

# Deep divisions in ruling circles as Taiwan goes to the polls

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Uncertainty has dominated in the weeks leading up to tomorrow's presidential election in Taiwan, with none of the three leading candidates commanding a clear majority. Each has been trying in the last week to win over the third of voters who were still undecided nine days ago.

The ruling Kuomintang's (KMT) candidate, serving vice-president Lien Chan, registered little more than 25 percent support in March 8 final opinion polling—less than half the 54 percent the KMT won in Taiwan's first presidential election in 1996. Among voters aged 20 to 29, support is as low 12 percent. Among industrial workers, it is no more than 15 percent. In the central counties of the island, which are struggling to recover from last year's major earthquake, support for the KMT is less than 20 percent.

After an unbroken 50-year rule over Taiwan, much of it as a military dictatorship, the KMT could lose the presidency. It was only in the late 1980s, in response to growing anti-KMT protest movements, that the KMT made a series of social and political concessions, including a reform of the electoral system, in a bid to hold onto power. But as the undecided vote shows, alienation with the ruling party and the entire political setup remains.

Living standards have risen over the past two decades, but the primary beneficiaries of Taiwan's transformation into an industrial economy have been the wealthy and a privileged layer of the middle class. The top 20 percent earn as much income as the bottom 60 percent—the greatest inequality since the 1960s. The working week is still 48 hours. Health, education and retirement provisions are inadequate and, along with the taxation system, structured in favour of those with money. Pockets of extreme poverty and backwardness exist, especially in rural areas and among aboriginal communities.

The KMT apparatus imposed on Taiwan after the KMT fled mainland China in 1949 still holds sway over every aspect of society—from the public service, judiciary, military and police, through to the media, the official trade unions, cultural organisations and government-owned corporations. The KMT's business assets are valued at over \$US6 billion.

There is widespread outrage at its continued ability to influence electoral outcomes.

But the KMT goes to this election weakened by a bitter factional split. Much of its apparatus has deserted to support the independent campaign of James Soong, the former KMT power-broker and governor of Taiwan who has led a backlash within the party against the China policy of retiring president Lee Teng-hui.

In the course of the campaign Soong attracted those who—for whatever reason—oppose Lee's steps toward declaring the Republic of China on Taiwan a distinct nation-state from mainland China. The Stalinist regime in Beijing, which claims Taiwan as sovereign Chinese territory, has always insisted it will use force to prevent this from becoming a reality.

In the midst of simmering tensions between the United States and China, Taiwan is facing growing pressure from Beijing for negotiations on a Hong Kong-style “one country, two systems” reunification. Internally, the political and business elite is fragmented between those, represented by Lee, who wish to maintain the traditional alignment of Taiwan with the US and Japan, and those who are developing ever closer economic involvement in China and aspire to political influence on the mainland.

Soong announced his candidacy one week after Lee declared relations between China and Taiwan to be “special state-to-state”. Lee's remark provoked a stream of threats by Beijing, which sent stock markets tumbling in Taipei, Hong Kong and Shanghai. Soong's campaign, reflecting the heterogeneous forces supporting it, has denounced China's threat of war, but called for neither unification nor independence. Soong has advocated signing a 50-year peace pact with the mainland and greater economic co-operation.

To stem its loss of support, the KMT has adopted a virtually identical stance and sought to undermine Soong's campaign through a corruption scandal. Evidence surfaced last December that, while Soong was KMT general-secretary in the early 1990s, some \$US31 million in political donations were diverted into accounts controlled by his

family.

Despite the scandal, Soong is in a position to win the presidency, with polls showing 27 percent support. He has attracted considerable support from the businessmen who have invested over \$US40 billion in China and for whom a military confrontation across the Taiwan Strait would be ruinous. These include KMT legislators and functionaries. His vice-presidential running mate, heart surgeon Chang Chao-hsiung, is associated with one of Taiwan's largest conglomerates, Formosa Plastics.

Since the beginning of this year, dozens of senior KMT figures have publicly backed Soong. They include serving and former government ministers and retired generals, most of whom were subsequently expelled from the party. Much of the KMT machine in the central counties is believed to have gone over to him.

His campaign has now been endorsed by the leadership of the pro-China unification New Party, which split from the KMT in 1993 on the grounds the party had abandoned the Kuomintang's previous perspective of seeking to restore its political rule over the mainland. Its own candidate in the election, author Li Ao, is polling only 1 percent support. The *United Daily News*, a major newspaper with a pro-unification editorial slant, has called for a vote for Soong.

Soong's base, however, extends beyond the pecuniary interests of a section of the capitalist class and the lingering unification views in parts of the population. He has been able to exploit concerns about the dangers of war with China among broader layers of the electorate and a general sentiment that the KMT's domination has to end. Soong has combined his program of defusing tensions and extending economic ties with China with populist promises to address inequality and a pledge to establish a supra-party government to clean up Taiwanese politics.

His camp has rationalised Soong's own history in the KMT machine with a saying: "If Soong is 10 percent corruption, then the KMT is the other 90 percent". On Wednesday over 320,000 of his supporters staged the largest political rally of the election campaign in the capital of Taipei.

Speculation that the KMT cannot win the election has produced a turn by pro-Lee layers within the ruling class toward the opposition Democratic Progressive Party (DPP) and its candidate Chen Shui-bian.

Initially founded in illegality and on a platform of Taiwanese sovereignty in 1987, the DPP has been broadly supportive of Lee Teng-hui's policy toward China during the 1990s and hailed his "state-to-state" proclamation last July. Cognizant of the concerns at war and the clout of mainland-invested businessmen, Chen has pragmatically declared that if elected the DPP will make no attempt to declare Taiwan a separate state and will ease the remaining restrictions on

investment and trade with China.

The DPP has made strident attacks on both the KMT and Soong over corruption, and promises to introduce further social reforms. It has at least 40 percent support among youth and industrial workers. At the same time, however, the DPP has made clear to big business that it will protect corporate interests and has attacked the KMT for running budget deficits.

Island-wide the DPP is registering some 26 percent support—roughly comparable with its result in the 1996 election. However in recent weeks, leading figures of the corporate and political establishment, most of them closely associated with President Lee Teng-hui, have publicly thrown their support behind Chen. Among them are heads of Acer, I-Mei foods, the Evergreen shipping line, electronics giant Chi Mei, China Motors, Nobel prize-winning chemist Lee Yuan-tseh, three university presidents and current and former presidential advisors. Lee himself was forced to issue denials last weekend that he was secretly backing the DPP.

In a statement on Monday, Chi Mei president Hsu Weng-lung indicated that he was supporting the DPP as the best means for maintaining Lee's policies—a further indication that big business is preparing for a KMT loss. "The presidential candidate that has indicated a route closest to that of Lee's is Chen Shui-bian," he said. Last weekend the DPP held mass rallies in the southern and central areas of the island, with over 300,000 people assembling in the city of Kaohsiung.

In some respects the outcome of the vote is less significant than the political processes and realignments that have already begun to surface during the campaign. Even if the Kuomintang retains the presidency tomorrow, its political grip is slipping as divisions open up in the ruling class itself and broader layers of people are disaffected with the entire political establishment.



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