

# Taiwan: ruling party suffers heavy losses in local elections

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Taiwan's ruling Democratic Progressive Party (DPP) suffered heavy losses in municipal elections held on December 3. The result was the outcome of the widespread disaffection toward a party that once claimed to represent a democratic alternative to the former Kuomintang (KMT) dictatorship on the island.

The election for Taiwan's 23 counties and cities took place under conditions in which the DPP openly acknowledged it would be repudiated by the electorate. President Chen Shui-bian's approval rating is at an all-time low of just 25 percent. Before the ballot, Vice President Annette Lu, a founding leader of the DPP, declared she had "psychologically prepared for a defeat".

The DPP only retained six counties and cities, down from the 10 it previously held. One of the party's worst results was in Taipei county, the largest constituency in Taiwan, which the DPP has held for 16 years. The DPP candidate Luo Wen-jia, who was personally backed by Chen, lost by 190,000 votes to his KMT rival.

The KMT now controls 14 of the 23 local governments, while three others are held by KMT allies such as the People First Party (PFP).

The DPP's electoral position has been steadily deteriorating. Chen won his second term in the March 2004 presidential election by a margin of just 0.2 percent, capitalising on a sympathy vote from a suspicious assassination attempt on the eve of the ballot. Last December, the DPP failed to gain a majority in parliamentary elections.

In a last-minute effort to garner support before the local elections, DPP Premier Frank Hsieh outlined an economic stimulus package on November 30, including establishing direct transport links with mainland China and promises of low-interest loans for public construction projects and low-income families.

It had little impact on voters, who turned out in large numbers to reject the governing party. The turnout rate of

66 percent, or 8.9 million voters, was considerably higher than the 59 percent who voted in the last parliamentary election.

DPP chairman Su Tseng-chang tendered his resignation following the defeat, declaring the result was "the warning of the Taiwanese people to the DPP".

KMT Chairman Ma Ying-jeou labelled the outcome "a no-confidence vote" in the ruling party. Enthusing about the prospect of a KMT victory in the 2008 presidential election, Ma declared: "We are determined to win back Taiwan."

The KMT ruled through a military dictatorship until the 1990s. Forced to introduce democratic reforms to stave off growing unrest, it lost power in the 2000 presidential elections. The fact that the KMT has regained the electoral initiative just five years later is an indictment of Chen Shui-bian and the DPP.

In government, the DPP government pushed through a pro-market program of dismantling state-owned and KMT-controlled businesses, deregulating the financial sector, ending rural subsidies and cutting social services. Thousands of workers lost their jobs or experienced a sharp fall in their living standards.

Most recently, a corruption scandal emerged in August which exposed that high-ranking DPP officials were profiteering from a subway project in Kaohsiung city through the ruthless exploitation of hundreds of migrant workers from Thailand.

The DPP represents sections of big business that aspire to establish Taiwan as an internationally-recognised nation-state. Taiwan has been ruled separately from China since 1949 but, since the 1970s, no major power, including the US, has had official diplomatic relations with Taipei. The majority of countries defer to the Beijing regime's stance—known as the "one-China policy"—that the island is an integral part of China that must eventually reunite with the mainland.

The KMT also adheres to a one-China policy and is considered by the Beijing government as more amenable to the possibility of a Hong Kong-style reunification. China maintains a standing threat to invade Taiwan if any government on the island attempts to declare it an independent state.

Throughout Chen Shui-bian's time in office, he has repeatedly provoked tensions with China and with the KMT by hinting at moves toward independence or by denouncing his opposition as stooges of Beijing. The main purpose of these appeals of Taiwanese nationalism has been to divert social and political discontent away from his government and into anti-China sentiment.

Chen used the same similar tactic during the local election campaign. He told a rally on November 30: "If the opposition parties win, Taiwan is finished... Taiwan will have to accept the one-China principle and become a part of China. It will become a local government, a special administration district like Hong Kong and Macau."

Among broad layers of the population, however, the demagoguery provoked only anger. Chang Hsin-shan, an employee of an insurance company in Ilan, a stronghold that the DPP lost to the KMT, told Reuters: "I am only an ordinary person. All I want is to have a pair of chopsticks and a bowl of rice to eat. I want a clean government that can make my life better, instead of making China an issue whenever there is an election."

Even the KMT chairman Ma admitted that "the DPP was defeated by itself". Opposition to the DPP did not, however translate into enthusiasm for the KMT.

A survey released by the Taiwan-based 1111 Manpower Bank on November 30 found that 77 percent of respondents felt that election campaigns were "irritating"; 58 percent were "not enthusiastic"; 75 percent said they were "annoyed" and felt the differences between politicians were merely "a war of words"; while 41 percent said they dissatisfied with the empty promises made by candidates.

The decline of the DPP reflects changing relations with China. The Bush administration has made clear over recent years it does not want tensions to erupt in the Taiwan Strait. Embroiled in the occupation of Iraq and dependent on China as a source of cheap labour and financier of the huge US deficits, Washington has toned down its stance against Beijing, at least for now. Without US military and political support, the majority of the Taiwanese elite consider even talk of independence to be reckless and harmful.

At the same time, China has become Taiwan's largest destination of investment and the booming trade between the two played a crucial role in the island's recovery from the Asian financial crisis in 1997-98. Increasing numbers of Taiwanese businessmen are dissatisfied with the obstacles posed by the Chen government to closer economic ties.

Although the DPP supports investment in China, Chen has been reluctant to allow direct air and shipping links and has maintained technological restrictions on Taiwanese investors in China on the grounds of "national security". Chen's recent rejection of a number of applications to build high-tech plants in China alienated powerful corporate interests, including Formosa Plastics and chipmakers ProMOS Technologies and Powerchip Semiconductor. Even Chen's longstanding supporter, Hsu Wen-long, the founder of the Chi Mei Group which operates plastic plants in China, criticised the government's stance towards Beijing.

Greater integration with China is viewed as essential for Taiwan's economic growth, which was just 3.7 percent this year, down from 5.7 percent in 2004. The government's budget deficit is likely to hit 3.7 percent of Gross Domestic Product—up from 3.2 percent last year. Consumer confidence is at a 33-month low, while the Taiwan stock exchange has fallen 6.4 percent since January.

Richard Vuylsteke, the executive director of the American Chamber of Commerce in Taipei, told US-based *Business Week* on December 5: "There is a general sense of being stuck in a logjam."

The sentiment within the Taiwanese ruling elite over relations with China is currently moving in favour of the KMT and proponents of closer ties. In the aftermath of the local elections, it is likely that Chen will be compelled to adapt to the demands by the KMT-controlled parliament for greater efforts to open up talks with Beijing.

The situation, however, remains highly unstable. An economic downturn in China or a change in Washington's policy toward the mainland could quickly reverse the present trend.



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