

Relations with China dominate Taiwanese presidential election

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Saturday's presidential election in Taiwan has been dominated by the question of the island's relations with China. Until recently, the opposition Kuomintang (KMT), which advocates closer relations with China, appeared set to defeat the ruling Democratic Progressive Party (DPP), which supports moves toward declaring independence from China. Beijing's heavy-handed suppression of Tibetan protesters, however, has become a significant issue in the campaign, making the outcome less certain.

That the KMT is even in contention is testimony to the widespread disaffection with President Chen Shui-bian, who has been in power since 2000. After five decades of KMT rule—much of that time as a ruthless dictatorship—Chen, from the DPP, won office by promising to end endemic corruption and lift living standards, while at the same time appealing to Taiwanese nationalism. In office, however, his economic restructuring deepened the divide between rich and poor and generated growing opposition.

Chen won the 2004 election by the narrowest of margins—just 0.2 percent—and then only after a dubious assassination attempt on his life gave him a last-minute boost. The ensuing controversy provoked huge opposition protests after KMT supporters accused Chen of staging the event to gain sympathy. In January this year, the DPP suffered severe losses in parliamentary elections.

The political atmosphere has been tense in the lead up to Saturday's poll. Taiwan's 68,000-strong police force has been put on alert for any sign of protests or unrest. The KMT tightened security around its candidate, Ma Ying-jeou, amid rumours that an attempt would be made on his life. Three polls earlier this month gave him a huge lead, with support of 49-54 percent compared to just 22-28 percent for the DPP candidate, Frank Hsieh. Chen is ineligible to run for a third term of office.

Ma's main policy has been to establish a "cross-strait common market" with China—along similar lines as the European Union's "common market". The policy would not only establish direct transportation links with China, but also open up Taiwan for Chinese investment and labour. At

present, despite the close proximity of Taiwan and the Chinese mainland, transport and economic activity has to be conducted via third parties, such as Hong Kong.

The KMT's current stance appears superficially to be diametrically opposite to its uncompromising Cold War stance. Having been driven from the mainland by the Maoist Chinese Communist Party (CCP) in 1949, the KMT ruled Taiwan with an iron fist and claimed to be the government-in-exile for all China. Its fortunes abruptly changed after the US rapprochement with China in 1972. While opposing any Chinese invasion of Taiwan, Washington recognised Beijing as the legitimate government of all China—including Taiwan, which lost its seat in the UN and was effectively sidelined internationally.

Beijing's open embrace of the market and China's transformation into a giant cheap labour platform have opened up huge economic opportunities. A flood of Taiwanese investment into China has created strong incentives for sections of Taiwanese business elite to embrace an economic and political accommodation with China. The Beijing regime, which regards Taiwan as a renegade province, has offered reunification on the same basis as Hong Kong and Macau—"one country, two systems". While it remains wary about such an arrangement, the KMT is opposed to any declaration of Taiwanese independence from China. Beijing has repeatedly warned that it will oppose any such declaration with military force.

As its popularity has slipped, the DPP has increasingly resorted to whipping up divisions between native Taiwanese and "mainlanders" and making provocative gestures in favour of Taiwanese independence. During the campaign, Hsieh has attacked his rival for not being a real Taiwanese "patriot", because Ma has a US permanent resident's visa. The DPP is also staging a referendum on Saturday over the issue of joining the UN under the name of Taiwan. The move is largely symbolic. The UN would never accept Taiwan as a separate member state—especially as China holds a veto in the UN Security Council.

Hsieh is also running a vicious scare campaign against

cheap “mainlander” labour. He took out full-page newspaper ads on Tuesday, predicting a flood of mainland workers into Taiwan in the “common market”. “Taiwan’s cooks, technicians, hair stylists, nurses, pharmacists and tour guides, even taxi drivers, will all become unemployed,” the ad declared.

The political tide is running against the DPP, not just among voters, but more fundamentally in ruling circles. The high point of the DPP’s push for Taiwanese independence was in the 1980s and the early 1990s when the island was one of Asia’s “tigers”. Sections of Taiwanese business were deeply frustrated that the lack of a recognised state hampered their global economic interests and financial arrangements. China’s rapid rise, particularly following the 1997-98 Asian financial crisis, has altered the balance of economic forces.

Taiwanese businesses now have cumulative investments of up to \$US300 billion in China or 71 percent of the island’s total outbound investment. One million Taiwanese businessmen and employees are working in the mainland. Like other “Asian tigers”, Taiwan used to be an independent export platform to the US and Japanese markets. Now it is an integral part of regional production chains centered in China. China has become Taiwan’s largest export market, with a bilateral trade volume of \$102.3 billion last year—an increase of 16.1 percent from 2006. Like most of Asian economies supplying China’s booming manufacturing industry with parts, raw materials and capital goods, Taiwan recorded a trade surplus of \$46.26 billion with China in 2007.

Even the DPP government, which opposes the KMT’s idea of “common market”, announced on March 12 that it would allow Taiwanese banks to invest in China’s banking system. Under the pressure of big business, the DPP is also considering proposals to allow mainland Chinese to invest in the Taiwanese property market and permit Taiwanese companies to bring Chinese workers to the island.

The KMT is exploiting the notion of a “common market” to make an economic appeal to voters. Ma has promised that his proposal would lift the Taiwanese economy out of the sluggish growth rates under the DPP over the past eight years, creating more jobs and business opportunities. According to a *United Daily News* poll, more than 60 percent of voters in their 20s support Ma—a dramatic reversal from 2004 when nearly 60 percent of the same age group backed Chen despite his unpopularity among older age groups.

The DPP’s Hsieh has been desperately trying to win back young voters with online blogs and the posting of his ads on YouTube. However, his attempts to make a youthful appeal with risqué comments on a sex scene in Taiwanese director

Ang Lee’s film *Lust, Caution* and a sex scandal involving Hong Kong celebrities around Edison Chen appear to have fallen completely flat. Political analyst Liao Da-chi told the *International Herald Tribune*: “The DPP is trying to stir up emotion and enthusiasm, but it won’t work as well this time because young people have changed a lot. They feel pressure to find a job.”

Beijing is clearly sympathetic to Ma, but has been careful not to comment overtly on the election, given the negative impact of its interventions in two previous elections. Analysts pointed out that harsh statements and threats from China previously produced only the opposite effect among Taiwanese voters. Despite China’s careful stance, the violent repression of Tibetan protestors is having an impact on the election.

The events have forced Ma to distance himself from Beijing in an effort to counter Hsieh’s warnings about the dangers of reunification with China. Ma has emphasised that unification with China would be possible only after Beijing renounced its official position on the Tiananmen Square protests in 1989. Commenting on Tibet, he declared: “If the Chinese communists continue their crackdown and this leads to a worsening of the Tibetan situation, I do not rule out boycotting the Beijing Olympics if I am elected president,” he declared on Tuesday.

Desperate to show that the KMT was not Beijing’s proxy, Ma told a rally of supporters: “If elected, I would not let Taiwan become Tibetised.” Responding to comments on Tuesday by China’s Premier Wen Jiabao critical of the DPP’s referendum, Ma voiced his “strongest protest” at Wen’s “ruthless, irrational, arrogant, foolish and self-righteous comments” that disregarded public opinion in Taiwan.

DPP rival Hsieh has been playing the Tibet card for all it is worth. He called on Ma to give up his one-China common market, in order to “exert the most pressure on China [to stop repression in Tibet]”. Hsieh hastily organised a rally on Wednesday to wave Tibetan flags and light a “freedom torch” in order to boost the DPP’s standing as “democrats”.

Whether this last-minute campaign posturing has any significant impact remains to be seen.



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