

The Cross-Strait Relations after 2012:
Continuity with Limited Achievement

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I. Background

The cross-strait relations is heavily shaped by the interaction among Taiwan, the US and China, and this relations enter a new stage after 2012. In Taiwan, President Ma won the re-election and has been inaugurated his second term in May 2012, while the ruling KMT still has the majority at the Legislative Yuan. In China, power transition is being arranged and the coming 18th party congress of the Chinese Communist Party, which is expected to be held in this fall, will wrap up this arrangement. On November 6 this year, President Obama will run the re-election. The three factors have new power arrangement and power structure, and this new environment will shape the cross-strait relations.

This essay aims to analyze the cross-strait relations after 2012 from Taiwan's perspective with a focus on opportunity and obstacle between Taiwan and China and leave the US factor out. The preliminary conclusion is that between Taiwan and China, the relations is more of continuity but with limited achievements/progress in the coming four years.

II. Continuity

The conclusion of more of continuity can be attributed to President Ma and his policy toward China. In the past four years, President Ma had the "92 Consensus" as the principle to deal with China. Although the both sides had different interpretations over the definition of this term, at least, a vague One China policy has been maintained. This opened the door for exchange between Taiwan and China, and a total of 17 agreements have been signed.

For Taiwan under President Ma, the focus of the "92 Consensus" is placed on *different interpretation* of One China, and it is Republic of China. In his second term inauguration speech, President Ma reiterated this position: on the basis of the 92

Consensus and One China with different interpretation to push peaceful development in the Taiwan Strait; what we talk about One China surely is Republic of China;... Briefly speaking, President Ma is to continue his China policy so that peace and stability can be kept.

China has different emphasis with regard to the consensus: it is placed on *One China principle vocally endorsed by the each side of the Taiwan Strait*. China has not been satisfied with President Ma's position, because Beijing is worried that *different interpretation* will overtake One China eventually. Nevertheless, President Ma's position can be accepted, because a vague One China has been created in the past four years and it will be kept in the coming four years.

Further, the re-election served as a variant form of referendum on the "92 Consensus." Toward the end of the re-election campaign in January 2012, many businessmen publicly endorsed the consensus with an eye on maintaining peace in the Taiwan Strait, and their behavior, to some extent, helped President Ma, while the opposition DPP denied this consensus. President Ma's re-election demonstrated that the consensus had its foundation in Taiwan society and DPP's China policy could not convince many voters. Although no uniformed interpretation can be defined, at least, the term has been perceptively equivalent to peace and stability in the Taiwan Strait that the opposition DPP cannot make it.

President Ma's successful re-election by appealing to the consensus triggered internal debate in DPP and the emerging internal debate over whether China policy after the election reflects the impact of the consensus. Some DPP elites have proposed to move toward the center so as to win votes in the next election, while other insisted on maintaining traditional positions on Taiwan's independence. The both factors contribute to the continuity.

III. Constraining Factors

Policy Priority

Some factors are to constrain President Ma's new initiative toward China, if any. The first is related to his own policy priority in the coming four years. Sequence of his speech shows that he is to place policy priority in domestic issues ahead of diplomacy/defense/China issues, and, by implication, China policy is secondary and tied to domestic issues.

In his inauguration speech, he pointed out the need to further develop Taiwan and raised five pillars to facilitate Taiwan's development. These five pillars are:

- to strengthen dynamics of economic growth and the core is to push economic liberalization (FTA related negotiations and agreements) and to upgrade industrial structure (innovation and value added oriented structure);
- to create employment opportunity through seeking economic growth, to implement social justice through narrowing the gap between the rich and the poor, to think thoroughly to prepare Taiwan entering aging society, and further build up a justice system;
- to develop a low carbon and green environment to cope with the emerging climate change, to cut down consumption on energy through market mechanism;
- to fully make use of Taiwan's open society to deepen Taiwan's culture and to develop culture as an industry;
- to actively cultivate and hire human resources so as to better develop Taiwan.

Following the above five pillars, "national security" issues were mentioned. He raised an "iron triangle" for national security. The three legs of the triangle are:

- to make peace in the Taiwan Strait through institutionalized consultation with China;
- to proactively expand Taiwan's international space and make contribution to the world;
- to further build up defense capability to deter external threat.

If the sequence is the indicator to make assessment of his policy priority, we can conclude that the priority will be placed on domestic issues of the five pillars over the "national security" triangle. If this assessment is correct, new policy initiative, such as political dialogue or expected military CBMs, is less likely to be adopted. What President Ma will continue to follow remains "easy over difficult" and "economics over politics," to continue, expand, and deep economy/trade related negotiations with China.

We need to ask why? No answer has been given by President Ma. Nevertheless, the hardly won election could give us some hint. President Ma had been proud of his accomplishments in diplomatic and China fields, including the 16 agreements with China, visa free offered by more than 100 countries, WHA participation, mutual investment agreement with Japan, but staggering economy and employment, widening gap between the rich and the poor, and other domestic issues haven been

stumbling block for his re-election campaign, because it seemed that few voters appreciated his accomplishment in this regard. Although he won the re-election, his votes dropped by 1.4 million. In other words, his shift of the priority, if, is a response to those discontented voices.

Annoying Element

Despite the fact that President Ma reiterated that his China policy is in line with ROC's constitution, his inauguration speech many somewhat annoy Chinese leadership. He emphatically points out the idea of "One ROC Two Regions" instead of "two sides of the Taiwan Strait belongs to One China," which was highly expected by many Chinese elites. He urges Chinese leadership to open political institution, encourages human right, rule of law, and civil society in China, and to conduct exchange in these field. All these may annoy Chinese leadership a lot, because, to some extent, it is tantamount to regime change.

In fact, many media have reported that many Chinese elites have complaint about Taiwan's intransigence. The Chinese pointed out that they have made many concessions, but no reciprocity has been made by Taiwan, and it became unilateral concession by China. Some articulated that without reciprocity from Taiwan, no more concession should be made in any future negotiation.

Again, we need to ask why? Again, no deliberation was given by President Ma. It is probably reasonable to argue that this remark aims to shield him and the ruling party from increasing pressure for political dialogue. Since the summer 2009, call from China for political dialogue, military CBMs, and cooperation to jointly defend sovereignty maritime right is rising. Faced with sufficient problems and social divided over China policy domestically, setting up a fire wall is necessary so that he can concentrate on other what he sees as more urgent issues.

Legitimacy Challenge

Legitimacy challenge is related to election outcome. President Ma got fewer votes compared to the 2008 presidential election and KMT's seat in the Legislative Yuan (LY) also dropped. In the 2008 presidential election, President Ma won a landslide victory of more than 2.2 million votes over DPP's Frank Hsieh, but this time, the margin narrowed to 800,000 votes and President Ma lost 1.4 million votes. In the LY, KMT's seats dropped from 81 of the 2008 LY election to 64, while DPP's seat grew from 27

of 2008 to 40.

The above (re-)election outcome poses a serious impact on President Ma and the ruling KMT in LY: the fewer votes and seats will make President Ma easily challenged by the opposition DPP in many policy areas. In the first term, with the landslide victory and three fourths of total LY seats, few achievements could be done, and it will be less likely to do so in a less favorable condition.

Secondly, President Ma himself is a factor. After winning the re-election, he tried to address long awaited public utility fare and US beef friction, two issues which are of domestic issues, and the utility fare involves energy conservation and US beef is tied to long blocked TIFA talk between Taiwan and the US. Strategically speaking, his choice was right, but the way he handled them was poor.

The outcome is as what we have known: his popularity has plummeted. According to Taipei-based TVBS opinion poll, in early February after the new cabinet took office, President Ma's approval rate was 40%, while disapproval rate was 37%. This approval rate dropped rapidly in March when the US beef issue arose: the approval rate dropped to 28% while dis-approval rose to 50%. TVBS is regarded a TV station friendly to KMT.

President Ma's approval rate continued to drop in April. The mid-April poll showed that the approval rate dropped to 22% while dis-approval rate was 61%. Before he was inaugurated for the second term on May 20 this year, the approval rate dipped to 20% while dis-approval continued to rise to 64%.

President Ma's popularity hit record low after the corruption of his close aide, Mr. Lin Yishi, was revealed. Approval rate further dipped by 5% to 15%, while dis-approval rate rose to a new time high at 69%. Mr. Lin Yishi was a four-term of LY member of KMT, was nominated as a vice KMT chairman, the executive director of KMT Policy Commission, and most recently, the secretary general of the Executive Yuan.

Worsening approval rate definitely will challenge his leadership, and the biggest challenge is his legitimacy. On one hand, some urged him to step down from the chairmanship of the KMT so that he can concentrate on state affairs. On the other hand, his policy will be more easily resisted and challenged. It is probably not exaggeration to say that he is lame ducked and a lame ducked president could do little.

Less alone he can address more sensitive political issue with China.



Source: TVBS Poll Center at http://www1.tvbs.com.tw/FILE_DB/PCH/201207/39g77tofel.pdf.

Widening Psychological Distance

Despite the fact that economic ties between Taiwan and China have become closer after President Ma took office in May 2008 and sixteen agreements have been signed, psychological distance between the two sides has become widening, and this widening distance probably hinder any move toward politics related exchange.

The most frequently cited indicator for gauging the psychological distance is the poll of identification, a poll regularly made by Mainland China Affairs Council. In 2008 the year the KMT won a landslide victory in both Presidential and legislative elections, roughly 48.4% regarded themselves as Taiwanese, 43.3% as both Taiwanese and Chinese, and 4% as Chinese.

Four years later, these figures changed toward the direction that Chinese leadership may not like to see. Those identified themselves as Taiwan continued to climb, rising to 53.7%, 39.6% as both Taiwanese and Chinese, and only 3.1% as Chinese.

How to interpret this change is a debatable issue and we should not extrapolate this trend too much, nevertheless, this serves as a warning signal to Beijing. It is probably reasonable to point out that economic incentives offered by Beijing could change Taiwanese people’s mindset, because economic benefits out of these incentives could buy Taiwan people’s heart. Further, offering economic incentives to Taiwan would eventually absorb Taiwan into China’s economic system.

It is apparent that Beijing is wrong, though Taiwan's economy become more dependent upon China. The outcome is that Taiwan's economic growth looked great, but this economic growth did not translate into real benefit for most of Taiwanese people. Instead, income gap continued widening, real income has not substantially improved, and a perception that only minority have benefited from the closer economic ties has been deeply developed.

Taiwan's experience is not unique, and relations between China and Hong Kong is also experiencing similar development. After 1997, in order to observe its commitment of keep Hong Kong a prosperous island, China has offered many economic incentives to Hong Kong and the most well known, if not the only one, is CEPA and the content of CEPA has expanded.

Nevertheless, identification in Hong Kong has not developed along the direction that Chinese leadership has expected, and these incentives have not changed Hong Kong people's mindset. The fact is that more and more Hong Kong people identify themselves as Hong Kongese, and they are reluctant to regard themselves as Chinese, when interviewed.

Moreover, what happens in Taiwan's economy also happens in Hong Kong. Briefly speaking, they are widening gap between the rich and the poor, hollow-out of industries, more than ever dependent upon China's economy, more and more perceived corruption, perceived loss of freedom of media, and more and more intervention of Hong Kong affairs by Chinese leadership.

The large scale of demonstration by Hong Kong people on July 1, the day the new Hong Kong governor took office in front of President Hu Jintao, was a vivid case indicating economic integration does not necessarily bring stronger political identification.

The declining identification with Chinese and rising identification with Taiwanese in Taiwan society will inevitably impact Taiwan-China relations. In a nutshell, it is impossible to conduct politics related negotiation with China against the public opinion, because, for China, any politics related negotiation has to be directed toward the eventual re-unification and it will be dangerous for any Taiwan political elites to conduct this kind of negotiation without hurting his/her own political career.

Institutional Difference

What fueled the above stated different political identification? There should be no single factor contributing to it. Nevertheless, domestic politics in China should be a factor. Specifically speaking, the way Chinese government handled domestic issues probably scared and frighten many people on Taiwan, and of course, Hong Kong.

There is no doubt that China has made tremendous progress in developing its economy and became the number two economy in the world in the past three decades. But, development in political institutionalization remains unsatisfactory, and this is particularly the case in the field of social justice.

For instance, the way Chinese government handled the high speed railway incident in Wenzhou is one. Incident is inevitable, but Chinese government tried to cover the incident up made people scared over is there any basic transparency in handling related events?

Another instance is the way Chinese government handled Wukan incident in Guangdong Province. Although the Wukan incident concluded in relatively smooth way, the question is how unique the Wukan incident, can the pattern be applied to other incidents, why relevant incidents happen again and again, and is there any institutional arrangement to address relevant incidents? The same can be said of Li Wangyang incident and the blind lawyer Chen Guangchen.

Along with the rising corruption in China, all these presented a very negative image of China despite the fact that China made tremendous progress in economic development. A potential outcome is to dis-associate oneself from China, and an easy way for this dis-association is to psychologically appeal to different political identification, and at the same time, geographical division between Taiwan and China probably reinforce this different political identification.

Conclusion

Prospect for further breakthrough between Taiwan and China is slim, and this is particularly the case in the politics related field. Different policy priority, rapidly declining popular support, and fundamental different political institution between the two societies all contribute to this potential outcome. Nevertheless, as long as the 92 consensus is upheld, a stability and peace in the Taiwan Strait can be maintained, because, Chinese leadership have enough problems to tackle at home, and as long as

no eminent challenge comes from Taiwan, they can wait.