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TAIWAN'S DOMESTIC POLITICS:  
PROTESTS, ELECTIONS, AND IMPLICATIONS

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PANEL 1: THE STATE OF TAIWAN POLITICS

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PANEL 2: THE MAYORAL ELECTIONS AND IMPLICATIONS FOR CROSS-STRAIT RELATIONS

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## PROCEEDINGS

### PANEL 1: THE STATE OF TAIWAN POLITICS

DR. BUSH: Ladies and gentlemen, why don't we go ahead and get started? Thank you for coming today.

Today's topic is "Taiwan's Domestic Politics: Protests, Elections, and Implications." We could have inserted the word, "Indictments." We, of course, didn't know when we scheduled this program that on Friday last week, the prosecutor would issue an indictment against Taiwan's First Lady and suggest that he could have issued an indictment against President Chen Shui-bian if President Chen were not immune from prosecution. But that only makes our session today more exciting.

We are pleased to have so many good panelists today to talk about these events. I hope that we can address both the recent events but also the broad context because the broad context really is important. We see political combat taking place in Taiwan on a variety of fronts, not only corruption and the effort to address it, but also elections fought between the Pan-Blue and the Pan-Green, and there will be an election next month for the Taipei and Kaohsiung mayor, and we will be addressing that in our second panel. There is a pressure to remove President Chen through recall efforts in the Legislative Yuan. There have been demonstrations since September in the streets of Taipei and elsewhere, and there have been defensive efforts on the part of Chen Shui-bian and the DPP.

We will have two panels this morning. The first is to look at the broader political situation. The second one will look at the elections per se.

On the first panel, we have David Brown from Johns Hopkins SAIS, Vincent Wang from the University of Richmond, Nadia Tsao from the *Liberty Times*, and Erich Shih from TVBS, all very well-informed about the Taiwan situation and I think we will learn a lot.

For the first part of this panel, I am going to engage our panelists in a dialogue and then we will open it up for questions from the audience. First, I would like to start with David Brown and ask him a rather big picture question to frame the discussion.

Dave, in just a couple of minutes, tell us a little bit about the state of Taiwan democracy and what progress has been made towards democratic consolidation in the last five years.

MR. BROWN: Well, Richard, I think it is a mixed picture. On the negative side, you have a dysfunctional situation in the Legislative Yuan. The opposition and the government parties have not developed any pattern of being able to work together on even a relatively consistent basis, and you still see these pictures of violence and fisticuffs occasionally. You also have the phenomenon of people not trusting the institutions of government and wanting to go into the streets to try and get a verdict of President Chen through mass demonstrations.

On the positive side, I think there has been some significant progress. I am an optimist. So I like to see the good side of things. Some progress in consolidating Taiwan democracy; one element of that is this whole string of prosecutions that have taken place. It used to be that the prosecutors were under the thumb of the government. Fifteen years ago, you wouldn't imagine that the President's close associates or family members would be indicted, but they have been indicted. I think particularly Eric Chen has a reputation for independence. Now, the courts are going to have to show whether they are equally independent in being able to deal with these cases. Only one of them, the one of Chao Chien-ming, has begun but not actually come to a verdict.

Secondly, I think you can look at the changes, not in the media environment but in the laws surrounding the media, and I am thinking here of the passage of the laws that now take government-party ownership of the media off the table in Taiwan and the establishment of the new National Communications Commission. That commission has run into some problems on how it is composed, but I think the fact that the Government Information Office is no longer the author of censorship, it is now a body that has at least potential for becoming independent, represents progress.

I would certainly cite something that has hardly been noticed which is the Central Election Committee work in defining the new jurisdictions for the Legislative Yuan. I wish in this country that we had a way of setting the constituencies that was nearly as impartial as what is actually taking place in Taiwan now. So I think it is a mixed picture with some constructive things.

DR. BUSH: Okay, very good.

Let us look at bit at political parties. Why has Chairman Ma Ying-jeou had such difficulty exerting leadership of the Kuomintang and what does the DPP's consideration of a constitutional draft tell us about it?

MR. BROWN: As I see it, Ma's base is his ability to appeal to the ordinary member of the KMT. He has very troubled relationships with the other senior members of the party, all of who are from an elder generation, and in Taiwan society, I think that always makes it more difficult for a younger member.

He has no, at this point, real hold over the members of the Legislative Yuan, the Legislative Yuan caucus of the KMT. These men are not beholden in any way to him for their positions. I think this will change after the 2007 election. That undercuts his ability to lead them, and that is where his real core problems have been in actions that have taken place in the Legislative Yuan.

Thirdly, I think Ma is less of a politician and more of a policy wonk in that he comes out of a background which gives him a lot of good skills in making policy but far less in the glad-handing everyday life of Taiwan politics that Wang Jin-pyng is such a master of, and their personalities are very different.

On the DPP side, I think Chen's inability to push through a kind of constitutional draft in the DPP indicates to me that he really is a lame duck now. He doesn't have the ability to get the party to do what he wants to do. But it also, I think, tells me that, as we all know, the DPP is a very diverse group of people and that there are moderate as well as ideological voices. I wasn't there in the Central Executive Committee when they decided not to go forward with their draft, but I think those voices undoubtedly had an impact on the decision to put this off.

DR. BUSH: Moving from inside the parties to the street, there were these demonstrations that began in September and there was great concern at the time that there was going to be violence, confrontation, and so on, but there wasn't, by and large. How do you explain that?

MR. BROWN: I am not sure I have an explanation, but it was tremendously reassuring to me to see that these two very large demonstrations occurring in an environment that is bitterly polarized, in fact, led to very, very little violence and destruction. By contrast, down in Southern Taiwan, when the numbers were much smaller, you did have more evidence of fisticuffs and pushing around, and the police had to get involved. I don't have a good explanation but, as I said, it is reassuring that the people in Taiwan, who have a history of being able to organize street demonstrations and to certainly keep the participants under the control of the leadership of those demonstrations, that all worked.

DR. BUSH: Coming up to the present, outline for us what are the circumstances, in your view, under which President Chen could be forced to resign?

MR. BROWN: I think it all comes down to the Legislative Yuan caucus of the DPP. Will these people support the President in recall motions or not? If they continue to support him, then legally he is in an unassailable position. If they break ranks, which seems to me unlikely; the DPP has a history of reaching collective decisions and then acting as a coherent body -- if they reach a collective decision to stick with him for a certain period of time, and it seems from the things I have seen in the last day that that is likely to be the case, then he will be able to stay in office for a period of time until the party breaks with him. I don't think it is the street demonstrations that are going to bring him down. It is not going to be the KMT recall motions per se. The real crux of it is the DPP LY caucus.

DR. BUSH: Okay, very good. Thank you. We will hear on that question from other people.

Vincent Wang, David offered his views on the constitutional reform topic. What do you think is the trajectory of President Chen's constitutional reform agenda and its impact on Taiwan's domestic politics and external relations?

DR. WANG: I think President Chen has outlined his agenda very well in the recent interview he gave to *Financial Times*, in which he outlined three so-called "Missions Impossible" that he wanted to achieve within the 20 months amount remaining in his term, the work for 40 months. So he wants to give birth to a Taiwan constitution that suits the needs of Taiwan people. He wants to country to join the U.N. under the name of Taiwan. He also wants

to go after the KMT for its alleged assets, illegally obtained during the authoritarian era. Of course, each of these three agenda items is a tall order.

I think he is testing the balloon. He, obviously, wants to see how far he can stretch this. For example, he reinterpreted. I know that in this capital, people look very, very carefully on his pledges given previously, the so-called “*si bu yi meiyou*,” or Four Noes and One Not. This is how he reinterpreted it:

Not declare Taiwan independence; well, he says Taiwan is already independent. Therefore, there is no need to declare independence.

Not change the name of the country; well, but he said Taiwan wants to join the U.N. under the name of Taiwan. He hasn't changed the name.

Not include a two-state theory into the constitution; but, of course, he has already succeeded in putting the referendum into the constitution. The 2004 referendum actually has the practical effect of reaffirming Taiwan's de facto, if not de jure, sovereignty because it has held for the 23 million people in Taiwan, it is designed for a specific territory under R.O.C. control. So it meets all those four criteria under the Montevideo Convention.

He said that he promised not to hold referendum on independence or unification but, as we know, he held the so-called peace referendum in 2004. He said there is no problem with the National Unification Council, but we know that earlier this year, he caused the NUC to cease to function. So I think that, basically, each step looks pretty innocuous -- changing the name of Taiwan's International Airport from Chiang Kai-shek to Taoyuan International Airport and the NUC which has no budget and no personnel ceased to function and also exercising the Nationwide Referendum. Each point seemed pretty innocuous, but if you connect the dots, I guess this is why people in this town are a little bit worried, that you can see the trajectory that he wants to, basically, use this process of asserting Taiwan's sovereignty as his main agenda in the time remaining in his term.

So I think because of his recent political trouble, that one possibility we should seriously consider is whether his constitutional reform agenda will become even more unpredictable. This, of course, has a lot of people in Washington and in Beijing and in other capitals monitoring very closely.

DR. BUSH: Given the rules of the R.O.C. constitution concerning constitutional change and given the apparent opposition of the Pan-Blue to constitutional change, at least at this time, it appears that nothing is going to happen.

DR. WANG: Yes, this is probably the received wisdom or conventional wisdom. Observers point to a high hurdle. For a constitutional amendment to pass, you need three-quarters of the affirmative vote in the legislature which the Pan-Green simply don't have that many votes. Even then, you need the nationwide referendum which is a double majority. So it appears very, very difficult.

However, I would argue that for Chen Shui-bian, the process is probably as important as the outcome because during this process, Chen, basically, he is engineering a social movement so that all the discussions about formerly untouchable topics, highly sensitive topics and so on, he could succeed in breaking the taboos. From the positive side, it can awaken Taiwan people's consciousness and strengthen their self-identity. On the negative side, once this process is open, the outcome can be a little bit unpredictable. So I think he is more concerned about process than outcome.

DR. BUSH: Well, it certainly changes the subject from issues that he prefers not to discuss.

DR. WANG: Right, exactly; that is also to deflect attention away from his immediate political trouble.

DR. BUSH: Let me ask you about another very contentious issue that reflects on the capacity of Taiwan's democratic system and its degree of consolidation, and that is the arms sales package. It is an issue that is watched very carefully here. What does this issue tell us about Taiwan's democracy?

DR. WANG: I think there is probably no other issue that is more convoluted than the controversy over the arms sales issue. Frankly, I think this controversy tells us about the strengths and weaknesses of Taiwan's democratic system. David has already mentioned some.

Imagine Taiwan is a company and do a SWOT analysis: strength, weakness, opportunities, and threats. This is what I see as the strength of Taiwan's democracy. First of all; citizens seem to be committed to democracy as an abstract concept even though they dislike politicians who are corrupt. I think this is true in every country. The recent prosecution against the First Family also shows that the rule of law is working in Taiwan, and citizens generally believe in the military, policy, the justice systems, and so on. The political rights and civil liberties are widely exercised and respected in Taiwan. All these are the strengths of Taiwan's democracy.

But Taiwan's democracy also has a lot of weaknesses. One is that political parties are now responsible. Sometimes they put their short-term parochial gains over the long-term national interests. Obviously, the arms sales issue is a very good indicator of this. In Taiwan, the major cleavage is actually symbolic politics over national identity and so on. The current constitution entails a lot of structural infirmities such as the relationship between the Executive Branch and the Legislative Branch, the frequency in elections, and the money politics, and so on. All of these are Taiwan's weaknesses.

Opportunities; I think the electoral reform next year hopefully will result in a more stable competitive two-party system and a constitutional reform, some aspect of constitutional reform may help to strengthen Taiwan's governance.

Threats; of course, the PRC is a constant threat there, and there is another threat that might be induced by Taiwan's constitutional reform, in other words, ramifications to the cross-strait relations.

I think the arms sales package frankly contains the following: One, of course, is partisan bickering. I already mentioned this. The second and more fundamental is perhaps that the Pan-Green and the Pan-Blue have different threat perceptions or ideas about how to enhance Taiwan's national interests. The Pan-Blue may think that the best way to enhance Taiwan's national security interests is actually to seek reconciliation with mainland China. This doesn't mean that they do not think that their relationship with the United States is the most important, but they do want to take a more conciliatory approach toward Beijing. The Pan-Green, however, thinks that strengthening the relationship with Washington is most important.

I think that most recently the message sent by Mr. Steve Young indicates a sense of urgency, and there might be some concern that the Republicans -- talking about this on an election day -- may lose the House tonight or even the Senate and maybe even the White House in 2008. So the Administration wants very much Taiwan to pass this arms sales package authorized in 2001. I don't think it is a good litmus test of U.S.-Taiwan relations because this relationship is historical. It is multi-faceted. However, we need to understand there are a lot of politics convoluting this arms sales package. In a way, it is a good indicator of Taiwan's troubled democracy but in another way, I think that there are a lot of better indicators to look at Taiwan's democracy.

DR. BUSH: Okay, very good. Finally, what do you think will be the impact of the indictment of Wu Shu-jen, President Chen's wife, and his other confidants on Taiwan politics for the next 18 months to two years?

DR. WANG: I think the DPP politicians really have a dilemma now. This dilemma is called standing by your man, stand by your man. On the one hand, they have to stick with Chen Shui-bian because if they don't, that will symbolize that all the political capital that the DPP has gained in the last 20 years, that the reform image the party has tried to project since 2000 and so on will basically dissipate with Chen's demise. But on the other hand, if they stick with him, if you look at the opinion polls and so on, very few people in Taiwan actually believe Chen Shui-bian told the truth. There may be some technicality about the state affairs accounts and so, but with falsified receipts and possible embezzlement, I think ordinary people have formed their judgments.

Chen is now in an inevitable position. He has, in my opinion, tried to use a legalistic approach to prolong his political life. He has said that he will resign if his wife is found guilty. Well, that judicial process may take as long as 16 months or more. That means that will safely carry him through the end of his term. There is another political logic that he cannot resign which is he might face criminal prosecution if he resigns here.

So, based on that logic, I think the politics in Taiwan in the next 20 months will be one of paralysis and I am afraid that a lot of important issues such as constitutional reform, an honest



debate about Taiwan's defense needs and the economy and so on will be soon under this kind of intense partisan bickering.

DR. BUSH: I would like to turn now to Nadia Tsao and ask you what your thoughts are on the recent indictment and its political implications.

MS. TSAO: I am actually very relieved that President Chen made those statements because if we come here today without knowing what he is going to do, everybody is going to ask us to provide a crystal ball to predict his decision. I think obviously in his statements, it is a political response instead of an explanation to all the legal questions that are raised in the indictment, but I think that is important for DPP. After Prosecutor Eric Chen made a press conference in the release of the indictments, there was a very chaotic situation in DPP because it was almost impossible to reach consensus if they wanted Chen Shui-bian to resign or if they should stand by him and unanimously support him.

After the negotiation, especially Su Tseng-chang's meeting and Yu Shyi-kun's meeting with President Chen, they asked him to at least give a timeframe or tell his supporters what he is going to do in response to the insecurity or suspicion from the public and his supporters. I think it was really a dose of comfort for his supporters. Like Professor Wang just mentioned, a lot of people in Taiwan told me, this is like a marriage. The wife knew or heard there was something going on, but as long as the husband is willing to say, I didn't do it, the wife will just be willing to believe because breaking up is so hard to do because there are so many interests intermingled together.

For the DPP, it is like opening a Pandora's Box. If Chen Shui-bian resigns now, it is not only about him but about the party. Who is going to take charge? For all the leading competitive candidates for 2008, is there a way to compromise or are they going to accept Annette Lu to become the next President. So there are a lot of issues for DPP to resolve. Besides, if Chen Shui-bian resigns now, definitely they will lose the election both in Kaohsiung and Taipei because they have a President found guilty. So I think Chen Shui-bian's response is a political decision actually to prolong the time for DPP to think how they can use the best strategy to survive and consolidate the party.

I think in the future, it will be interesting to watch the coming elections because in a short time, of course, we will see in Taipei. When we look back in the past decade, KMT or the so-called Pan-Blue team has a very solid gain of about 10 percent from 1994 to 2002. On the opposite side in Kaohsiung City, the so-called Pan-Green or DPP, has a very solid gain of 10 percent in Kaohsiung City. For example, in 1994, when Lee Teng-hui was elected as the candidate for KMT, he got about 54 percent of the votes, but in 2002, KMT candidates only gained 46.82 percent. So we see a solid decrease of KMT votes in Kaohsiung, but this time, both polls in Kaohsiung and Taipei indicate that KMT candidates are leading.

We will see Taipei. It will not be a surprise for people if KMT wins the election, but in DPP, if they lose the election, there will be great implications for the party. Look back at history, if they lost both battlegrounds that are so important to DPP, there might be a calling for

the resignation of Chairman Yu Shyi-kun. So there will be an impact on the DPP too in this election.

From now until 2008, definitely we will see, if Chen Shui-bian stays in his office, KMT will launch an active campaign and use this to continue to attack President Chen and his family. I think for KMT, their supporters will be highly motivated during this election or the election coming next year because a lot of their supporters are pretty angry about Chen Shui-bian or very suspicious about DPP.

For DPP supporters, I think it is very hard for them to transfer their votes to other parties. Many of them have now lost their security or direction. I think for DPP, it is a real challenge for them to drive their voters out, to tell them DPP is still the DPP that you supported in the past few decades and we still have a dream for the country. Besides Chen Shui-bian, we still have other candidates who can consolidate and unite this party. For DPP, the real challenge is how they connect with their voters.

Also, I think in the coming two years, we will see a possibility of a party realignment. During this alleged scandal, we see a very interesting phenomenon because TSU, one of the Pan-Green factions, at first they said after the indictments that they would join the recall with the Pan-Blue team. Suddenly, they just said, no, we are not going to do it because they had strong protest from their supporters. I think in the coming two years, what you will still see is a battleground for the two big parties, KMT and DPP. I don't really see there is a chance for the so-called third party, and I see a continuing of the marginalized TSU and PFP. In the coming two years, we will see a realignment, especially in the LY election next year. Basically, it is beneficial to the big parties.

With this trend continuing, we will see KMT continue their campaign against President Chen. For people who understand President Chen well, I don't think he will just stay home and do nothing. He has always believed that offense is the best defense. We will actually expect President Chen to take actions besides just defend his family and explain those things that he didn't like to explain. I believe constitutional reform and our bid for the U.N. will continue, even though a lot of people think he is a lame duck President or even some call him a dead duck. The President has never been a dead duck; he is a fighter. So I believe he will continue to fight. The political dynamic in Taiwan is still very vibrant, very strong.

DR. BUSH: Okay, thank you very much.

Now, we turn to Erich. Erich, it seems that President Chen has managed to fend off pressures to resign. How did he do it?

MR. SHIH: I will try to be as short as I can in response. First of all, I think President Chen's response in the first three days after the indictment is a textbook example of masterful political damage control, and this should be written in textbooks and for people to study.

As far as I can see, I would generalize the things that he did over the first three days in five

steps. The first step is right before the actual indictment being delivered on Friday afternoon, apparently the Presidential Office had received some kind of information that something is about to happen later that day. So what they did, very importantly, at first, was to summon all the political figures, the powerful political figures, like Vice President Annette, Lu, Premier Su Tseng-chang, and Party Chairman Yu Shyi-kun, and also the LY's political leadership of the DPP. At that time, when none of them knew what was going to happen in the afternoon, President Chen basically asked for their reaffirmation of their political allegiance to him. Under those circumstances, they really had no choice but to say we declare our allegiance to you yet again.

The second step that the President took was that his biggest threat is from within the party, political mutiny, and especially the Premier, Su Tseng-chang. He spent a lot of time on Friday and Saturday, meeting with the Premier in his office and in his residence. Of course, President Chen's former Premier and Party Chairman Yu Shyi-kun, he met with the Premier Friday, Saturday, and Sunday. No other political figures of any importance received this kind of treatment. That says a lot because to President Chen, it is very, very important to make sure that the Premier does not defect. If he defects, then the President will have a big problem.

Thirdly, what the President did was to reign in the DPP rank and file and mainly the DPP legislators, and he made sure or his proxy, that is, Chairman Yu Shyi-kun made sure that Friday evening, that during their emergency meeting, there is no party revolt. Secondly, he unleashed his attack dogs, for example, the DPP's Justice Faction, to attack whoever claims, within the party, of course, that President Chen should be responsible for this indictment and therefore stepping down. Of course, he is bidding all his hopes as well on the talk radio hosts in Taiwan, especially in the central and southern part of Taiwan, to further dig in and entrench his support because those radio talk show hosts would attack all the people, everybody, who attacks President Chen in calling for his resignation as un-Taiwanese or unfaithful to the cause of Taiwan.

Step four is that he needed to conduct an orderly retreat. How to conduct an orderly retreat? I think what he did was he made two moves. Number one, he said, I am going to answer the indictment in two days and that effectively means within the party, an intra-party ceasefire for two days, so he held off the mutiny. Second of all, he used this time, the two days, to further consolidate his support and suppress all the opinions that would say otherwise. Therefore, and also very, very importantly, he stopped the initial, from his perspective, panic and overreaction within the party rank and file and those power pillars. Once he stabilized the line and conducted a successful orderly retreat, it is time for him to stage a counter-attack.

The counter-attack, first of all, he decided to appeal to the people in Taiwan directly and especially the deep-rooted supporters, basically by changing the subject: This is not about me or my wife embezzling money. This is about my political character and how I am willing to sacrifice for the country and, no matter what, I am not going to tell you secrets when it is a matter of national security. Of course, he is moving the trial from the court of law to the court of public opinions, and the name of his new defense line is: I will resign if my wife is convicted during the first trial.

A lot of people may say that President Chen is not behaving or acting morally or ever acting morally, but if that were true, I would say morality for a politician is a choice and never a requirement. From that perspective, President Chen behaved and conducted himself brilliantly.

DR. BUSH: Thank you.

I have other questions I would like to ask you, but I think the audience has a lot of questions too, and maybe they will ask the same questions. I hope they will. So let us open it up. We have about a half-hour. All the people up here are very smart, so you don't have to ask a long complicated question. They will get it very quickly. Also, wait for the mic and state your name and your affiliation.

Who would like to ask the first question? Don't be shy. Charlie Snyder, wait for the mic.

QUESTIONER: Just a simple question: How do you think the indictment is going to affect Chen Shui-bian's operating style over the next two years? Are we going to see a different type of Chen Shui-bian or is it just going to settle back into the same pattern that we have seen over the last couple of years since his reelection?

DR. BUSH: Do you want to direct that to anybody in particular?

QUESTIONER: No; whomever.

DR. BUSH: Who would like to answer that?

MR. SHIH: Let Nadia do it.

DR. BUSH: Nadia?

MS. TSAO: Don't tell my colleagues.

DR. WANG: David, you are the most senior, so you can do it.

MS. TSAO: I think it is really hard for Chen Shui-bian to change his style or operation. That is something that other DPP members worry about because it is less than two years until the 2008 Presidential Election, and they don't have any leading candidate for the next Presidential Election yet. If Chen Shui-bian still wants to stay in his position and launch offensive strategy because he is also thinking about this future after 2008, so I definitely don't believe he wants to be defined as the first President in Taiwan's history to be alleged with corruption and forgery. He will continue his appealing to deep Green supporters.

If he steps down and either he was found not guilty or he can get immunity or pardon from the next President, he may still have a chance to align himself with deep Blue supporters, but if he continues to be dominate the candidates or dominate the players, it will be very difficult for

DPP in the next two years to really reach a consensus about who is going to be the leading candidate, and that will be damage for DPP besides his alleged scandal and with the continued internal fight. I think that will be the impact we will see in the following two years.

MR. SHIH: If I may, Chen Shui-bian is Chen Shui-bian, and he will never change. We have seen so many instances in the past, especially in the past six years, and he weathered through all the political storms that are imaginable, and we haven't really seen him change, first of all.

Second of all, if you look at Chen Shui-bian's political career, he always performs at his best when he is being placed in a disadvantaged position, when he is the underdog, for example, the Mayoral Election in 1994, the President Election in 2000, and again the election in 2004. To him, the name of the game may not be final victory, but the name of the game can be described as prevailing at the very end.

DR. BUSH: Wu Xinbo

QUESTIONER: Wu Xinbo from the U.S. Institute of Peace.

I want to address a question to both David Brown and Richard yourself, the Chair. My question is: Did the recent turmoil in Taiwan come as a surprise to the United States?

Also, Steve Young, the Director of AIT in Taipei recently made some remarks which were interpreted in Taiwan by the Pan-Blue people as signaling continued U.S. support for Chen Shui-bian. Will the recent move drive the U.S. to review its attitude towards Chen or will this not happen?

Thank you. Thank you both.

MR. BROWN: I can't speak for all Americans or for the U.S. government on this, but I for one was not surprised. I heard a great deal in anticipation of what the prosecutor was likely to do. I knew something about his character. So I was not surprised by the announcement.

Will the U.S. change its attitude towards Chen? I think you would have to divide that into two parts. One is: Is the U.S. going to get involved in trying to either encourage him to stay or encourage him to lose, i.e., intervene in Taiwan's internal politics? I think the United States government will not, under any circumstances, do that unless there is a total breakdown of civil order in Taiwan, and I don't think that is going to happen.

The second part of the question is about Chen Shui-bian's policies. To the extent that I think he will by continuing to want to appeal to his deep Green pro-independence base, I think, unfortunately, he is going to continue pushing the envelope on a pro-independence agenda, and the U.S. Government, I think, will continue to push back when he does that.

DR. BUSH: I agree with Dave's view. I don't think the U.S. government should have

been surprised that something like the very recent events were going to happen. I don't think it is correct to interpret Steve Young's declarations as support for Chen Shui-bian. I think it is a declaration of frustration with the political process in Taiwan.

With respect to the political issues or the political turmoil in Taiwan, what the U.S. cares about is the policy of the leaders in Taiwan and is not going to interfere in who is in position of leadership.

Mike, you had a question?

QUESTIONER: Mike Fonte I work with the DPP.

A question for Erich; you said that Chen Shui-bian is Chen Shui-bian, and he will never change. My question for you is: Will the "refuse to lose" attitude of the Blue side of the spectrum ever change? I ask that question because I think the Blues were surprised by the indictment. I think there was a lot of talk that there never would be an indictment because in the past, the prosecutors' officers were hardly impartial in these matters.

Why can't the Blue allow the judicial process now to unroll as President Chen has suggested and go forward with the trial of his wife? If she is found guilty on the first court of appeal, he said he will step down.

Why can't they go forward with really trying now to move forward on defense issues, on constitutional reform, et cetera? It seems to me, again with Green glasses here, that since 2000, the main objective of the opposition has been to resist everything. As I say, it is "*su be ki*," to refuse to lose in Taiwanese.

MR. SHIH: First of all, I agree with every word of your description of the Blues. From my perspective regarding the judicial independence, I think it is fair to say that in any criminal or justice system, you have the investigative arm and you have the prosecution arm and you have the trial arm. In the past, all three arms have had their share of problems, either susceptible to political influence or taking bribery.

Even though at the moment, there have been three major cases this year: the Pacific Sogo Department Store case and the Taiwan Development Corporation case and also the Presidential Office, the discretionary spending case. In the first two cases, the overall reaction in Taiwan was generally one of negative or disappointment because they felt the prosecution or the investigative arm could have done more. In this case, regarding the indictment of First Lady, Mrs. Chen, the overall reaction is one of positive. But we have to note that if you combine all these three cases together and if you want to make a case saying that you are beginning to see a pattern, a positive pattern, then the counter-argument would be: Now you have only seen the investigators performing their job; now you have only seen the prosecutors doing their job.

How about the court? How about the actual trial? This is a big question mark.

Also, we really don't know if all these cases, all three cases so far, are they signs that can be interpreted as positive, a beginning of a new trend or just aberrations or just exceptions to the rule. We just don't know.

In terms of Pan-Blue's fundamental inability to change their current course, I think the primary motivation factor is political traumatization, and they are being traumatized to such an extent that they just can't get themselves out of that, first of all.

Regarding the go to trial proposition, I think of course, it is fair. It is a fair proposition. But you also have to understand that this is the realm of politics, not just about criminal justice. There is just as convincing, if not more, an argument saying that the President really should be responsible for his wife or the promises that he had made before. For example, if my family had taken any money from Sogo, then I will step down. This was his first defense line. When that didn't work, he said, well, if my family took money directly from Sogo then I will step down. When that didn't work, he will say, if my wife was indicted, then I will step down. When that didn't work, he said, I will step down if my wife is convicted in the first trial.

So if you look at the pattern here, it is difficult to argue otherwise, that President Chen or his party's proposition is something that is reassuring.

DR. BUSH: Rick?

QUESTIONER: Rick Ruzicka from AIT.

This is for the panel. What effect do you think the indictment will have upon Taiwan's trade policies, specifically their push for a free trade agreement with the United States and bearing in mind the suggestions by some that to move in that direction, liberalization of economic policy cross-straits is required?

DR. WANG: Trade policy is one of those things, I believe, in which there should be a bipartisan consensus. It should rise beyond partisan fray. Although the Pan-Blue has made it one of its priorities to establish direct links, communications links between the Mainland and Taiwan, I cannot see how a Pan-Blue Government in 2008 does not also elevate the negotiation of a free trade agreement with the United States as one of its top priorities because, as we all know, the free trade agreement is actually more about politics than trade. Namely, it is a very important step of shoring up Taiwan's relationship with the United States, especially in light of China's very active economic statecraft in Southeast Asia. So I think the Pan-Blue will probably try to pursue both closer economic links with the Mainland, and it will continue pushing for FTA with the U.S.

DR. BUSH: Anybody else?

MS. TSAO: I believe that it is really a goal for Taiwan to pursue a free trade agreement, but in diamonds, definitely, we will get people, especially in Washington to doubt if the DPP Government is still able to handle such a complicated issue. You need to liberalize your

agricultural department. After we joined the WTO, there were already a lot of problems in the agricultural sections and also the DPP Government faced the incentive that were offered by Beijing to our farmers. So it is a very complicated issue.

I believe the DPP Government is as devoted as maybe most of the Pan-Blue politicians. We really want to see the FTA happen. From Taiwan's domestic politics point of view, it will be a much more complicated issue if the government or the DPP really want to offend their supporters because a lot of farmers used to be supporters for DPP.

MR. SHIH: Adding quickly, I think in a very short term, Taiwan's trade policy is going to be dictated by a result of the power struggle between President Chen and the Premier Su Tseng-chang. The reason is very simple. The President, he needs to consider what he is going to do after his retirement. After his retirement, of course, he will be the leader of the Deep Green and replacing former President Lee Teng-hui.

But for Premier Su Tseng-chang, his situation is really different. He wants to win the DPP nomination in 2008. So far, his direction, in terms of trade policies, is one toward more opening vis-à-vis Mainland China. Therefore, at the moment because Su Tseng-chang, even though I doubt he would be capable of delivering the first shot and manage to finish off President Chen, but certainly he is capable, from President Chen's point of view, to initiate a collapse of his control. From that perspective, of course, he needs to be very, very careful with Premier Su Tseng-chang and the Vice President because, after all, Premier Su Tseng-chang's position was given essentially by President Chen.

It really depends on how the perceived strengths and weaknesses of the two and the interactions between the two, and we will see the results. As you can see, the President had met with him on Friday and Saturday, with the Premier on Friday and Saturday and Sunday. We are hearing all kinds of rumors flying about Su Tseng-chang trying to distance himself from President Chen in the first couple of days and even suggesting that the DPP members of the LY should be let free to vote on the recall issue. I think this is pretty much in the air so far. We still have a lot to see and to monitor.

DR. BUSH: Gerrit van der Wees?

QUESTIONER: Gerrit van der Wees from the Formosan Association for Public Affairs. I have a question for Vincent. You mentioned three "Missions Impossible" that President Chen had talked about in his speech. I would like to add a fourth one. In view of the political polarization in Taiwan, reconciliation, how can that be achieved? President Chen feels he has bent over backwards, particularly in the first few years of his Presidency to reach out to the Communists, to reach out to China, only to run into a stone wall and be slapped back every time.

A few months ago, Mr. Ma Ying-jeou was here and in the same room. I asked him also the question: Can you tell us how you want to achieve reconciliation in Taiwan? He basically did not answer the question.



Can you give us an indication how you would see reconciliation happening on the island?

DR. WANG: Well, that is a very tall order. I think earlier I mentioned one of the weaknesses of Taiwan's democratic system which is under the current structural infirmity, both the DPP, the ruling DPP, and the opposition KMT are learning about their unfamiliar positions. In other words, the KMT was trying to be a responsible opposition party. Sometimes that doesn't quite work. And the DPP, obviously, does not control the Legislative Yuan and cannot be a very effective ruling party.

It is also true that the KMT has fundamentally opposed Chen Shui-bian's legitimacy from day one. They regard the 2000 election and Chen's electoral victory as a fluke because of a three-way split. Then, of course, the 2004 election was very controversial. Chen won by a bare margin.

I think for the responsibility about reconciliation, Taiwan is a deeply divided society right now. The responsibility actually lies on both sides. I think the Blue probably should be faulted for not giving Chen really a chance, but the Green should also be faulted, especially during election times, when the stakes are so high and the races so close that they find the identity card a very card to play. Every time you play the identity card, the society is torn even more.

I think we just need to have politicians on both sides that have the wisdom and really see the long-term interests of the society and can rise above their immediate gratification. I am not going to lay blame on either party. I think both parties are responsible.

QUESTIONER: I think I agree with what you say. Both parties are responsible. I think it is a byproduct of the very bitterly fought 2004 presidential election, how that election ended. It strikes me, two things: one, that I think there is a fair amount of evidence that grassroots people in Taiwan are fed up with political polarization and are looking for a change; and secondly, that it is only likely to come when both parties have new leaderships which were not directly involved in the 2004 campaign. In a way, the KMT went through, well, is part way through that kind of painful leadership transition, and the DPP hasn't even started it.

DR. BUSH: Thank you. Masahiro Matsumura?

QUESTIONER: Masahiro Matsumura from Brookings, CNAPS.

My question goes to Professor Brown and Professor Wang. I have a kind of political science question about structure of corruption. Do you see that the current event is the beginning of a change or at least a sign of the beginning of a change of the political culture on Taiwan in a way that the general public in Taiwan becomes less and less willing to tolerate the structure of corruption of pork, borrowing politics, embezzlement, and bribery? If so, after an extended period of turbulence, can we expect a more mature Taiwan democracy?

Or if you don't buy this kind of chance, if you don't see the chance of the transformation of the structure of corruption, will we see the money-related scandals one after another,

whichever the party, DPP or KMT becomes the ruling party? In other words, are we going to face an extended period of a nasty political season in Taiwan politics?

DR. WANG: My view on this is that it is a short-term setback for Taiwan's democracy but hopefully in the long run, it will be a positive thing.

I will cite some interesting and contradictory poll results to answer your question about Taiwanese voters' perception of corruption. For example, the so-called Taiwan Election and Democracy Study, TEDS, which is widely used survey data show that voters in Taiwan are very fed up. They have some vague idea that politicians are corrupt, and they don't like that. They show overwhelming disapproval about corruption. However, the problem is that in the past, they only had anecdotal evidence. They kind of abstractly knew or kind of guessed that politicians were corrupt and that was not good, but now they face overwhelming evidence. So they can link this to a very concrete example or a target.

On the other hand, the Taiwanese people are still very committed, surprisingly enough. Even though they think there are problems in the Taiwanese democracy, they are still committed to democracy as an abstract concept. So when they were asked, democracy has a lot of problems, but would you favor any kind of other form of government; they said, no. They overwhelmingly reaffirmed democracy.

Based on those conflicting sentiments or nuanced sentiments, I think this recent corruption scandal surrounding President Chen and his family may turn out to be a positive development for Taiwan's democracy in the long run. In other words, politicians must have very a high moral standard. In the past, when the Taiwanese political system was less transparent, the public only had a vague idea or some suspicion, but now they are going to scrutinize politicians even more.

MR. BROWN: I think I agree with Vincent, but I will put a slightly different slant on it which goes back to my original remarks, which is I think this is a question of institutional development in Taiwan. Democracy is not just elections. Democracy requires a free press, independent judiciary, independent prosecutors, trust of the public in the whole process of elections, and I think Taiwan is going through a process now of developing those institutions. It is not a process that is completed, so there is always going to be a question mark on how well the institutions are consolidated. The answer to the question is on whether this institutional development takes place, and it strikes me that these corruption cases are providing both an opportunity and a test of that kind of transformation.

DR. BUSH: Erich's point is well taken.

MR. BROWN: Yes. The test has not been fulfilled.

DR. BUSH: Herbert Levin had his hand up.

QUESTIONER: Professor Wang referred to the complexity of the political situation in regard to not voting the budget for arms purchases from the U.S. I wonder whether we can draw

a lesson from that.

The people on Taiwan don't feel militarily threatened. A million and a half of them have gone over to Shanghai and Suzhou. You know about wills being probated and degrees being accepted. The integration of Taiwan back into the Mainland is moving along. The KMT hasn't come up with a specific negotiating strategy with the Mainland, but when political figures have gone over to Beijing, they haven't suffered for it back home. So I wonder whether this reluctance to buy more expensive equipment from the U.S. isn't manifesting the fact that the people in Taiwan are a bit ahead of their politicians and are looking forward to realistic negotiations with the Mainland rather than balloons in New York saying "Join the U.N." and that kind of stuff.

MR. SHIH: As I said earlier, I think the arms purchase controversy was pretty convoluted. I don't think Pan-Blue politicians going to Beijing and receiving red carpet treatment is a very good indicator of that China does not pose a threat to Taiwan or, in fact, mounting threat, but the trouble is the arms purchase case was fundamentally intertwined with the partisan politics, as I mentioned earlier. In other words, the Pan-Blue was trying very hard to find any excuse to oppose Chen, to derail Chen's policy and so on. They can take a moral high ground. They say that the arms packages are expensive, unreasonable and so on. So they basically play politics, but then at the same time, they can say we are watching the people's purse strings.

I was delighted to see yesterday one of the committees of the Legislative Yuan passed the budget for the anti-submarine reconnaissance plane. So they compartmentalized the three items on the package. They approved a small amount for the feasibility study of the submarines which, of course, is the most expensive and also controversial aspect, and then they opposed the PAC3 ballistic missiles. They claimed that because it failed on the 2004 referendum, it has to wait for three years.

We are seeing the increased pressure and hopefully an honest debate about Taiwan's security needs can get this thing going. Taiwan's democratic system is going through a transition. So it might take a little longer and take a little bit more patience for our friends in Washington, D.C.

DR. BUSH: We are running out of time. Jacob Chang has been patient. We will give him the last question, and then we will take a short break.

QUESTIONER: I am Jacob Chang from the KMF-PFP Representative Office here in Washington, D.C.

I was going to add a quick statement about the arms sales yesterday which did pass a bit on the PAC3 anti-submarine surveillance plane as well as the F-16 CD budget to freeze that for five months, pending on the U.S. give us the letter of agreement and the quotation.

My question is to Erich. You say that Chen Shui-bian, President Chen, has moved the debate from the court of law to the court of public opinion. However, according to public polls

by four different media: ERA says 59.53 percent of the people do not like him; *China News*, 65 percent of the people think he is not fit; *China Times*, 56 percent of the people do not support him; in your media, TVBS, 66 percent of the people do not seem to like him. So how can he win in the court of public opinion under this kind of circumstances?

Thank you.

MR. SHIH: People would say that is why President Chen is brilliant because, given the current political reality and the constitutional reality, he won't step down. He just won't, and nobody can force him to, unless one or more of his support pillars starts crumbling down. One of them, of course, is the respected party elders who are pro-independence throughout their lives. Koo Kuan-min and [inaudible] are two perfect examples. Second of all, you are going to have a legislative revolt of DPP members or the collapse of DPP party control of those DPP legislators. Three, you need to have one or more of those big fours, "*si da tian wang*," Lu-Yu-Su-Hsieh, to declare independence or sever their ties.

But all three of them are unlikely to happen. First of all, given recent experience, the elders, they are never going to abandon President Chen, and no need to explain more.

Second of all, the problem with the LY revolt is number one, those people who want to make a change, they are in the minority; and number two, other people who are either waiting to jump on the bandwagon should the wagon go either way or those who are supportive of President Chen, they face two fundamental problems: Number one, the party meaning Chairman Yu Shyi-kun meaning President Chen Shui-bian controls the nomination for the 2007 LY nomination. LY, as we know, the number will be cut in half. There is no legislator who is in their right mind, who would step up and call for President Chen's resignation. Number two, of course, is the pressure from the party radicals or party fundamentalists. Those people, they are few in number, but their concentrated voice and influence is unimaginable.

In terms of the big four, they all have their problems, but we have to understand one fundamental point, that is, their real goal is the 2008 nomination fight and not to deal with this Chen Shui-bian issue. This is an unhappy distraction at best or a minefield, political minefield at worst.

For Frank Hsieh it really doesn't matter what he says anymore because he is no longer in the power of influence.

For Yu Shyi-kun, his problem is he cannot but support President Chen because he has been, throughout his political career, President Chen's proxy. Once he severs his tie from his master, he becomes nothing.

And for Annette Lu, of course, she is protected by the constitution. So she cannot be fired from her position until 2008. That is pretty good for her. But the problem for her is she is not someone that the Greens themselves trusted, and she has no real political allies. She does not belong to any political faction of influence. She has to play a strategy of hedging between

supporting President Chen and declaring her independence. What we have seen so far is she is moving in between.

For Su Tseng-chang, of course, it is even more difficult. He is the most powerful, but his power comes from President Chen Shui-bian. He is the one, if he declares independence, if he fires the first shot, he can cause the President's control to collapse. But the point to Su Tseng-chang is not about initiating the collapse. It is not about firing the first shot. It is about delivering the coup de grace. It is about the last man standing when the building finally crumbles. At this point in time, he also has to be careful and he has to play his hedging strategy between supporting President Chen and declaring his own independency. What we have seen so far is he is playing, of course, in between.

We hear him say publicly that he is supportive of Chen, but we also hear him say publicly: If I were in such a position, I would have resigned. He is in a position of power as compared to the other three, so he is in the position to bargain with President Chen. Perhaps, for example, just like Rick's question, the economic policy might be one of them. His ability or President Chen's tacit agreement for him to fully prosecute the whole family, that would help him in terms of generating support from the middle in the long way.

Thank you.

DR. BUSH: Nadia Tsao identified the Taipei mayoral and Kaohsiung mayoral elections as a new piece of information that will be provided to the DPP on how the public sees it and President Chen, and that is the subject of our second panel.

We will take a break now for about 10 minutes. Get yourself a cup of coffee and something to eat and please come back and we will start up then.

(Applause)

(Recess)

PANEL 2:  
THE MAYORAL ELECTIONS AND IMPLICATIONS FOR CROSS-STRAIT RELATIONS

DR. BUSH: (In progress) -- what are the offices up for grabs, who are the candidates and the parties involved in the case?

DR. HSIEH: Taiwan is going to have elections on December 9th for the mayors of the two largest municipalities in Taiwan, namely Taipei and Kaohsiung, and along with the 52 members of the council in Taipei and 44 members of the council in Kaohsiung the major political parties they have candidates in most of these offices. For the mayoral elections, basically there is a two-way competition between the KMT and the DPP. And even though there are some other significant third-party candidates, for instance, in the case of Taipei, James Soong of the People First Party entered the race as well. However, according to the polls, he lags much behind the other two. So even in the city of Taipei it is basically still a kind of two-way competition.

But in the Municipal Council elections, there are many more parties involved in those elections. The difference between the mayoral election and the council election is that in the mayoral election there is only one seat available in one area, for instance, in Taipei or in -- and in the council elections, Taiwan has a very unique kind of system that is called a single non-transferable vote system which is using multi-member district and there are several seats available for the election. The main result of that kind of election system is that even the small parties may have a chance to get elected, so we see many more parties fielding candidates in those elections.

In the previous election 4 years ago and in the mayoral election in Taipei, KMT's incumbent mayor, Ma Ying-jeou, won the reelection bid, and that's also similarly true in Kaohsiung City, Frank Hsieh, he was the incumbent and he also won the election in Kaohsiung even though later on he left the office to become the Premier of the country -- so DPP now controls Kaohsiung City government and the KMT controls the Taipei City government.

In the City Council, the situation is somewhat different, and no party actually controls a majority of the seats in either the Taipei City Council or the Kaohsiung City Council 4 years ago. In the Taipei City Council election, out of 52 seats last time, the KMT got 20 seats, short of the majority of course, and the DPP got 16 seats. But if you add up the KMT's seats and the PFP seats and the New Party seats, actually the Pan-Blue camp enjoys a very comfortable majority in the Taipei City Council. Together they got 33 out of 52 seats.

In the Kaohsiung Municipal Council, no party actually got a majority as well, and even if you look at the other camps, the Pan Group camp got 19 seats, and the Pan-Green camp got 16 seats, and 9 seats actually went to the Independents. So now even if you look at the camps in the Kaohsiung City Council, actually no political party or no political camp is controlling the majority of the seats there.

In this election, of course, those parties continue to field candidates in those elections. I think it is very likely that no individual party will be able to control the majority of the seats in either Taipei or Kaohsiung City Council, even though in the case of Taipei, the KMT nominated 27 out of 52 seats available, and that means the potential that they may have a chance to get a single-party majority, but I think the chances are very slim. But together, the Pan-Blue will continue to control the Taipei City Council most likely. And with regard to the Kaohsiung City Council, it is very difficult for any party, even though just looking at the number of candidates that it nominates, there is almost no chance for any party to get a majority. And the Independents, just like in the past, will do a relatively good job probably also in the Kaohsiung City Council elections.

DR. BUSH: Thank you very much for that introduction. One thing you did not touch on is issues in these elections. Could you talk about that a little bit?

DR. HSIEH: Yes, actually, I think the interesting thing about the Taiwan parties is that issues normally don't play a very important role.

(Laughter)

DR. HSIEH: I'm talking about issues like the economy and social policy and so on.

DR. BUSH: Unlike the United States where issues are –

(Laughter)

DR. HSIEH: I've done some studies at looking at whether issues indeed play some role, sometimes, yes, depending on the kind of people you are looking at. But in general, the issues are not very important in Taiwan's elections mainly because Taiwan is a divided society, divided along the lines of ethnicity and national identity. So you are in favor of Taiwan's independence, you are more likely in the Green camp, and if you support the idea of unification, even status quo to a large extent, you are very much in the Blue camp. So that it is divided along those lines.

Those issues are highly emotional, just like in Northern Ireland, for instance, some people want to remain in the United Kingdom and other people want to be part of the Irish Republic. That issue actually overshadows all other issues, so it is very difficult for other issues to emerge as very important in the elections. These are local elections, so even though sometimes in local elections -- people don't really talk too much about national identity there, there reflected in people's partisanship, if you support unification then you will be in the Blue, if you support independence you will be in the Green, it is already reflected in people's partisan attachments, so it is already there and it is very difficult for other issues really to emerge.

But in this case at this time, something different is taking place and that is because of scandals. Because of scandals, at least some people traditionally they support the DPP or the other parties in the Pan-Green camp, this time they may hesitate to do so, so this may affect the political fortunes of the Pan-Blue parties and will hurt the Pan-Green parties to some extent, so

this really becomes an issue right now. But even though how significant this issue will be, actually transfers some voters from one camp to the other, it is really hard to say, but at least it is likely that when many people who traditionally support the DPP, they this time will probably just stay home is more likely.

DR. BUSH: Are you willing to make a prediction as to who is going to win?

DR. HSIEH: I think as a good scholar I should not try to predict anything, otherwise your reputation will be ruined.

But if you look at the polls, if you look at the two cities, the two cities are quite different demographically speaking. In Taipei City, about 25-percent of the population are mainlanders and they are more likely to support unification and that means they are more likely to support the Pan-Blue camp. This is actually about twice the percentage that you will find in the population as a whole in Taiwan. So that gives the Pan-Blue some kind of advantage in the city of Taipei. It is very difficult for the Pan-Green candidate to win this kind of major race in the city of Taipei. So I think that the KMT candidate, I don't want to say definitely, but unless something very drastic like two bullets or whatever, that probably would change the equation. Otherwise, I think the KMT candidate is going to win the election. According to the recent polls, at least one of the polls which was conducted as much as 2 days ago by *The China Times* -- by 47 percent to 18 percent, so that's a huge margin between the two candidates, and James Soong got only 8 percent, single digits, so he sitting out really -- in a strict sense.

Also in Kaohsiung City, if you look at the past election results and also all kinds of survey data, political fortunes are between two camps in the city of Kaohsiung, it is more evenly divided. If you look at the demography of Kaohsiung, it resembles more like the general pattern you see in Taiwan, even though you see fewer [inaudible] people in Kaohsiung. According to the surveys, there are about 12 to 13 percent of the mainlanders in Kaohsiung, and that is just about the same as what you see on the whole island. Then about 5 percent are [inaudible] and the others are basically the population. So it is more like the kind of general pattern you see in the whole country.

But at this time, at least according to the polls, the KMT's candidates seem to enjoy also some kind of advantage here. According to the polls also conducted by *The China Times* about 3 days ago, KMT's candidate, Huang Jun-yin, was supported by 46 percent of the population, and the DPP's candidate only by 23 percent, only half -- results of that environment on the elections. But the margin is quite large as well in this case, and so it is still quite likely that the KMT will win this race as well.

However, the DPP has enjoyed some kind of strength in Kaohsiung, so a lot of people who may stay home probably eventually because of some other reason they probably will go to the voting booth and at least narrow the gap between the two candidates. But to say that this will actually change the results, altogether -- I think are not that likely. But in terms of the municipal council elections, I think that the Pan-Blue camp still enjoys a huge advantage in the Taipei City



Council elections. In Kaohsiung City it is kind of a divided situation and I think the Independents also will do a much better job there.

DR. BUSH: Finally, and briefly, what is the significance of these elections for Taiwan's domestic politics?

DR. HSIEH: In terms of policy-making, it is not that significant. It is not as important because this will not change the national policy in a significant way. However, symbolically it is quite important because a lot of people, given the difficulties faced by Chen Shiu-bian and the DPP, watch this election as kind of a referendum on the President and on the DPP. So if the DPP is able to do reasonably well in these two elections, then they probably will be able to regain some kind of momentum there. But if they perform badly, then this will demoralize the whole party and this will probably affect the elections in 2007 and also even the 2008 presidential election as well.

DR. BUSH: Thank you very much. Let's move to our second John, John Tkacik. On the same theme of the impact, John, looking first at the Kaohsiung race, what would a loss by Chen Shui-bian, the DPP candidate in Kaohsiung, mean for the DPP and for Taiwan's domestic politics do you think?

MR. TKACIK: I think as John Hsieh mentioned, the Kaohsiung race is probably the more significant in terms of the DPP's outlook for 2007-2008. Kaohsiung is the DPP's core. Kaohsiung, Tainan, very heavily Minnan population and I think it would be a pretty cruel blow to the DPP if they lose.

I also have to agree with John that it looks like the DPP candidate is headed for a win there. We have still got 6 weeks to go.

DR. BUSH: The DPP or KMT?

MR. TKACIK: Excuse me, the KMT candidate is headed for a win. We still have a month to go, but I think it would change the landscape in the South.

The big difference between Kaohsiung and Taipei is that the KMT candidate Huang Jun-yin is a very respected academic. He is Taiwanese. He has sort of stayed out of the limelight in terms of the big issue of the day which is relations with China, and I think that that will help him get votes among the Taiwanese community that normally would go for the green.

On the other hand, the problem in Kaohsiung might not be Taiwan-mainland issues at all. It might not be ethnic identity. It probably won't be ethnic identity. But it will be a referendum on President Chen Shui-bian and it will reflect the overall tenor of the politics now embroiled in the corruption scandals as they are.

The result of that will probably be not Green crossing the line and voting Blue but, rather, Green just staying home. I recall in 2004 when Ma Ying-jeou ran for Taipei mayor and he got

100,000 fewer votes than Chen Shui-bian got 4 years earlier. If you look at the overall voting in Taipei, there were not 100,000 more people voting and those all Ma Ying-jeou, it was 100,000 who voted for Chen Shui-bian just stayed home, and I think that is a real problem in Kaohsiung especially now.

DR. BUSH: Turning the question around, what if either in Kaohsiung—or even more counter-intuitively in Taipei—the DPP somehow were able to pull out a win? What are the consequences for Taiwan domestic politics, cross-strait relations or Taiwan-U.S. relations?

MR. TKACIK: Think about it. I think it would be rather energizing and galvanizing. There is a slight possibility that in Taipei, Song Chu-yu somehow would get more than the 8 percent, maybe he gets 12 or 15, maybe he gets -- no, he couldn't get 20 percent.

(Laughter)

MR. TKACIK: And for some reason, Hau Long-bin doesn't get out the vote or that somehow people just say he's going to win anyway, why waste my time on a Sunday standing in line, I can go up to Yangming Park. And if Frank Hsieh somehow gets 50 to 60 percent Min Nan population in Taipei moving in his direction, Frank Hsieh being a rather good politician, the fact is it would be a real shock in Taipei if Frank Hsieh were to win. It's not impossible, but I wouldn't bet even money on it, I wouldn't even bet 2 to 1 on it.

The thing about it though is that if Frank Hsieh were to win, it would mean that he—not Su Tseng-chang, not Annette Lu—would be the frontrunner for the 2008 DPP presidential bid. How would that affect domestic policy? I think Frank has proved to be a very good administrator in Kaohsiung, I think he was able as anybody could have been as Premier, and I think he would be a very difficult candidate against Ma Ying-jeou in 2008, presuming Ma is the candidate.

DR. BUSH: Finally, two names that I don't think have been mentioned today but are important forces in Taiwan politics are Lee Teng-hui and Wang Jin-pyng.

MR. TKACIK: Lee Teng-hui and Wang Jin-pyng have always been relatively close, and I can't figure out exactly what their relationship is. Is Wang Jin-pyng the son that Lee Teng-hui - - but they meet together, they talk politics. Certainly, Lee Teng-hui has expectations of Wang Jin-pyng that perhaps I don't have as far as where he would stand if he were to be Premier or President. But clearly, Lee Teng-hui is looking for a way to preserve the Lee Teng-hui legacy in Taiwan. I think ever since last May and June, Lee Teng-hui seems to be indicating that he is very unhappy with the direction that Chen Shui-bian had been going in. He can't bring himself to criticize Chen outright, but the vibes go out and people hear this.

So what does Lee do? Lee wants to maintain his legacy, he wants to keep the legacy moving, and he is looking for somebody that he feels has the potential to do that. I have a feeling that he is looking at Wang Jin-pyng and thinking Wang is a son of the soil, he is a "*ben tu pai*," he is a native Taiwanese, he is a proven quantity when it comes to navigating the

dangerous shoals between Mainlanders and Taiwanese and Greens and Blues. He certainly is a very effective politician, and it strikes me that Lee has been floating this idea that maybe Wang Jin-pyng would be a good replacement for Su Tseng-chang to sort of bring the country together and prevent I think Taiwan from going off the rails, or toward independence, or maybe present Taiwan from being put on the rails toward becoming a new special administrative region of China.

And I think Lee Teng-hui obviously knows Wang Jin-pyng better than I do, but I have a feeling that Wang Jin-pyng, as he says, "I am the most loyal party member." So I sort of find it hard to envision Wang Jin-pyng going off trying to form a government in Taipei as Wang Premier without the full consent of the KMT Party. He could do it. I think he's got the personal following in the Legislative Yuan that would bring maybe a handful of key supporters with him if he decided to go that route, but I have never seen Wang Jin-pyng be adventurous, and I think that is one of the qualities that perhaps is attractive about him is that he is very conservative, he is very careful, he is very cautious. Wang Jin-pyng, of course, has been the focus of Lee Teng-hui's new third force and I think certainly Taiwan is looking for a third force. It hasn't been embodied in the TSU the way I think Lee Teng-hui thought it would be, but we'll see.

DR. BUSH: It goes to Carson Chang.

MR. TKACIK: -- being the third force 50 years ago or a half a century ago. Sixty years ago.

DR. BUSH: Let's turn to Wu Xinbo to talk a little bit about the actor who has a profound interest in these events. First of all, Xinbo, a basic question, is Beijing paying attention to the mayoral election in Taiwan and the recent developments with the indictment and Chen Shui-bian's response to it?

DR. WU: Yes, you bet -- we watch the developments every day. To be serious, the forthcoming elections carry some importance actually for the evolution of Taiwan's political landscape. On the one hand, I think it reflects the change in the political landscape that has been moving since late-2004 when Pan-Blue got the majority in the election, and then further the landslide victory in last year's local elections. So this year, the mayoral elections really will test whether the Pan-Blue can maintain this momentum.

Also given the forthcoming election in 2008, so this means -- for those elections. So I think Beijing watches very carefully about the elections as well as of course the latest developments on the indictment of Chen Shui-bian.

DR. BUSH: In your opinion, what is the significance of the mayoral election for Taiwan's internal politics?

DR. WU: Because the two cities basically each represent the political divide within Taiwan itself. Taipei certainly is viewed as the power base of Pan-Blue, while Kaohsiung is

certainly the power base of Pan-Green. So although they are largely local elections, but in some sense they can still reflect this political rivalry between the two major political camps in Taiwan.

So I think especially when you have a DPP President in power, it is very important from a certain perspective that Taipei will be governed by a Pan-Blue mayor trying to maintain the political balance. For the case of Kaohsiung, I agree with the observation made by someone earlier on that that really reflects how the scandal with the First Family will have on the Pan-Green followers. So it is although a local election, but it is very interesting to see the kind of litmus test of the evolving political landscape in Taiwan.

DR. BUSH: What do you think will be the effect, if any, on cross-strait relations?

DR. WU: First, I don't think the election itself will have much impact on cross-strait relations. Originally there was a concern that cross-strait relations may become a topic in the elections, but now I guess mainly because of the scandal and now these kinds of internal issues, it is unlikely that cross-strait relations will be a major card to play in the elections.

However, the outcome of the election will certainly have an impact on cross-strait relations. One scenario will be that the Pan-Green will win in both Taipei and Kaohsiung, although it seems unlikely, but it is still one month from now and an evolving situation. If that happens, the implication for Beijing that the Pan-Blue was not able to maintain favorable political momentum strategy in late-2004. And secondly, this presages badly for the forthcoming elections in 2008, in spite of the scandals with the First Family, but the Pan-Green is still able to win the elections in these two major power centers. So that will send a very alarmist signal to Beijing.

Also, I think that will affect cross-strait relations at a country level. For instance, in recent years, Beijing has been trying to promote cross-strait exchanges at the local level like city to city, county to county, like the exchanges between Beijing and Taipei, for example. If Taipei is going to be governed by a DPP mayor, I don't think these kinds of exchanges will proceed as it is going on now. So that will affect cross-strait exchanges at a very concrete level.

DR. BUSH: Very good. Thank you. Liu Fu-Kuo, the DPP strategy traditionally in elections has had a couple of components. One is to stress initiatives that appeal to the Green like constitutional revision. The other has been to intensify cross-strait tensions, some people say demonize China. To what extent is that going on in this election campaign, and what effect is it having on cross-strait relations?

DR. LIU: Thank you. I think this time some of your previous speakers mentioned there are no real issues, but I believe from the KMT side that it is obvious, corruption versus anticorruption, it is so clear. I think people remember in the year 2000 that was the reason why people brought down KMT. So once again, this is the strategy I am thinking, KMT and the majority of the people in Taipei or in Taiwan will be thinking through.

But looking from the DPP side, I would believe, as you just mentioned, over time, the DPP's strategy is to bring in something controversial with regard to China, and this time it is very obvious, Chinese versus the Taiwanese, and that is a strategy always that they project -- KMT managers, something related to Chinese, and they are working for the battle of this grassroots Taiwanese regime. So I think this is the strategy I heard from the media they have been playing up, but I certainly believe it will be quite difficult for the DPP to play for this particular city mayor's election because, after all, this is not a central government election. So this is the point I would like to make.

DR. BUSH: John Hsieh offered his prediction at this point about the possible outcome of the election, that the Blue KMT candidates would win in both Taipei and Kaohsiung. What kind of impact would that have on cross-strait relations? And how would the Pan-Blue capitalize on that with respect to cross-strait relations?

DR. LIU: I think even we should make any prediction on the election result, but more likely at this moment, you will agree with me that the KMT is going to take over the two cities' elections because I feel that especially compared with two public survey figures, one day before Friday, and also Professor Hsieh just mentioned the new survey, it seems to me that a lot of people shifted from the DPP side to the KMT side, especially after reading through this indictment, and I feel that that would have a potential influence on the election result. This is also very important for people to realize that that would be a difficulty for the parties to manage, especially at this moment.

I feel that at this moment, perhaps -- I'm sorry, can I come back to the core of what you --

DR. BUSH: If they do win, what is the effect on cross-strait relations? How could the Pan-Blue capitalize on it and perhaps take new initiatives?

DR. LIU: I was going to suggest at this point because we know that after this round of the -- summit last year, and also just last month, KMT-CCP's Agricultural Forum in Hainan which means that this kind of policy will be further endorsed by the election result because I feel that even if now the DDP internally has already split in terms of a cross-strait policy, and I feel that Su Tseng-chang would take a more pragmatic approach. But of course the election result, I think the KMT can win a sweeping victory in two cities which means that the KMT can as you just suggested will further endorse the liberalized policy toward Mainland China. And I think this is really the momentum building up in Taiwan's society at this point after especially this agricultural cooperation and also of course again the three links issue.

For this moment, the kind of interaction is really intensive across the Taiwan Strait. So this election perhaps to me is kind of the no-confidence to President Chen's Mainland policy. I think looking into this Mainland policy I think that would have some implication even if it has nothing to do with this policy, but I think people will feel and understand the kind of direction is shifting more toward to this side.

DR. BUSH: Thank you all very much. Let's open the floor and take questions for about half an hour. Again, wait for the mike, state your name, say who you are going to direct your question to, and keep your questions brief. David Brown?

MR. BROWN: I would like to thank all of the speakers for thoughtful remarks. My question will go to Professor Hsieh or to John Tkacik. It was said that in a way, the election in Kaohsiung is a referendum on President Chen. If the election results in a serious defeat for the DPP, not just a marginal loss, but a huge loss, that could have implications for national DPP politics. My question is, how would you define a serious loss for the DPP in Kaohsiung?

DR. HSIEH: Of course, that is not easy to define because in the previous elections, you see wins and loss between the two sides, and also sometimes the [inaudible] candidate seems to be doing quite well before the mayoral election, but they still couldn't really control a majority of the seats within the Council and so on. And they are also looking at the survey data and they are all even divided compared to other cities in the counties. Actually, Kaohsiung is not that Green as compared to the others, even though Green camp already has a large foothold there and can be regarded as one of their strongholds.

It is currently more evenly divided, and most people I think probably they also expect that the DPP candidate is going to lose. But the loss margin will be 15 to 20 percent and that will be huge, and to a large degree will affect the DPP national party of course and a lot of people will not only blame the DPP Chairman, but also blame the President himself. He really brought this situation to these very dismal results.

So I think that certainly it is hard to give a figure, but I think that as long as the margin is large enough, probably if you look at a 10 percentage difference, that is probably not that large. But if you're talking about 15 to 20 percent, I think that will have a very serious impact on Taiwan's parties.

But I have to mention this, that even that corruption may become an issue here, but this kind of issue will only be short-term. And as long as sometime in the future that the DPP is able to separate itself from the President, then I have no doubt that many supporters will return to the DPP eventually because really the underlying cleave in Taiwan politics in national identity and for those people who believe in, for instance, independence, there is no other party to turn to except for another party within the Green camp. It is not as easy for them to vote consistently for some other party on the other side.

DR. BUSH: John?

MR. TKACIK: I would agree with John that a 55-45 would be just barely acceptable for Chen Chu and she could at least walk the streets and hold her head up. If it gets much beyond that, then you have to start looking at other factors. One factor is the stay at home factor. If she compares her votes to Frank Hsieh's of 4 years ago and sees that 100,000 people just stayed home, she really will have faced a disastrous defeat.

But again, as John says, the blame is not going to go to her, the blame will be on the national party, it will be on the party head, and what we are going to see is what we saw last time, in the legislative elections in, now I've forgotten, when were they? In 2004? Where the entire leadership of the party winds up having to take responsibility. There will be an awful lot of resignations and there will be perforce new blood. I think the thing that the party has to worry about is that they just sort of rearrange the deck chairs with the people resigning taking jobs that other people have resigned and have left open.

I think in Taipei, if Frank Hsieh can get 42 percent which is what Chen Shui-bian himself got in 1994, and Chen got 46 percent in 1998, but that I think was due to a lot of crossovers from the Blue camp. If he can get 42 percent, he can say that worked for me, that was quite a good showing. But if he gets under 30 percent like Lee Ying-yuan got in 2002, I think then the DPP really has to take stock of where it is, it really has to engage in an agonizing reappraisal of how it approaches the people, it has to look at how its grassroots are organized, and here is where I have to agree with John again, if that happens, it likely will result in a reinvigorated DPP.

DR. BUSH: You make a good point that it is not only the percentage of the vote, it is also the absolute number of voters who cast votes for the candidate. Vincent?

QUESTION: This is a question for Wu Xinbo. A couple of years ago when the CCP started offering benefits to agricultural products exports from Taiwan, some analysts say that the political objective of that policy was to undermine President Chen Shui-bian's stronghold, namely, the south of Taiwan is more Greener both in the literal and figurative sense, mostly agrarian. Do you see this policy beginning to pay political dividends for Beijing if not in this election, perhaps in the 2008 presidential election?

DR. WU: I think the policy to promote agricultural cooperation with Taiwan came from two backgrounds. One is that I think Beijing understands that it has to take a long-term approach to the Taiwan issue, and as part of the strategy of winning the hearts and minds of the people of Taiwan, you have to really reach out to the farmers in the South who are really the power base for the DPP.

Also because in the last two decades we encouraged investment from Taiwan, and as a result, many businessmen benefited from doing business with the Mainland. But the studies show that these dividends of cross-strait economic cooperation mainly goes to a relatively small number of people rather than to the majority of the population. So if you really want to let the majority of the population of Taiwan believe that cross-strait economic cooperation is good for their interests, you should do more than rather inviting investment from Taiwan. So that is the background of why there has been an absence of agricultural cooperation.

I think people believe that this is a good policy, and although we do not experience the short-term return, but this will gradually have improved Beijing's image in Taiwan and draw closer the two sides of the strait. So I am not thinking about this in terms of 2007 or 2008, I think we have to think about it in much longer-term with regard to the returns of the policy.

DR. BUSH: Did you have a question?

DR. MATSUMURA: Hiro Matsumura, Brookings CNAPS. Professor Hsieh made a statement that there is no strong connection between national-level politics and local-level politics. I think that is not a fair statement. But there could be a strong nexus between the two because Taiwan is making a growing investment in the Mainland which has a direct and an indirect impact upon the local economy. I don't know much about the details of the Taiwan tax system or the state of the local economy or the deficit level or trends such as poverty. But this could be an interesting interplay between the two factors. If local politics have to think about significant impact the growing or shrinking of cross-strait trade and investment, that would immediately have an impact on the state of the local economy -- so issues cannot be the potential -- in the local politics and local politics may have a major implication or a reflection of cross-strait international politics.

DR. BUSH: Does anybody want to comment?

DR. HSIEH: Let me say a few words about that. I think of course always something happening in some parts will affect the other parts, just like a butterfly flying in South America will probably affect the temperature in Moscow.

(Laughter)

DR. HSIEH: But in general, I think that kind of linkage or nexus is quite weak, particularly in terms of cross-strait trade, for instance. This is very much dominated particularly by the Executive Branch, not of the Legislative Branch. The Legislature probably can have some kind of blocking power, they can probably certain kinds of policy, but to initiate any kind of policy is just very difficult. It is mainly kind of the prerogative of the Executive Branch of Taiwan which is controlled by the DPP right now. So I don't think that the election results of the forthcoming election will really affect that in a very significant way. I just don't see that.

DR. BUSH: I'm going to take two questions in the back, the woman on the aisle, and then there is a gentleman over there.

MS. SISMANIDIS: Roxane Sismanidis from the State Department, a question to everyone, what are the implications of a split election, one party takes one city each?

DR. BUSH: I'm going to just go down the aisle and start with John.

MR. TKACIK: I think the implications are that it would promote the status quo. I think that the DPP would be happy, they would see that their core base in the South had not been eroded. They I think are expecting to lose in the North, so I think if the outcome of the election is a split, I think the DPP would feel vindicated. I'll just leave it at that.

DR. HSIEH: Yes, that is probably scenario for the DPP right now. Of course, I don't think that they expect that they are going to win Taipei City. But in the case of Kaohsiung City,



they have some chances of winning that, doing well really in that city, not only just winning the mayor of Kaohsiung, but also if the margin is just small enough, I think that is a very good sign for the DPP. That means at least all kinds of accusations in the past and all kinds of problems they faced over the year or something, and probably they will feel much more comfortable to regain some kind of momentum in the next few months up to the 2008 election or something.

DR. WU: I think that each side will claim victory and business as usual, and we will move to the next election.

DR. LIU: Even if this may be the most likely situation according to the political map at this moment in Taiwan, if that is the case, I think the implication for the central government in Taipei will be whichever becomes the leader, Chen Shui-bian or other leaders, will feel that DPP's line is also supported and there is not much change from now and I would think that this general feeling of the people will be also supported even if they made a serious mistake or corruption and the leaders inside the DPP of course will do something to change their policy, but at least they will feel the strong support from the general people.

DR. BUSH: The gentleman back there?

MR. HILL: Gregory Hill from Radio Free Asia. I think the election result wouldn't be more clear just like the election here today here, the midterm election, unless Democrats win both seats. Otherwise, Taiwan will be another [inaudible] but I think I am more interested in the reaction from Beijing. As far as we know, we see two anticorruption campaigns taking place, one on the Mainland today, and one in Taiwan, but the picture is really different. In terms of the amount in Taiwan it is millions of dollars, but on the Mainland, it is in terms of billions of dollars. And the people and the ranking officials is not more than a so-called provisional government if we take the Chinese Foreign Minister Li Zhaoxing's response on the Taiwan issue recently. He said that okay, when the reporter asked them, What do you think about Taiwan's political scandal? He responded, You would rather not ask me. I'm the Foreign Minister. This is an internal issue. It's somehow like Chen is a provisional governor.

So I am more interested in when comparing these two kinds of anticorruption campaigns, what kind of angle does Beijing want to employ so that it can clean up its own government and let its own people see how bad Taiwan is, and in the mean time refrain its own domestic pressure so that on the Mainland -- it won't have a similar mirror effect which is the obedience of Mainlanders going to the street and yelling Mr. Who or Mr. Whoever step down which turns the Mainland into another Taiwan.

So I am more interested in what perspective, what angle the Beijing government nowadays is trying to employ so that it can frame Taiwan as a corrupted Green government and then minimize its collateral damage. Thank you.

DR. BUSH: Does anybody want to address that?

DR. WU: I just wonder whether Beijing will think and behave in the way as you have suggested. I mean, certainly anticorruption is on both sides, but with very different implications. On the Mainland, the implication is that the leadership, the top leaders, who are serious and determined to pursue the anticorruption campaign and to purge very high-rank officials. But on the other hand, in Taiwan the top leader is the target of the anticorruption campaign and his credit was called into question, so it is a very different situation.

If you want to say how people on the Mainland think about the current anticorruption campaign in Taiwan, I think the people should see both sides of the story. On the one hand, democracy cannot make sure there will be no corruption with the leaders, so the First Family is our case. But on the other hand, maybe the system is working really because Chen and his wife are indicted, that means this system may be working, although this is still yet to be seen when it is brought to the court. So I think the people have to see both sides of the story.

In a third sense, that may create some pressure on the leadership on the Mainland to pursue the anticorruption campaign in an even more serious and stronger way.

DR. BUSH: Nadia, did you have a question?

MS. TSAO: Actually, I had a similar question, how does China really see this? Aside from the Blue and Green angles, is there any implication regarding democracy and anticorruption? And the other question is, is there any good news for DPP so far?

DR. WU: For the first part of the question, I think when people watched the anti-Chen Shui-bian protests early on, actually that was launched not by the Pan-Blue people, but by Shih Ming-teh who was actually the kind of Pan-Green people in the past. So that suggests to observers on the Mainland that the political system in Taiwan, even though -- but the middle-class people, they basically have been mobilized in an unprecedented way to ask for clear governance. So that reflects the progress in Taiwan's political evolution, so I think there is something you can draw positively from it.

DR. LIU: In terms of this progress, I think the most important is you asked whether there might be any good news for the DPP. I think currently the general feeling in Taiwan is the DPP, this party is corrupted, and as I mentioned early on in the year 2000, that was the reason why brought down this huge machine the KMT down. And I think now, 6 years the DPP reproduced a similar image and that is the general people feeling. And I think most people feel frustrated, those people who supported the DPP some time ago and they just want some clean party to come up, and basically you have seen the Red campaign -- people coming from all across the political spectrum they supported one thing, they do not like a politician to be corrupted. If somebody gets involved in corruption, they should be out of the government. So this is one thing for sure.

And the second one, those people who come together reproduce another consensus in Taiwan. I think we are so happy to see the result because the DPP is not just corrupted, but also distorted lots of social morals in our society and that is the reason why lots of its people and supporters feel frustrated. So coming up perhaps the only good news is we want Taiwan to have

a two-party system, so for this reason we want to keep DPP not to be crumbled completely, we want it to hear, to listen to a strong message. So I think there is a sweeping victory now is very likely that will give the DPP a strong blow and then the leader, perhaps Su Tseng-chang and other pragmatic people will think that they will need to do something rather than to drag on with the current progress. Thank you.

QUESTION: So you believe that there will be a punish vote for DPP instead of seeing them collapse?

DR. LIU: Very much likely as you see that just yesterday a public survey came out of President Chen's TV interpretation and there were I think only 13 percent of people trusted him, and I think as you can imagine, a high majority of Taiwanese people, I think they do not believe what he has been saying because you just simply ask middle-school students in the street, nobody would really believe what he is saying. So I think that is a problem.

DR. BUSH: Mike Fonte?

MR. FONTE: Mike Fonte. As I said before, I work with the DPP. I beg to differ a little bit with Dr. Liu's interpretation of everybody in Taiwan's opinion. I suggest that people here if they haven't done so might read the President's address. It is available on the presidential Web site, and my anecdotal evidence, and that's all I have, not from my DPP direct friends, but from others, is that it was a little more effective than people expected, and I think I would be interested in hearing if anybody has seen polls that have been taken after his address. The poll that I think you mentioned, if I remember the figures, it was 51 percent thought he was corrupt or didn't have a positive opinion, 13 may have supported him, but that leaves a lot of flush in there.

I think that is my point. I think that there is possible movement, I think the Kaohsiung election is absolutely vital to the DPP in this respect. I don't think *The China Times* with its probably-loaded questions reflects the reality there. But I do think that Chen Shui-bian is behind. So I think the question is, has anybody seen any polls that go after the President made his presentation? Because I think the presentation was received moderately well among Green supporters, I don't know about the others.

MR. TKACIK: The speech was just on Sunday, and today is Tuesday, so I'm not sure that they've had enough time to put together the polls. I have to admit that I agree with you. I read the President's comments and after going through the prosecutor's list of all of his 6,000, how many was it, 663 receipts—the President sort of explained it in a way that I found myself at least personally, in other words, it was plausible. I don't want to say I believed it, but it was plausible.

I think that the President is facing a big problem in international relations. President Chen Shui-bian does have access to a slush fund, and I dare say he is trying to find some way of making sure that whatever expenditures he makes are not really easily traceable. So, consequently, those of us who have been in this business know how these things happen sometimes. But there is definitely going to be a second shoe to drop, I think. The thing that the

DPP has to worry about is just the stay at home vote: How does the mobilize its base so that it can win in Kaohsiung? And I think I have to agree with you on the third point, which is polls in Taiwan are notorious for undercounting the Green support by double-digits, and we saw this leading up to President Chen's first election in 2000, we saw it again --

(Interruption)

MR. TKACIK: (In progress) -- 2004 elections. We would have seen it right before the 2004 Legislative Yuan elections except that I think a lot of the DPP felt that they were so far ahead that they could sit down and sit on their laurels. We saw it before the 2005 National Assembly elections which, surprise, surprise, wound up with a Green win. That was basically just a referendum on cross-strait relations. It was a small portion, but it was effective.

But I have to admit, having read as much of the indictment as I could get through, there is a second shoe to drop here and we're going to have to let their system take its course. The one thing I would caution anybody against is jumping to conclusions. I think Taiwan's law on how to manage this -- the state affairs budget, is very vague and in many places nonexistent. The indictments you could see were not for embezzling, the indictments are for fraud and perjury, and I'm not sure that in a legal sense -- I am not going to play the lawyer, but the point I'm trying to make is that the DPP ought not to focus on the minutia of the law, they ought to look at what the overall impact is on public opinion.

DR. HSIEH: I'm not commenting on [inaudible] but since both of you talked about the polls, let me just say a few words about the polls in Taiwan. I have been involved in some survey studies myself.

DR. BUSH: I will say John is an expert on Taiwan's polls.

DR. HSIEH: Yes, of course, you just cannot read the polls literally. There is always some kind of bias there, and each institution when they try to do the survey, the institution itself may lead to some bias because of institutional bias. When the respondent hears that this is someone from *The China Times* or from *Liberty Times* they may respond somewhat differently, of course.

But in general, I think even though there are all kinds of problems with the polls, if you look at the major polls, the more credible polls, and I'm not talking about some polls from the political parties. I never trust those polls at all by the candidates. And if you just read the media polls or the polls done by academic institutions and so on, they all at least indicate consistently the kind of direction, the popular mood, and then I think that probably there is some kind of validity in the statements that those polls are talking about.

DR. BUSH: We will give Doug Paal the last word.

MR. PAAL: Doug Paal, formerly with AIT Taipei. In the two panels we've had discussion of the leadership qualities of Chen Shui-bian, Su Tseng-chang, we've had Wang Jin-

pyng and Lee Teng-hui. I wonder what this panel thinks about the leadership through these local elections and through the corruption crisis of Ma Ying-jeou and Sung Chu-yu.

MR. TKACIK: My Ying-jeou and Song Chu-yu: "Profiles in Courage" I guess. I can't understand Sung Chu-yu myself. I don't know why he is wading into the Taipei mayoral battle except he says this is his last battle, and you think you know you're going to lose. What is the point? To split the vote? To sort of threaten the Kuomintang so that you have more leverage? Is that it? Maybe that is it, but it doesn't strike me as leadership, it strikes me as sort of gamesmanship.

Ma Ying-jeou, he is a very intelligent man, he is very presentable, he is a very attractive guy, but I haven't seen the kind of decisiveness that you would expect from a major party leader in Ma Ying-jeou at this point.

DR. BUSH: Anybody else?

DR. LIU: I think you would agree with me that Ma Ying-jeou, although it is a very new generation of leaders, but I think judging from the latest events, he has not responded as many expected and that is his problem. I can tell that he has held several ministerial posts in the government, but he has also been the Taipei City Mayor for 8 years, however, he has not become the leader of the nation. So he is not to me, or as I observe from outside, preparing and learning a lot of things. And I think what we need to do is to train our political leader to become mature in years ahead, and that is the job he needs to take more seriously. I could not agree with John more that Ma Ying-jeou at this moment shows indecisiveness and that is currently the most weak image that he has.

But I think perhaps heeding some suggesting to what the KMT should do at this moment is I do believe if KMT is going to be the ruling party in 2008, he would have to be more responsive I think on a number of things. He cannot just destroy or disrupt lots of legal processes and all the arms procurement and all that. So I think as far as I learned that Ma Ying-jeou's team is not working hard to finalize a number of important policy issues.

And to come to Song Chu-yu quickly, I think that everybody would know that this is the final battle for James Soong and perhaps he has already put personal interests ahead of party interests or even ahead of national interests and many, many of his supporters could not really understand the reasons why he jumps up for such a kind of campaign that he cannot win for sure.

But I see that if you look into the domestic politics in Taiwan, there is always some room for a politician if they jump up for some campaign and they will negotiate for some interest. I think that perhaps is to say that is the reason why he is not jumping up surprises so many of their supporters.

DR. BUSH: Thank you very much. I think we have had a really outstanding session. We have had Dave Brown and Vincent Wang's really good assessment of Taiwan's democracy, and we have had Erich's vivid interpretation of Chen Shui-bian's strategy, John Hsieh's fearless

prediction of the outcome, John Tkacik's emphasis on the factor of DPP turn out, and Nadia's stress on the upcoming elections as referenda on Chen Shui-bian's performance. I think this is definitely an evolving story and I hope we have contributed to your understanding of it. I thank you for your excellent questions and thanks to all the panelists for helping us understand it, and the meeting is adjourned.

(Applause)

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