



# Executive Memorandum

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## WHAT THE ELECTION IN TAIWAN SHOULD MEAN TO WASHINGTON AND BEIJING

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Americans should celebrate the results of Taiwan's March 18 presidential elections. In a hotly contested democratic election, the people of the Republic of China on Taiwan elected Chen Shui-bian, a former mayor of Taipei who was defeated in the 1998 mayoral election and who ran as the candidate of an opposition party called the Democratic Progressive Party (DPP). Many DPP leaders were beaten and imprisoned during martial law (which ended in 1987) under the Nationalist Party, the Kuomintang (KMT), which has ruled Taiwan for over 50 years. Significantly, the KMT immediately acknowledged its defeat in this election and appointed a transition team to facilitate the orderly transfer of power on May 20.

The DPP's victory signals first and foremost that democracy is thriving in Taiwan, an island of 22 million people that has one of the world's strongest economies. But it also signals an important change in the relationship between Taipei and Beijing, which has been fraught with hostility since 1949, when millions of KMT supporters fled to Taiwan after Mao Zedong declared Beijing the capital of the new People's Republic of China. As long as the KMT was in control in Taipei, Beijing could pretend that unification across the Taiwan Strait was possible through party-to-party negotiations. Taiwan's democratic transformation since its first elections in 1996 may have chipped away at this myth, but Chen Shui-bian's victory has shattered it. To resolve the issue of reunification, Beijing must now deal

with a government that carries no baggage from the days of China's civil war in the 1940s.

The United States has an important role to play in this process. First, cross-Strait negotiations proceed most smoothly when Taiwan feels secure. The United States is obligated by law to enhance Taiwan's security against military aggression, which ensures that the meetings between Beijing and Taipei can be productive. Second, trade between the mainland and the island has increased significantly over the past decade. The World Trade Organization (WTO) is the best possible forum for cultivating substantive cross-Strait relations and sidestepping the zero-sum sovereignty dispute.

**Cross-Strait Relations.** President-elect Chen received a broad mandate from the Taiwan people to deal with the mainland in new and creative ways, and Beijing seems to be giving him the room he needs to devise new policies. But his decisions will not be easy. The people of Taiwan are ambivalent about a new formulation for relations with the mainland, and they are reluctant to see Taiwan

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become another Hong Kong or Macao under Beijing's control. Taiwan's transition to a democratic state has been, among other things, the result of a carefully crafted U.S. law, the Taiwan Relations Act of 1979 (P.L. 96-8), which assured U.S. support for Taiwan's security. The principles embodied in this act, and America's strong insistence that cross-Strait differences must be settled peacefully, created the conditions under which democracy flourished. Moreover, strong American support for Taiwan after U.S. diplomatic recognition of Beijing in 1978 helped Taiwan evolve from authoritarian rule to democracy. It is understandable that the Taiwan people are now uncertain about becoming some kind of "special territory" of China, as Beijing demands.

**Taiwan Security.** Instead of acknowledging the triumph of democracy, the Clinton Administration has indicated that it wants Chen Shui-bian to negotiate with Beijing over Taiwan's fate and accept Beijing's formula. Immediately after the election, the Administration dispatched a representative to Taiwan who advocated the acceptance of Beijing's interpretation of "one China." Some Administration officials have endorsed a proposal that no defensive weapons should be provided to Taiwan for one year. Such actions may further encourage Beijing's belligerence and undermine security.

History shows that Taiwan will enter into talks with Beijing when it is secure. The 1993 breakthrough in talks between representatives of Taiwan and the mainland took place after the sale of U.S. F-16 aircraft to Taiwan, and a visit of a Taiwan representative to China occurred after two U.S. aircraft carriers were dispatched to the Strait in 1996. Taiwan's security and the survival of its democracy are vital U.S. national interests. With this in mind, Washington should:

- **Send** U.S. representatives to attend the inauguration of the President-elect when the KMT relinquishes power, which would send a clear signal to Beijing that the American people support democracy.
- **Voice** support for the principles of the Taiwan Security Enhancement Act (TSEA), which passed the House by a vote of 371-40. The TSEA acknowledges the democracy on Taiwan and that the Republic of China no longer claims to rule the mainland. More important, it ensures that Taiwan can defend itself from military aggression.
- **Continue** to seek the simultaneous entry of Taiwan and China into the WTO, which would help the mainland develop rules and norms that would improve economic ties and communication with Taiwan and bring China more fully into the international community.

**Conclusion.** Taiwan's elections were an exciting culmination to a period of intensifying relations among Beijing, Taipei, and Washington. The Nationalist Party should be proud that, although it lost, its leadership over many years enabled the roots of democracy to take hold. The people of Taiwan should celebrate the fact that a party that ran a campaign that was responsive to the electorate won such a stunning victory. Beijing should understand that the election signals a change in relations with Taipei that rises above belligerence. And Washington should continue to show strong support for Taiwan, which ultimately has enabled 22 million free people to express their wishes without fear.

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