

**THE BROOKINGS INSTITUTION
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**CENTER FOR STRATEGIC
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INSTITUTE FOR NATIONAL POLICY RESEARCH

**A JOINT SYMPOSIUM:
CONSOLIDATING TAIWAN'S DEMOCRACY:
CHALLENGES, OPPORTUNITIES, AND PROSPECTS**

WEDNESDAY, MARCH 22, 2006

9:00-9:15 A.M. -- **OPENING REMARKS**

MR. DEREK MITCHELL, SENIOR FELLOW,
INTERNATIONAL SECURITY PROGRAM, CSIS

DR. RICHARD BUSH, DIRECTOR,
CENTER FOR NORTHEAST ASIAN POLICY STUDIES, BROOKINGS INSTITUTION

9:15-10:00 A.M. -- **OPENING KEYNOTE ADDRESSES**

“DEVELOPING DEMOCRACY: THE CHALLENGES AND REWARDS OF
CONSOLIDATION”
DR. CARL GERSHMAN, PRESIDENT, NATIONAL ENDOWMENT FOR DEMOCRACY

“THE COURSE OF TAIWAN'S DEMOCRATIZATION: A RETROSPECTIVE”
DR. CHIH-CHENG LO, EXECUTIVE DIRECTOR,
INSTITUTE FOR NATIONAL POLICY RESEARCH

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DEREK MITCHELL: All right, ladies and gentlemen, please take your seats. We'll get started. Good morning. My name is Derek Mitchell. It's my pleasure to welcome you all to CSIS this morning, this cold spring morning. I am standing in for Bates Gill. This is actually a Freeman Chair in China Studies initiative, in cooperation with The Brookings Institution. But Bates is now across the Taiwan Strait on the mainland, and he asked me to stand in for him while he's gone this week. I want to thank him for helping organize this, as well as thank Savina Rupani, who is out here running around and who did most of the administrative work on behalf of CSIS. I also, of course, want to thank our partner Brookings and Richard Bush. This is the first of two reciprocal engagements that we're co-hosting. Tomorrow, as many of you know, at Brookings will be [Mayor Ma Ying-jeou](#) for a speech in the morning. We hope to see most of you there for that.

This topic is actually one that is close to my heart. Though it's between Bates and Richard, this was something that I myself thought was extremely important. Before my days as a security guy, I was a democracy guy. I worked at the National Democratic Institute and Carl Gershman – I'm sure – remembers the days when NDI was involved with Taiwan during the transition in the late '80s, early '90s, when the Legislative Yuan was having its first elections. Before that, actually, I worked on Capitol Hill for Ted Kennedy.

This year actually marks my 20th year in Washington, believe it or not. In those days, when we talked about Taiwan, we didn't discuss it as a security issue as we do today. It was as a human rights and democracy issue. We had a lot of the *tang wai* and the early DPP folks coming and talking about human rights problems and democracy in Taiwan. So those of us, like myself – much younger – but also Richard Bush, cut their teeth – or not so much older, of course – but I just – (chuckles) – I just don't want to – Richard was much more engaged in those days on this issue of democracy-building and human rights in Taiwan. And of course, when we think of Taiwan, it's a success story on those terms, and deservedly so.

But, of course, the issue of democratization in Taiwan, and Taiwan over time has become a security issue. I think that democracy itself has created changes within Taiwan society that have unleashed a new political dynamic on the island, which challenges traditional assumptions on cross-Strait relations and which make it a little more difficult and dicey to handle. Obviously, the PRC is trying to handle this as well. Not only are there changes in Taiwan and different political dynamics in dealing with the mainland, but I think the PRC is struggling to figure out how to deal with democracy, and its traditional instincts are not appropriate for the challenges that it faces across the Strait.

This program is meant to look at this issue of how democratic consolidation is affecting cross-Strait stability, cross-Strait affairs, and also how it affects American interests. I mean, in fact, to the degree that Taiwan is not able to get good information through media perhaps, or have a sclerotic democratic system – Legislative Yuan that works the way it does perhaps – and other ineffective dysfunctional methods, it creates a problem for stability and security across the Strait and therefore for U.S. interests. So

we're going to look at this, I think, in a very orderly fashion. We will start with keynote addresses, as on the agenda, but then get into the various elements of democratic consolidation, looking specifically at what's happening in Taiwan on various pillars of democratic consolidation. At the end of the day, we'll sort of wrap it up and talk about how this all affects American interests and American security.

With that, let me turn to Richard Bush to make some opening remarks as well.

RICHARD BUSH: Thank you very much, Derek. Thank you. Thanks to all of you for coming. I think Derek has very well laid out why we're here. The transition to democracy in Taiwan was a very important development. But the transition to democracy in any country is only the first step, and you then need to move beyond the transition to democracy to consolidating it, to make sure that the democratic system works well. It's particularly important that it works well in Taiwan because the island is facing a number of very important challenges, and the people of Taiwan deserve a democratic system that works well. And so, the purpose of this conference is to step back from the day-to-day competition within the political system to look at the quality of the political system and to look at how it could be improved and, if you will, to think about an agenda of improvement, an agenda of reform.

I would like to express on behalf of CSIS and Brookings our gratitude to a number of people in addition to all of you who have come today. First of all, I'd like to express our gratitude to the Chiang Ching-kuo Foundation for Scholarly Exchange which has provided important support for this whole enterprise. I'd like to express my thanks to my staff at the Center for Northeast Asian Policy Studies at Brookings. I'd particularly like to thank Savina Rupani from the Freeman Chair who has done an outstanding job pulling the conference together. I'd like to thank all of the people who have come from Taiwan. I think they understand the situation there better than anybody else and are going to be a very important resource for us today. They, too, will play a very important role in the future.

I think we should get started. For the next part of the program, it's going to be a little bit different from the agenda you have. We're going to start with our good friend Carl Gershman from the National Endowment for Democracy. Then we're going to have Dr. Lo Chih-cheng from the Institute of National Policy Research in Taiwan. He's standing in for Dr. Tien Hung-mao, the president of INPR, which is also a co-sponsor of this event. He was not able to come for personal reasons, so Dr. Lo is going to read the paper that Dr. Tien would have read, had he been here. Carl Gershman?

CARL GERSHMAN: Well, it's a great pleasure for me to be here. I want to thank Richard and Derek and Chih-cheng Lo for organizing this important conference. Derek, in his introductory remarks, mentioned that he was with NDI when it got involved in the transition process in Taiwan with NED's support in the 1980s. But the NED itself, as an institution, really didn't get involved in Taiwan until the 1990s.

Let me begin, if I may, with a few words of background about that, since I think it relates to our subject today. We've had a close relationship with Taiwan for more than a decade, though the initial contacts were marked by an unexpected, but at the same time, illuminating misunderstanding. I was planning a trip to the region in the fall of 1994 and I thought I might stop in Taiwan, which I had never visited before, to explore the possibility of Taiwan's establishing a foundation like the National Endowment for Democracy. In the post-Cold War environment of the early 1990s, democracy promotion was beginning to expand as a field of international activity. Other democracies like Britain and Canada had just launched their own foundations. For a number of reasons, I thought that Taiwan might find the idea attractive, and therefore I wanted to start a discussion with the appropriate people if I could find them. I asked a friend who dealt with Taiwan to make some inquiries and he came back with the response that a visit by NED was not needed since Taiwan was already a democracy and didn't need the kind of assistance that we were known to provide. I thought, then, that I just might skip the visit.

But then almost simultaneously, and certainly by coincidence, I got a long email message from Larry Diamond – and those who know Larry are aware that he rarely writes short emails – and he told me that Samuel Huntington had just been approached by the Director General of Taiwan's Information Office Jason Hu with the idea that Taiwan would host a major international conference on the third wave of democratization. You'll remember that Sam had written the book on the third wave. And Jason was obviously looking to call attention to Taiwan's democratic transition and he wanted a partner who knew the field of democracy studies. Sam proposed the NED's newly established research center, the International Forum for Democratic Studies, and contacted Larry who was the forum's co-director. All of a sudden, I not only had somebody to talk to, but an ambitious project, and the rest is history.

The conference was held the following summer on the theme of consolidating the third wave democracies, and it was a major event, bringing together many of the world's leading democracy scholars and practitioners, among them Robert Dahl, Juan Linz, Alfred Stepan, Guillermo O'Donnell, Philippe Schmitter, Adam Przeworski, Robert Scalapino, Francis Fukuyama, former Prime Minister Yegor Gaidor of Russia, Mart Laar of Estonia, and many others. It was also addressed by four of Taiwan's leading officials, President Lee Teng-hui, Premier Lien Chan, James Soong who at the time was the governor of the Taiwan province, and Chen Shui-bien, the mayor of Taipei. It led to the publication of two volumes of essays edited by Larry and Marc Plattner from our side and by Chu Yun-han and Tien Hung-mao of Taiwan's Institute for National Policy Research (INPR), which was our partner in organizing the conference. Many joint initiatives were to follow from that. In 2003, Taiwan even established the Taiwan Foundation for Democracy, which was but a farfetched idea when it was first suggested almost a decade earlier.

The Taiwan Foundation for Democracy has given Taiwan the ability to play a role in an important new aspect of what the political scientists call non-territorial global functional space, which includes, among other areas of international activity, commerce, science, the arts, and increasingly, civil society and democracy promotion. Through the

foundation, Taiwan has been able to participate in the worldwide association of democratic countries called the Community of Democracies, having hosted the Asia Non-governmental Preparatory Conference that preceded the community's ministerial meeting that was held in Santiago, Chile last April. It participated in the seventh World Meeting of Democracy-Promoting Foundations held in Stockholm last August, and is the likely host of the eighth meeting that will be held next year. It's also the main sponsor of the World Movement for Democracy's newly launched Global Network on Local Governance, which is based in India, and has created the World Forum for Democratization in Asia that serves as a principal hub of the World Movement's Asia regional network.

All of this is encouraging and positive, but it's neither the subject of our meeting this morning, nor should it deflect attention from the fact that Taiwan's own democratic consolidation has not progressed as smoothly or as rapidly as many of us had hoped and expected when we got started. Chu Yun-han's account in the *Journal of Democracy* of what he calls the traumatic presidential election of 2004 and his analysis of how dysfunctional many aspects of Taiwan's political process have become makes for very sober reading. It's a story of very deep political divisions, of legislative gridlock and political immobilization, of neglect of urgent economic social and security issues, of a loss of civility in public life, and of declining public confidence in the democratic process, as the two camps of the divided political class seem more intent on doing battle with each other than addressing critical national problems. I'm tempted to say that the polarization and disillusionment that have gripped Taiwan, which few – I might say – could have anticipated at the time of our conference in 1995, when the four men who would subsequently lead the rival pan-Blue and pan-Green coalitions came together to talk about democracy, that this disillusionment and division have troubling similarities to what has happened in this country since our own presidential election of 2000. But Taiwan, unlike the United States, is still a new democracy. It has a weaker tradition of constitutionalism than the United States, a less tested and accepted electoral system, and far deeper divisions deriving from the legacy of authoritarianism, the conflict over national identity, and fundamental differences over how to manage the menacing pressures from the mainland. In a word, Taiwan has a much smaller margin of error and runs a grave security risk if it indulges partisan passions for too long.

Like Chu Yun-han, I'm cautiously hopefully that public disaffection with the political class might chasten politicians and trigger a process of self-correction and political learning, the capacity for which is one of democracy's chief advantages. We should never forget Amartya Sen's insight that democracy has a constructive function in that it allows public discussion that can generate informed choices and encourage the growth of mature citizens. This is certainly consistent with Larry Diamond's thesis that democracy is a developmental process that progresses according to no fixed sequence or timetable and that it is possible to learn from experience and to build upon it.

It's also important to keep in perspective the difficulties in democratic consolidation that Taiwan has encountered of late. Taiwan's problems pale in comparison, for example, to the actual assault on democracy that is taking place in Russia

and some other post-Communist countries or to the backsliding that has occurred in Venezuela, where democratic forms are being used to legitimize autocracy. I'm much more worried about the future of democracy in Nigeria or even Thailand than I am about Taiwan's ability to make adjustments and to move forward.

That having been said, I want to come back to the issue of relations with the mainland, which represent the most palpable threat to Taiwan's democracy and security. The deep cleavages that divide Taiwan not only block progress on democratic consolidation, but also allow China to intervene in Taiwan's politics and to play the different political camps off against each other. China has also been successful in making Taiwan's status and its refusal to succumb to Chinese pressures the principle issue in the contentious cross-Strait relations. This has the unfortunate effect of obfuscating what is, in fact, the fundamental problem, which is the mainland's outmoded, unitary, and oppressively centralized and inflexible concept of sovereignty.

No large and complex state in the 21st century can hope to be successful and to be integrated into the dynamic global economy if it tries to exercise authoritarian control from the center and resists the adoption of a federal, legal, and political structure. China's economic liberalization is already causing a growing strain between the center and the increasingly assertive regions where party cadres operate outside the framework of law and beyond the reach of the bureaucrats in Beijing. The result is rampant corruption, presided over by what Michael Davis has called a new class of local cadre entrepreneurs, regional protectionism, environmental degradation, such as the calamitous chemical spills into China's major rivers, distorted markets, arbitrary justice, industrial disasters, particularly in the mining sector where more people have died on average every day over the last six years than perished in January's two mining tragedies in West Virginia, and growing popular unrest.

The sharpening contradiction between China's developing economy and its anachronistic political structure has the effect of feeding the insecurity of the bureaucrats at the center, which in turn reinforces their refusal to accommodate the needs and the desires of the peripheral communities in Hong Kong, Tibet, and Xinjiang. The bureaucrats act like they think they're on a slippery slope, fearful that any concession in the direction of greater pluralism and tolerance would cause the entire system to unravel. Thus, they're pressing not just to contain, but to roll back democracy in Hong Kong, and to systematically repress the Tibetan and Uighur minorities, treating the distinct religious and cultural identity of each as a threat to the unity of the Chinese state. Obviously, Taiwan represents the greatest threat of all since it is least under their control and, as a functioning democracy, constitutes a standing rebuke to the autocratic system on the mainland.

All of these peripheral communities, Taiwan included, share a common interest in the development of greater democracy in China, a precondition for which is a more rational, territorial political structure, combining elements of federalism and confederalism, which would accommodate China's regional and communal diversity. Despite this common interest, these communities rarely speak with each other, nor are

they engaged in any sustained discussion with people in China who share their interest in a more open, modern, and democratic political system and territorial structure. With this in mind, the NED recently convened a small meeting of specialists and activists from, or connected to, each of these communities – I’m happy Richard joined us for that meeting – including exiled Chinese, to consider how efforts to settle the status issues might actually encourage democracy in China, and to explore possibilities for cooperation.

There was agreement on three points – first, that it is desirable to break down the isolation of each of these communities and to organize more common discussions across communal lines; second, that it’s necessary to challenge and ultimately to change the monolithic discourse and closed mindset on the mainland that deny any legitimacy to minority political and cultural communities, and toward that end, to complexify the discussion of the status issues, focusing on problems that cannot be solved in the context of a unitary and absolutist state structure.

In preparing for this meeting, I asked a friend on the mainland if he thought some use might be served by organizing a discussion on the relationship between democratization on the mainland and a settlement of the different status issues. To my surprise, he wrote back that cooperation among the peripheral communities in pressing Beijing for democracy had vital importance. It would, he said, send the clear message to Beijing and the Chinese people – no democracy, no unification. He noted in conclusion – and I quote – that “no encouragement and inspiration would be greater than this to those pro-democrats in China.”

If greater discussion and common effort among what we call the quartet of peripheral communities could provide real encouragement to democrats inside China, it already has enormous value. It could also challenge Beijing to offer a definition of one China that is consistent with modern concepts of sovereignty, decentralization, and democracy, and not try to change the issue by insisting that the aspiration of Taiwan’s people for freedom is a threat to Chinese sovereignty and peace. As Taiwan continues to consolidate its own democracy, it will be in an ever-stronger position to influence the process of democratization in China itself. It is a process in which Taiwan has a profound self-interest, since it will advance its own security and the cause of peace in Asia and beyond. Last but not least, the goal of encouraging democracy in China might serve as a common rallying point for Taiwan’s rival political camps, reminding them of something that parties in a democracy sometimes forget, which is that the issues that divide them are not nearly as important as the values that should bring them together. That’s a truth that no democracy can afford to over look. Thank you.

(Applause)

LO CHIH-CHENG: Richard, Derek, President Gershman, my name is Chih-cheng Lo. I am the executive director of the Institute for National Policy Research. On behalf of Dr. Tien Hung-mao and the Institute for National Policy Research, I would like to thank you all for coming to this one-day workshop. And Tien Hung-mao felt extremely sorry that he could not be here to join us today, but he did prepare for this

conference, so I'll just read his speech and hope that I can look forward to your comments.

The title of his speech is "The Course of Taiwan's Democratization: A Retrospective."

"I last visited Washington, DC in late March 2000 following Taiwan's presidential election. The topic of my presentation at a roundtable revolved around Taiwan elections and democracy. Now, six years later, as the campaign has begun for another round of constitutional reform, today's conference is both timely and significant. The Brookings Institution and CSIS, and more specifically, Dr. Richard Bush and Dr. Bates Gill, have done a great job in organizing this event, and in bringing together a group of prominent scholars, specialists, and current and former officials.

"We also are very delighted to see President Carl Gershman of NED. Under Carl's leadership, together with colleagues Larry Diamond and Marc Prattner, the NED and INPR cosponsored an international conference on consolidating the third wave of democracies in Taipei in August 1995. Among the participants here today, Yun-han Chu also was involved in organizing the conference in his capacity as I am here as program director. The conference brought about sixty leading scholars and practitioners of democracy from 25 countries, including the names that Carl just mentioned.

"The 1990s were a time of euphoria for Taiwan's democracy, and fittingly, the conference highlights international attention to the ongoing democratic transition in Taiwan. Much has changed in Taiwan's political landscape since that conference. The first popular election of the country's president took place in 1996. Four years later, presidential power fell into the hands of an opposition Democratic Progressive Party (DPP) leader, Mr. Chen Shui-bien. It marked the first rotation of presidential power and signified a major regime change. If the democratic consolidation began in 1996 in Taiwan, then the rotation of power to the opposition party in 2000 strengthened the foundations of the consolidation process.

"The trajectory of Taiwan's democratic development dates back to the 1980s when political liberalization began. The democratic transition began in 1986 when the first opposition party, the DPP, was allowed to form. Four years later, martial law was lifted and the DPP legally contested in Legislative Yuan (LY) elections. In the subsequent years, legal barriers to the authentic representation function of the legislature were removed. By 1996, both the president and the LY members had been popularly elected. Taiwan's democratization, fundamentally speaking, needed to focus on dismantling the entrenched-party state, which was clientelist in its organizational structure, and which relied heavily on patronage and centralized planning to achieve both social and political goals. The existing state/society relationship was liberalized, institutions of representation and government were restructured, and branches of government were refined according to the principle of horizontal accountability. Thus, reform measures gave rise to a competitive party system, an open and fair electoral system, a free media, and a civil society. The rule of law and a relatively independent

judiciary gradually superseded arbitrary political power. The military was brought under presidential control with little prospect of political intervention. In short, during the 1990s, Taiwan was successfully transformed from an authoritarian state to a democracy.

“But democratic transformation involves complex human drama and treacherous political maneuvers, causing pains and conflicts. Democratization also leads to indigenization of political power and tangles with issues of national identity. It poses a direct challenge to the legitimacy of the ROC Constitution promulgated in 1947 on the mainland. Thus, the process of regime change and nation-building complicates the political process of democratization in a time of rising Taiwanese nationalism. In the 1990s, as the overseas Taiwan independence advocates returned to their homeland and became actively involved in electoral and party politics, the DPP was confronted with the added pressures to face the questions of sovereignty.

“In such a political climate, Taiwan’s domestic politics were bound up with the already precarious cross-Strait security relations. Political conflicts in the 1990s were largely mediated through the institutionalization mechanism of political parties. There were intra-party cleavages as well as inter-party rivalries that were extremely divisive. The KMT was bifurcated into pro-LY – meaning mainstream – and anti-LY – non-mainstream – groups. Power struggles were intense. Splinter parties such as the New Party and the People First Party were consequentially formed. The DPP also faced internal division, although such differences within the party never led to a formal split. To get the reform process on track, former President Lee Teng-hui had to employ both intra-party and inter-party alliance tactics in order to maintain his leadership position. Political antagonism inevitably permitted the electorate, and in the legislature, it often led to intractable policy stalemates or even political paralysis. Still, in retrospect, Taiwan’s democratic transition incurred relatively low socio-economic and political costs. It was generally a peaceful and stable process.

“Despite a relatively smooth democratic transition, however, as Taiwan’s fledgling democracy process presses ahead, troubling issues remain. The first troubling issue is national identity and the legitimacy of the ROC constitution. These two intertwined issues are rooted in the 1990s transition process. The 1996 popular election of the native-born Taiwanese president clearly did not solve the contentious question of the legitimacy of the current constitution. At issues are the very name of the country – the Republic of China – and the One China principle, the existence and extent of its territorial boundaries, and other issues that are related to the fundamental nature of sovereignty. On the dates of his inauguration in 2000 and 2004, President Chen Shui-bien promised not to alter the present constitutional structure. His policy to maintain the status quo failed to soften demands from the hard line Taiwanese independence proponents. On the contrary, he has faced persistent pressures from within his party as well as from supporters of the Taiwan Solidarity Union to take a stronger pro-independence stance. The constitutional dispute also points to the larger question of Taiwan’s ultimate political linkage with the PRC. Judging from the existing division of opinions and beliefs regarding the Taiwanese national identity, political polarization runs

deep, permeating perhaps the entire society. These are vital issues that could eventually undermine the foundation of Taiwanese democracy.

“The second troubling issue is divided government. Constitutional reforms in the 1990s have failed to address major institutional defects that need to be corrected. One concern is how a divided government functions in the event that a president’s party and his allies fail to control the majority vote in the LY. This has been the case since the rotation of power in the year 2000. Both the president and the opposition-controlled LY claim a popular mandate. The result has been legislative gridlock. The president has experienced great difficulty in getting his bills through the LY and his appointed premier and cabinet members face constant stonewalling or even outright harassment. There are two potential solutions under the current constitutional structure. One is for the president to adopt a French-style cohabitation by appointing the cabinet organized by the party or parties in control of the majority seats in the LY. President Chen, however, has refused to agree to such an arrangement. In theory, he can dissolve the LY, calling for another reelection, but he may do so only if the opposition within the LY passes a vote of no confidence, forcing a cabinet reshuffle. In practice, there has not been any exercise of such a vote of no confidence, because first, opposition leadership lacks the will to fight in the face of the uncertain reelection outcome; second, opposition members are difficult to coordinate when there is more than one party involved; and third, reelection campaigns are extremely costly, deterring LY members from undertaking such a venture. A divided government has hence led to political deadlock and gridlock. The Taiwanese government must reach a solution to this problem in order for government to function properly and to fulfill the principle of horizontal accountability.

“The third troubling issue is the faulty effects of the election system. A sound electoral system is central to a consolidated democracy. Indeed, Taiwan has already adopted a basically open and competitive electoral system. Still, there are at least two major problems related to current electoral practice. They are, first, the possibility of corruption stemming from campaign finance, pork barrel infrastructure projects involving elected politicians, BOT project scandals, and vote buying; second, frequent elections virtually in any event lead to the excessive political mobilization and fragmentation of the voting population. These two issues, money politics and excessive electioneering, may have contributed to rising voter cynicism about politics. In Larry Diamond’s opinion, they pose a major challenge for democratic consolidations.

“The fourth troubling issue is the PRC factor. Taiwanese politics are inherently intertwined with Beijing’s ultimate goal of political unification. As such, Chinese nationalism collides with the issues concerning Taiwanese national identity. Given the state of China-Taiwan asymmetrical relationship, the PRC poses a credible military threat and also possesses the ability to infiltrate Taiwan. Since Taiwan’s democratic politics are entangled with external constraints from Beijing, what would otherwise be simply a domestic process has become distorted by the looming specter of PRC influence. The China factor aggravates ideological division, and at times, heightens political radicalization within Taiwan. While the mass media and the electoral process may be infiltrated by radical elements on both sides, the government is also subject to subversion

from the PRC. So long as the China factor exists, Taiwan's democratic consolidation faces added complexity.

“To conclude, many of the underlying challenges may continue to test Taiwanese ingenuity in the years to come. As a believer in democracy, I would rather be an optimist. After all, the achievements of Taiwan's democratic development since the mid-1980s have been truly remarkable, especially when one compares it with the experiences of many Asian countries. Samuel Huntington is right when he stated that third-wave democracies tend to become less than fully democratic. Nevertheless, all things considered, democracy in Taiwan has probably become the only game in town and it continues to be a game worth watching. Finally, best wishes for a successful and productive conference. Thank you.”

(Applause)

DR. BUSH: Thank you very much, Dr. Lo. These two addresses have been designed to set the context for the presentations that are yet to come. They do so in a conceptual and historical way. We have about twelve or fifteen minutes before the coffee break, so that gives time for questions. I invite people in the audience to ask questions to both Carl Gershman and Lo Chih-cheng. Please identify yourself and your affiliation and to whom you wish to pose the question. Who would like to ask the first question? Don't be shy. Okay, please?

Q: (Off-mike) I was wondering, you mentioned the strategy of getting peripheral communities to cooperate – (off mike) – authoritarian legacy. So I was wondering, if you run a strategy of getting the peripheral communities against the center, doesn't that have a danger that in the future that it will intensify the partisan divisions that will occur after the transition to democracy on the mainland?

DR. GERSHMAN: Well, you know, I hope we get to that point after the democratic transition. That would be a blessed day, actually, and I would just like to get there, first of all. I don't think that the ideas that I outlined are an effort to be against anything, really. I think the fundamental concept behind what I was saying is that, you know, China faces a very, very serious problem with its economic liberalization and its failure to engage in any kind of serious political reform, and it's only going to grow worse. I think a lot of people who follow China are very worried about – in the absence of any channels for political expression - ways of dealing with these conflicts. You have the danger that some of the profound discontents in the country can explode. It's a very dangerous situation, and it sort of is in the national interest of China to begin to address these problems.

It's not just a question of democracy writ-large. You know, it gets down to a question of what kind of a territorial structure it's going to have, which can accommodate a growing complex society that not only has these regions that are increasingly out of the reach of the center and are not governed by the rule of law. But you have this problem of these so-called peripheral communities. You know, the way Beijing deals with the ethnic

and religious minority communities is in a totalitarian way, which is totally inconsistent with all of the modern concepts of how states should function.

Then you have the inability to deal with political decentralization and the inability to have a really serious discussion with Taiwan. In other words, if Beijing wanted to have a serious discussion with Taiwan over cross-Strait relations, it would not be trying to force the issues, but it would begin to entertain some concepts of confederalism, which might conceivably work in the long run if indeed there was a transition to democracy in China, so you could have a realistic discussion. No one is looking to divide China in this way. What I am sort of looking for in the near term would be the beginning of a discussion – a discussion that would involve not only these communities – and to bring them together. It’s good that they get to know each other and that they be in touch with people on the mainland because these communities are totally isolated – they could not only come together, but also then find a way to engage with people on the mainland.

There are a lot of people on the mainland like the one that I wrote to who would welcome such a discussion, and who probably feel that if this discussion is undertaken in the right way, it would engage people in the leadership, because ultimately they’ve got to think through these questions. You know, I think that they are in a position where they don’t have answers to these problems and they are engaging in a lot of threats and bluster, which are not constructive answers to these problems. If you could get a discussion of how modern states are organized in a way that deals with the strengthening of local communities, economic diversity, growth in the provinces, ethnic minorities, and so forth, these are questions that they’ve got to deal with. If you could get at least this discussion starting at the level of intellectuals and policy specialists, eventually it might begin to penetrate the party leadership, and you may get a serious process underway of thinking through how to deal with these problems. I think that’s entirely constructive.

It’s important that the peripheral communities also develop a realistic and coherent perspective on these issues because if it becomes an issue where some of them would look at the first opportunity to secede, it probably would strengthen the hardliners in China that don’t want any change. So their taking a realistic view probably would at least make possible a serious discussion and a potential consensus on how to undertake the process of transition. That’s at least the goal. We’ve taken a first step. Louisa Coan Greve, our senior program officer dealing with China and East Asia is here, and we’re going to be working together on trying to take this to the next stage in looking for people in China who might really want to carry forward this kind of a discussion.

Q: (Off-mike) – but what I’m worried about is the situation where you have – I mean, my own opinion is that the current Chinese political structure is unstable and there will be some dramatic change in the next 20 years. But the problem that I’m concerned with is that there isn’t enough thought – look at what’s happening in Iraq – there isn’t enough thought. Okay, the blessed day arrives. China is a democracy. What happens the day after? What happens five years after? What happens ten years after? I’m concerned that in developing strategies, people are looking just at how you turn China into a democracy and not looking at some of the issues that Taiwan is facing ten years after the

democratic transition. That's my main concern -- that the discussion is limited to the first stage of democracy without thinking through what are the subsequent --

DR. GERSHMAN: I'm all for farsightedness and vision. You know, I'm not against that, but I just think you've got to deal with first problems first. I mean, Larry is talking about in his book that was mentioned in the letter inviting me to this conference, *Developmental Democracy* -- and we've always believed this in the NED -- this has to proceed on a step-by-step basis. You can only deal with the next steps. Obviously, you want to look down the road. My own feeling about China is that its economic development argues well for the future. I mean, the most successful transitions in the third wave, starting with Spain, Chile, and Taiwan itself, are countries that had significant economic development, and the fact that China is moving in that direction to me argues more important than anything else. If we can keep on that path, but then find a way to deal with some of the contradictions that emerge in that process, then I think you can both get to the blessed day and then prepare for what comes afterwards.

DR. BUSH: Okay, let's get back to Taiwan. Mike Fonte?

Q: Mike Fonte. I'm the Washington liaison for the Democratic Progressive Party. In the recent discussion of the National Unification Council, it seems to me what President Chen was interested in doing was moving away from unification only as an option back to underscoring Taiwan's democracy and the reality that it's up to the people of Taiwan to decide that future question. I think that's something that's been missing in some of the discussion -- that at least according to President Chen and the DPP, the discussion focuses on unification only because of a lot of pressure from the PRC, and he wanted to pull the question back to democracy. So I guess the question, Dr. Lo, is how deeply do you feel the question of Taiwanese identity really penetrates the structure of Taiwanese society, and how is that impacting this discussion of what the future of Taiwan should be?

DR. BUSH: You're allowed to answer either for yourself or what you think Dr. Tien would -- (laughter).

DR. LO: For myself, for myself. Actually, I'm going to talk about that this afternoon. But let me just give you some of my thoughts first. INPR did a lot of service for the past year also and among those issues that we've been asking our people is whether you believe that any party in Taiwan should impose its will on the people of Taiwan. The answer or the result we got from the survey indicates that the majority of the people -- over 80 percent of people -- believe that no party in Taiwan actually imposed the party's will on the people of Taiwan, including unification or independence. So the issue here is whether we should trust the voice of the people in Taiwan, if they are given a choice. Are you for independence or for unification? I think most people would say we are in favor of status quo to maintain stability and security in the Taiwan Strait.

But people cherish their right to make a choice, so it's a very complicated issue here because in Taiwan, democracy sometimes is in conflict with the so-called security

issue. If you had to make a choice between security and democracy, I think most people would say that yeah, we want democracy, but on the other hand, security is also very important for us. But on the other hand, if you ask people if you want to make a choice now and then there would be a war, then people would think carefully and cautiously about their choices. So the factor that Dr. Tien Hung-mao just talked about, the China factor, is always a factor in deciding or in determining or in even affecting people's choices. And again, to me, that's not a free and democratic choice, because the factor outside Taiwan always greatly influences people's choice in Taiwan. That's just a very brief answer to your question.

DR. BUSH: It does raise the question of whether the political system that poses those choices is a good one. We have time for one more question. Who would like to ask it? One more question, one more question. Okay.

DR. GERSHMAN: I just want to make a very brief comment on that since there's no other question, and that is that I understand the choice you're talking about, but I was addressing something else, and that is the problem that China – the mainland – now seems to be the proactive agent in this relationship. They're playing games within Taiwan politics as Tien Hung-mao said, and Taiwan is simply reacting. They got the unification camp, as it were, or the independence camp and so forth, and I think it's necessary. First of all, as I said, I think that puts the emphasis on where the problem isn't. But I think it's necessary to turn the tables and for Taiwan perhaps in a quiet way without being provocative to become more proactive and to focus the issue on where the problem lies, and to figure out a way to do that. You know, China just cannot continue with this antiquated and very dangerous political structure, which doesn't respond to the needs. I don't know where it's going to go. In the end, ultimately, it will be for the people of Taiwan to decide.

It's conceivable, at least, that if the One China idea is defined broadly enough, you could have ways of dealing with Taiwan within that framework with confederalism, and even possibly state sovereignty on the international scene if a way could be dealt with. I just think the discussion should be started and the challenge should be put to Beijing that it has to start considering, you know, its own system, and that Taiwan just simply should not allow Beijing to be the only proactive agent. I think that ultimately will give better choices for the people of Taiwan. You know, I don't think it's either/or. I think the answer is going to be somewhere in the middle.

DR. BUSH: Okay. Thank you very much. I think we're off to a good start. We have a fifteen-minute coffee break.

(Break)

(End of Session 1)