

Former Taiwanese president arrested over corruption allegations

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Taiwan's former president Chen Shui-bian was arrested on Tuesday over allegations of embezzlement and corruption. His jailing points to sharpening tensions within the Taiwanese ruling elite as the ruling Kuomintang (KMT) government of President Ma Ying-jeou is fostering closer relations with Beijing.

On the eve of his arrest, Chen struck the posture of a political martyr, telling a press conference that he was about to be put in the "Bastille" to appease Beijing. "The KMT and the Chinese Communist Party see me as their No.1 prisoner as I am the biggest stone blocking their way to reunification," he said. Chen accused Ma of persecution akin to the late KMT dictator Chiang Kai-shek's treatment of political opponents.

At the centre of the bitter political differences is the issue of Taiwan's relations with China. The KMT fled to Taiwan in 1949 after losing power to the Chinese Communist Party (CCP) and established a government-in-exile headed by Chiang. While the KMT and CCP were bitter Cold War enemies, both regimes claimed to be the legitimate rulers of all China, including Taiwan. The KMT suffered a major political blow when Washington reached a rapprochement with Beijing in 1971 that recognised its rights over all China.

The last time Chen was jailed by the KMT was in 1986 as a political dissident advocating Taiwanese independence and "democracy". The island was rapidly emerging as a major cheap labour platform—one of the "Asian tigers". Chen's Democratic Progressive Party (DPP) represented new layers of the business elite who came into conflict with the KMT's cronyism and required an independent state to advance their political and economic interests internationally. Beijing, which

regards Taiwan as a renegade province, has repeatedly threatened military action if formal independence were ever declared.

The explosive emergence of China as the world's largest cheap labour platform has dramatically altered relations with Taiwan. With \$150 billion invested in China, significant sections of Taiwanese business regard the DPP's calls for independence as a threat to their interests. The KMT, which once denounced the CCP as "communist bandits", has established cordial relations with Beijing. Ma defeated Chen at the presidential election in March, in part by promising that a "common market" with China would boost the Taiwanese economy and provide jobs.

However, the global economic crisis has hit the Chinese and Taiwanese economies hard, exacerbating the conflict in ruling circles in Taipei. Ma has denied that he ordered Chen's arrest. The KMT cynically claims that the case demonstrates that the "rule of law" now applies in Taiwan. In reality, the KMT, which ruled Taiwan as a dictatorship until 1988 and only lost power to Chen in 2000, has intimate ties to the entire state apparatus, including the police and the judiciary. The case would not have proceeded without the government's approval and encouragement.

The nature of the corruption charges is also significant. Prosecutors have alleged that Chen embezzled \$450,000 from a secretive diplomatic fund used to bribe small countries in Latin America, the South Pacific and Africa to establish ties with Taipei, rather than Beijing. In a separate case, Chen's wife, son, daughter-in-law and brother-in-law have all been accused of laundering tens of millions of dollars from

Chen's campaign fund. Chen admitted in August that his wife wired money abroad without his knowledge.

As the KMT has sought closer ties with China, it has played down the previous rivalry for diplomatic recognition and highlighted cases of corruption involving the "diplomatic fund". Last month, Chiou I-jen, a former vice-premier in Chen's government, was also arrested for embezzling \$500,000 the same fund.

Chen's arrest came just after Chen Yunlin, head of China's Association for Relations Across the Taiwan Strait (ARATS), visited Taiwan last week. He is the most senior Beijing representative to have visited the island since 1949, and signed four agreements to expand direct transportation links.

For decades, there was no direct transport between China and Taiwan. People and cargo had to travel via a third destination such as Hong Kong. During Chen's presidency, limited progress was made in expanding direct transport, which is now a matter of urgency for Taiwanese investors and businesses operating in China.

The deals signed last week will expand chartered passenger flights from the current 36 round-trips each weekend to 108 trips a week with services operating each day. The number of destinations in China will increase from five to 21. The number of monthly chartered cargo flights will be increased to 60. New sea links will be opened up from 11 ports in Taiwan and 63 in China.

The DPP staged large protests against the visit by Chinese officials. The KMT responded by mobilising 7,000 police officers, provoking violent clashes with the protestors. In calling the protests, the DPP sought to exploit growing discontent over unemployment and declining living standards by mounting a scare campaign about Chinese workers stealing local jobs.

Living standards are falling as the Taiwanese economy slows. Last month, Taiwan's total overall exports fell by 8.3 percent from a year ago—sales to China fell by 19.9 percent and to the US by 11.4 percent. A recent survey found that more than 20

percent of Taiwanese firms have shed workers or are planning to do so during the fourth quarter. At the same time, nearly 13 percent of the surveyed businesses indicated that they were considering closing down—more than double the figure of 5.03 percent in June.

Ma's popularity has plummeted from 60 percent when he took office in May to just 24 percent last month. Around 600,000 people turned out to the DPP's rallies on October 26. Although many were traditional DPP supporters, others undoubtedly took the opportunity to express their anger over deteriorating social conditions.

The deep divisions in the Taiwanese ruling elite will only intensify after Chen's jailing. Not all sections of business are oriented solely to China. The *Taipei Times*, for instance, commented: "[T]he possibility that China may use Taiwan's dependence on its market as political leverage is real. Taiwan should strive to link itself with the entire world when linking with China, so that global business interests are connected to Taiwan's interests and serve to protect it."

Neither faction of the ruling elite has the slightest concern for the growing social crisis facing working people. There is no doubt that if discontent erupted on a large scale over rising unemployment and poverty, both sides would rapidly bury their differences to suppress the threat.



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