sales should be used for compulsion, to compel Taiwan to advance a negotiating position. I think they should be used for restraint, to restrain Taiwan from doing anything provocative to change the status quo. Frankly, I think even pursuing the special state-to-state relationship would be provocative, but I think Chen is going to abandon that.

I do agree with your point that it's not so much the legal argument—although I think you may well be right in your legal interpretation—but it's the moral one. I don't think the United

States can allow Taiwan to be compelled to accept Beijing's view of what "one China" is—or to begin talks for political unification according to Beijing's idea of political unification, and on Beijing's timetable—without abandoning our most fundamental principles as a nation, and without changing America's strategic posture in East Asia, and possibly the world, in a way that would have profoundly unwelcome consequences for the future.

HANCOCK: Gentlemen, this has been a stimulating exchange. Thank you very much for your time.

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