

THE CHALLENGE OF TAIWAN'S DEMOCRACY FOR THE UNITED STATES AND CHINA

(Updating Asian Studies Center *Backgrounder* No. 139, "China's Threats to Taiwan Challenge U.S. Leadership in Asia," March 6, 1996; *Backgrounder Update* No. 269, "China's Missile Diplomacy: A Test of American Resolve in Asia," March 12, 1996; Asian Studies Center *Backgrounder* No. 140, "How to Bring China and Taiwan Into the World Trade Organization," March 22, 1996.)

For the first time in 5,000 years of China's history, a Chinese people have directly elected their leader. This impressive exercise in democracy took place on March 23 in the Republic of China on Taiwan with the election of President Lee Teng-hui. Equally impressive, however, has been the pace of political evolution in the ROC that has transformed a one-party authoritarian system into a multi-party democracy. The direct popular re-election of President Lee was the capstone in a ten-year process of liberalizing national politics and developing democracy on Taiwan, and took place even as China was conducting a campaign of military intimidation against Taiwan. Democracy on Taiwan is of great political and strategic importance. Policymakers in Washington cannot ignore the reality of Taiwan's democracy when dealing with mainland China.

The Road to Democracy on Taiwan

Since the ending of martial law in 1987 and the legalization of the Democratic Progressive Party, Taiwan's main opposition party, the democratic transformation of Taiwan has spread across the political landscape at the local, county, provincial, and national levels. In 1992, Taiwan held the first full election of its law-making body (the Legislative Yuan);¹ in December 1994, ROC citizens directly elected Taiwan's provincial governor for the first time. The growth of democracy also involved amending the constitution of the Republic of China in 1994 to allow for the direct election of the president.

Taiwan's democratic transformation culminated in a four-month span from December 2, 1995, when ROC citizens for the second time elected members to the Legislative Yuan, to March 23, 1996, when they went to the polls to elect their president directly for the first time.

1 The ROC's two parliamentary bodies are the National Assembly and the Legislative Yuan. The National Assembly's primary function is to amend the ROC constitution, while the Legislative Yuan is the major law-making body.

The March Election

On March 23, 1996, over 10.7 million of Taiwan's 14.3 million eligible voters cast their ballots in the first direct, democratic election of the president of the Republic of China. Incumbent President Lee Teng-hui won re-election overwhelmingly, with 54 percent of the vote. Former political prisoner and Democratic Progressive Party presidential candidate Peng Ming-min came in a distant second with 21 percent of the vote, and New Party candidate Lin Yang-gang and independent Chen Li-an received under 15 percent and 10 percent, respectively. Winning 54 percent of the vote in a four-way race with 76 percent voter participation earned President Lee Teng-hui an overwhelming mandate to push forward his platform of greater "dignity, vitality, and grand development" for Taiwan.

Although overshadowed by the presidential election, elections for the Third National Assembly also were held on March 23. In the National Assembly, the ROC institution charged with managing constitutional reform, the Kuomintang (KMT or Nationalist Party) maintained its slim majority with 54 percent of the 334 seats. The formerly independent seats were nearly equally divided between the DPP and the New Party, with slightly more going to the DPP. The DPP improved its representation in the assembly from 12.6 percent to 29.6 percent, while the New Party went from zero to 13.7 percent representation.

After the elections of December 1995 and March 1996, the KMT maintains a slim majority in both the National Assembly and the Legislative Yuan and thus will have to form coalitions in order to conduct the business of government. In the National Assembly, Taiwan's constitutional democracy will have to deal with the political agenda of Taiwan's evolving loyal opposition. The DPP has campaigned for constitutional amendments to eliminate the National Assembly and the office of Taiwan's provincial governor. The KMT opposes these changes, but supports less drastic measures such as extending Legislative Yuan terms from three to four years.

China's Missile Diplomacy

Beijing could not have made the contrast between the two Chinese systems more clear. On one side was the PRC—a communist, one-party, authoritarian state. On the other, a thriving democracy. The PRC threatened the ROC with three military exercises in the three weeks leading up to and during Taiwan's democratic election. The exercises interfered with international commerce and threatened investors' confidence in Taiwan. Almost daily, Beijing shrilly charged President Lee Teng-hui with using "false" democracy to establish a dictatorship on Taiwan. The Chinese also accused Lee of wanting to split Taiwan away from the motherland. Similarly, China warned the United States that it would pay a high price, more dear than in Korea and Vietnam, if it intervened in the Beijing-Taipei dispute—China's internal affair.

Beijing's military intimidation proved ineffective and counterproductive. The elections took place as scheduled and Lee's margin of victory exceeded expectations. In fact, China's military exercises may have contributed greatly to Lee Teng-hui's overwhelming victory. Many analysts predicted that Lee would have difficulty winning a majority in a four-way race, especially given the good showing of the DPP and New Party in the Legislative Yuan election last December. Partly because of China's missile diplomacy, this turned out not to be the case.

Beijing's use of force also failed to accomplish its international objective: to reconfirm to the world that Taiwan is China's internal affair in which the U.S. should not interfere. While the "one China" policy remains official U.S. policy, the PRC's show of force provoked joint resolutions from Congress that urged a stronger commitment to Taiwan's defense than even the former U.S.-ROC Mutual Defense Treaty allowed.² That pressure from Congress almost certainly played a role in the Administration's decision to send two aircraft carriers to the vicinity of Taiwan to monitor Beijing's "war games."

² The U.S.-ROC Mutual Defense Treaty lapsed in 1980 after the U.S. normalized relations with Beijing.

Beijing's military threats forced Washington to be less ambiguous in its commitments to Taiwan. Previously, the Clinton Administration had maintained that the use of military force to protect Taiwan would depend on circumstances and developments. The dispatch of two carrier battlegroups sent a less ambiguous message. It implied that the U.S. was prepared to use force to deter China from attacking Taiwan under current circumstances. In addition, Beijing's heavy-handed tactics soured China's image in the eyes of the American public and policymakers, making it more difficult for the U.S. to pursue its policy of "constructive engagement" with China.

During the March crisis, Beijing asserted its resolve to use force to keep Taiwan from declaring independence. The U.S. demonstrated its resolve to use force to deter China from attacking Taiwan. And Taiwan demonstrated its resolve to move forward with political liberalization, even in the face of Beijing's military threat. In this standoff Taipei was the clear winner, Beijing the clear loser, and Washington fell somewhere in between. Taiwan stood up to Beijing's threats, garnered favorable world-wide headlines, and elicited further demonstrations of support from the United States. By contrast, Beijing soured global public opinion with its irresponsible display of military force and provoked a stronger than expected military response from the United States. In Washington, the Congress and media pushed a reluctant Clinton Administration into a stronger position vis-à-vis China and Taiwan.

A New Strategic Environment

Now that the Taiwan elections are over, it is time for the U.S. to take stock of its positions and policies toward China and Taiwan. Ever since 1950, when President Truman sent the Seventh Fleet into the Taiwan Strait at the outbreak of the Korean War, the U.S. has been part of a strategic triangle with the PRC and the ROC. For 46 years America's aim has been to prevent either the PRC or the ROC from using non-peaceful means to resolve the question of Taiwan's status. This triangular relationship survived near nuclear crises in the 1950s and changes in diplomatic recognition in the 1970s.

The rise of democracy on Taiwan changes this triangular relationship and forces all sides to recalculate their strategies and find a new balance. Economic and political freedom on Taiwan amplify the lack of similar freedoms in China. Taiwan has proven that free enterprise and democracy are compatible with and desirable in a Chinese society. Taiwan's rapid progress leaves many Americans impatient for similarly rapid change on the mainland. For the U.S., democracy on Taiwan makes it more difficult to overlook Taiwan's interests while seeking improved relations with China.

For China, democracy on Taiwan takes away Beijing's self-proclaimed ability to speak for the people of Taiwan. Beijing no longer is able to extend a hand of friendship to the people of Taiwan while slapping its leader in the face. It is increasingly difficult for Beijing to vilify Lee Teng-hui as an enemy of the Chinese people, while posing as brotherly compatriots of the Taiwanese people who elected him.

Beijing fears democracy on Taiwan for several reasons. Democracy makes the government of Taiwan less predictable and harder to control, since it now must respond to the electorate's competing interests or be voted out of office. Democracy on Taiwan also increases the sympathy of the world's other advanced democracies for Taiwan. Moreover, Beijing fears democracy on Taiwan because it contrasts so strikingly with the leadership selection process on the mainland. In fact, it strikes at the very heart of the Chinese Communist Party's legitimacy. What if the people of Tibet, Xinjiang, or even Beijing decide they want to democratically choose their representative? The answer no longer can be that Western-style democracy does not work and is inappropriate for the Chinese.

For Taiwan, democracy is also of great strategic importance. Fifteen years from now, Taiwan's hostile neighbor will be economically and militarily capable of dominating it, and possibly conquering it. Democracy is more important to Taiwan's strategic defense than any weapon system it could acquire. It makes Taiwan much more likely to draw support from the U.S. and other developed democracies in the event of any real threat from the mainland.

At the same time, though, democracy on Taiwan challenges Beijing to change in a way that will make Taiwan's future reunification with the mainland compatible with the interests of the people of Taiwan. Reunification can take place only within a political system in which the government is responsive to the interests of the governed, not where the governed are beholden to the dictates of the government. By proving that democracy is possible and desirable in a Chinese society, Taiwan opens the door for Beijing to adopt such a system to protect the interests of people on both sides of the Taiwan Strait.

What Is At Stake

At stake in the PRC-U.S.-ROC triangular relationship is peace and stability in Asia. American interests in this relationship range from freedom of navigation on the high seas, to control of nuclear technology and weapons of mass destruction, to the development of democracy and free enterprise in Chinese society, to access to the markets of America's sixth and seventh largest trading partners—the PRC and the ROC, respectively. In order to best serve these interests, the U.S. should:

- ✓ **Encourage the resumption of cross-Strait dialogue.** For the Chinese themselves to resolve Taiwan issues, as posited in the 1972 Shanghai Communiqué, they must meet face to face to negotiate.³ Beijing suspended Taiwan's primary channel of communication with the mainland last July in response to Lee Teng-hui's visit to the U.S. Therefore, the U.S. should use its ability to communicate with Beijing to encourage Beijing and Taipei to restore this forum for the discussion of fundamental issues in cross-Strait relations.
- ✓ **Support Taiwan's bid to join international organizations.** Washington should lend its support to Taiwan's membership in international commercial and cultural organizations, such as the World Trade Organization (WTO) and the World Bank. When Taiwan meets the economic criteria for membership in the WTO, the U.S. should be prepared to exercise leadership in building international consensus for its entry, even in the face of China's determined opposition.
- ✓ **Urge Beijing to allow Taiwan to play an appropriate role in the international system.** Beijing must work with Taiwan to evolve an appropriate role for Taiwan in the international system. Taiwan is a separate, autonomous, and prosperous region which can and should play a role in international affairs. Taiwan is simply too large and important as a trading nation for either Beijing or Washington to ignore. Beijing must accept this reality. All international economic and cultural organizations, whether they technically require sovereignty or not, should be mutually agreeable. The successful examples of the Asia Pacific Economic Cooperation (APEC) forum and the Asian Development Bank (ADB) should be followed to allow both Beijing and Taipei to participate in international organizations.
- ✓ **Sell Taiwan arms of a defensive nature, especially strategic missile defense.** Washington should continue to sell arms of a defensive nature to Taiwan in accordance with the 1979 Taiwan Relations Act. Given recent threats from Beijing, the U.S. should assist Taiwan in developing a strategic missile defense system.
- ✓ **Avoid linking MFN and Taiwan issues.** Washington should carefully consider the unintended consequences of any actions taken against China, such as revoking most-favored-nation trade status or applying unilateral sanctions, as they may indirectly harm Taiwan and Hong Kong, not to mention U.S. workers and consumers. Many of the light industrial goods on which Taiwan's economic miracle rests are now produced on the mainland and exported through Hong Kong to the U.S. and other markets. Re-

3 In the Shanghai Communiqué, the U.S. "acknowledge[d] that all Chinese on either side of the Taiwan Strait maintain there is but one China and Taiwan is part of China." The U.S. did not "challenge that position," but urged for the "peaceful settlement of the Taiwan question by the Chinese themselves."

voking MFN could cut Hong Kong's gross domestic product in half, deal a serious blow to Taiwan's economy, and jeopardize the 200,000 high-wage American jobs that depend on U.S. exports to China.

- ✓ **Urge Taipei to avoid cross-Strait conflict and provocation.** Taipei must know that the U.S. wholeheartedly supports the efforts of the people of Taiwan to seek political and economic freedom and a greater role in world affairs. However, Taipei must understand that any unilateral action to determine the status of Taiwan, including a unilateral declaration of independence, is counter to the U.S. interest in peace and stability in Asia. Taipei must work with Washington and Beijing to ensure its security, and to protect its economic prosperity, by reasonably avoiding conflict and provocation.
- ✓ **Support a cross-Strait armistice agreement.** There is little chance of peaceful resolution of Taiwan's status if one party is negotiating with a gun pointed at its head. One possible way to defuse the tension could be for Taipei to pledge not to declare independence for a specific period of time and for Beijing to respond by renouncing the use of force for that period of time. The U.S. could add credibility to a cross-Strait armistice agreement by endorsing it.
- ✓ **Engage in preventive diplomacy.** Beijing clearly misread the Taiwan electorate and miscalculated the international response toward China's missile diplomacy. To prevent such misunderstanding and miscalculation from occurring again, the U.S. must improve communication with Chinese leaders at the highest level. The U.S. should promptly and clearly inform Chinese leaders of the likely response Beijing's actions will provoke in a democracy where elected leaders must respond to constituent interests and public opinion. In Beijing a better understanding of America's democracy will help build stronger relations with the U.S. and the American people. Improved Sino-American relations are not only in the interest of China and the U.S., but of Taiwan as well.

Conclusion

The March 23 election demonstrated the maturity of Taiwan's democracy. Despite a firestorm of military and rhetorical threats from Beijing, the electoral process in Taiwan functioned freely and fairly. Over 600 visiting journalists witnessed the triumph of democracy in Taiwan.

The election was truly an historic event. Leaders in Beijing, Taipei, and Washington now must assess the strategic implications of democracy on Taiwan. A new balance must be established in the PRC-U.S.-ROC triangular relationship. Central to a new equilibrium must be a new international role for the Republic of China. This role should comport with Taiwan's standing as an economic powerhouse and mature democracy. Also central to the new balance should be an increased dialogue allowing Chinese on both sides of the Taiwan Strait to work out their differences. As they do so, both should accept not only the need for maintaining peace and stability, but also the fact that democracy now exists in the Republic of China on Taiwan.

Stephen J. Yates
Policy Analyst

