

Opposition parties fail to oust Taiwanese president

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A third recall motion aimed at removing Taiwanese President Chen Shui-bian for alleged corruption was defeated on November 24, after it failed to achieve the necessary two-thirds majority, or 146 out of the 218 parliamentary votes. The vote followed two previous failed attempts to remove Chen in June and October.

Of the 131 legislators in attendance, 118, mainly from the opposition Kuomintang (KMT) and allied People First Party (PFP), voted for the motion. Twelve members of the pro-government Taiwan Solidarity Union (TSU) spoiled their ballots and one legislator voted against. The 83 MPs of the ruling Democratic Progressive Party (DPP) boycotted the vote.

The recall motion came after Taiwanese High Court prosecutors charged Chen's wife, Wu Shu-chen, on November 3 with embezzling 14.6 million New Taiwan dollars (around \$US450,000) from a secret "state affairs" account using forged expense receipts. The prosecutors claimed to have enough evidence to indict Chen as well, if the president were not protected by the constitution from criminal charges.

Chen rejected the allegations, but refused to reveal how the money had been spent. In a televised speech two days later, he said the funds were for "secret diplomatic work" that must remain confidential in the national interest. It is widely believed the money may have been used to bribe governments in Africa, the South Pacific and Latin America to switch their diplomatic recognition from China to Taiwan.

The fact that the scandal erupted over a state account related to foreign policy goes to the heart of the conflicts within the Taiwanese ruling elite. The account was not set up by Chen but the KMT in the days when the Chiang Kai-shek dictatorship vied with the Chinese Communist Party (CCP) for recognition as the Chinese legitimate government.

Taiwanese politics, however, has transformed dramatically in the past three decades. The KMT now champions a political accommodation with the CCP that will enable Taiwanese corporations and businessmen to play a greater role in China's rapidly expanding capitalist economy. The DPP, which was legalised in the 1980s, continues to press for Taiwan to declare itself an independent state, despite threats of Chinese military reprisals.

The KMT is exploiting the corruption scandal as a means of undermining Chen and installing a government that will do a deal with Beijing to create closer economic and political relations between China and Taiwan. It speaks for a significant section of the corporate elite, which already has an estimated \$100 billion in investment in China and is concerned about Chen's confrontational approach to Beijing.

The corruption scandals first erupted in May. Chen's son-in-law Chao Chien-min was being charged with insider trading on the Taipei stock exchange. His wife was accused of receiving department store coupons in return for political favours. The opposition parties used these scandals, which provoked a two-month protest campaign led by former DPP chairman Shih Ming-teh, to demand the president's resignation.

Hundreds of thousands of people participated in the demonstrations. Popular anger was not just over the corruption allegations but the deepening social inequality produced by Chen's pro-market policies since coming to power in 2000. Chen's approval rating has fallen to just 18 percent. The campaign has allowed opposition leaders, particularly KMT chairman Ma Ying-jeou, to posture as an alternative to the "corrupt Chen".

The KMT regime, however, was notorious for corruption and still presides over a multi-billion

business empire. So the DPP had little difficulty in making its own corruption allegations. Less than two weeks after Chen's wife was indicted, KMT chairman leader Ma, who is also Taipei mayor, was questioned by prosecutors over the misuse of a special monthly fund of 340,000 New Taiwan dollars (about \$US10,300). He and his aides were accused of using false receipts to claim for expenses.

Ma has publicly apologised, not over the alleged corruption, but the mishandling of the account by his aides. If corruption were proven, it would prevent Ma from running in the 2008 presidential election. The most likely source of the allegation is Chen, who was the Taipei mayor before he became Taiwan's president in 2000.

The real conflicts are not about corruption, but Taiwan's relations with China. More than half a century after the Chinese revolution, former KMT leader Liang Chan visited China last year, marking a formal rapprochement with the CCP. The one-time arch rivals now share the same Chinese nationalist platform of building "Greater China" as a major capitalist power and eventually reunifying Taiwan with mainland China.

The DPP's call for an independent Taiwan, on the other hand, appeals to layers of the corporate elite who fear that their interests would be marginalised in any unification deal with Beijing. They are also dissatisfied with the status quo in which Taiwan lacks formal recognition from the vast majority of countries—a situation that is a serious impediment in the increasingly global economy.

As China has assumed greater economic weight in the regional and world economy, the tide appears to be turning against the DPP's push for an independent Taiwan—on the island and internationally.

Any declaration of independence is heavily dependent on the US pledge to defend Taiwan against any Chinese military action to forcibly seize the island. After assuming office in 2001, the Bush administration initially backed Chen's program and even threatened to attack China to "defend" Taiwan. Confronting military disasters in Iraq and Afghanistan, however, Washington's support for Chen has cooled. President Bush and his spokesmen have warned Chen against taking steps that would antagonise Beijing.

Last month, Stephen Young, the de facto US ambassador to Taiwan, called for the reestablishment of

direct transport, postal and commercial links with China. "We know this is a sensitive issue but for Taiwan to remain an important part of the global supply chain, it needs direct links with China. The longer Taiwan waits to open the three links, the greater risk it faces of placing itself outside of regional integration," he told the American Chamber of Commerce in Taiwan.

Young warned that the existing bans were obstacles for US corporations. Items manufactured in China could not be brought directly to Taiwan and it was difficult to bring mainland staff to the island for business meetings or training.

President Chen has been reluctant to open up direct links with China, as Beijing would want to discuss steps towards politically integrating the island with the mainland. But with unemployment in Taiwan reaching record levels, Chen is increasingly under pressure to make concessions to ensure Taiwanese corporations are able to cash in on the rise of the Chinese economy.

Chen has promised to lift technology restrictions on Taiwanese semi-conductor companies operating in China at the end of this year. Taipei allowed semi-conductor investment in China in 2002, but banned the manufacture of the most up-to-date chips, citing security concerns. These restrictions, however, have done nothing to stop China's military modernisation. Instead, they have weakened the competitive position of Taiwanese companies.

Despite growing support in the Taiwanese elite for closer relations with China, the KMT has failed to win popular support. Not only is the party hampered by memories of its long dictatorial rule, but it faces opposition from sections of workers who have lost their jobs as manufacturing has transferred to China. The resort to a series of corruption scandals is a rather desperate attempt to oust Chen and divert growing popular discontent with all the major parties.



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