

DEMOCRACY, NATIONALISM and SECURITY in the ASIA PACIFIC

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LUNCHEON SPEAKER
DR. TSAI ING-WEN
CHAIR, MAINLAND AFFAIRS COUNCIL

DR. Richard BUSH: Chairwoman Tsai, Chairman Lo, distinguished guests, ladies and gentlemen, thank you all for joining us today at this international conference co-sponsored by the Brookings Institution, the Institute for National Policy Research and the Taiwan Democracy Foundation. I apologize for interrupting your lunch and your lively conversation but our guest has a plane to catch so we do not want to slow her up.

One of our Supreme Court Justices was asked his opinion of President Franklin Roosevelt and he said, "Franklin Roosevelt has a second-class intellect and a first-class temperament", which is a kind way of saying he is a nice guy but he is not so smart.

Our luncheon speaker today, I believe, has a first-class intellect and a first-class temperament. Dr. Tsai Ing-wen is the Chairwoman of the Mainland Affairs Council. She has a distinguished academic background. She graduated from a great Taiwan university, National Taiwan University. She had a Master in Law from a great American university, Cornell University, and a Ph.D. from a great British university, the London School of Economics.

She has served with distinction in a variety of capacities in the Government of the Republic of China, first of all in trade issues then as an adviser to the National Security Council, and since the year 2000, as the Chairwoman of the Mainland Affairs Council.

As you know better than I do, being the Chair of the Mainland Affairs Council is a very difficult job, because it is required to coordinate the efforts of a variety of agencies and coordinate and harmonize the interests—a lot of different conflicting interests—but Chairwoman Tsai does so with her first-class temperament.

She is also an outstanding spokesperson for her Government and it happens that this afternoon -- this evening she will leave for the United States to do just that. So we are very pleased that she is able to be with us today in advance of her trip to the United States. She will talk about democratic development on Taiwan and its implications for cross-Strait relations. Chairwoman Tsai.

DR. TSAI Ing-wen: Thank you very much for that much greatness in your introduction—great universities and great degrees. This is, I would assume, a great group, too.



This is a much bigger group than I thought and initially I thought this was going to be a closed-door intellectual gathering but the doors are apparently open.

But, anyway, this is, I would say, the start of my week of speeches in this week and in the next week. I will be giving almost a speech a day and I was asked whether all the speeches will be on different topics. Presumably so, but a lot of things I will be talking about essentially will be the same, that is, Taiwan and the recent developments in Taiwan and the implications for cross-Strait relations. So I guess you are lucky, and you are unlucky, in the sense that I will be talking to you for the first time on the subject on which I have never talked before.

Before I actually talk about the things I want to talk about today, I want to say that my sense of being in the entertainment business is stronger and stronger every day. Being a politician, I have to get used to talking while people are eating.

I thought about giving the speech before you eat but I think that is too cruel because you would be too hungry to listen to what I have to say. But after the meal I think I am running the risk of you falling asleep so if people want to serve coffee now I would not mind.

Now, about the democratic developments—actually I want to talk about democratic developments on both sides of the Taiwan Strait because the democratic developments here and in mainland China would all have bearings on the relationship that we have had so much difficulty to manage in the past three and a half years.

In the last two decades, Taiwan and mainland China have both gone through tremendous changes. Taiwan of course has experienced a peaceful process of democratization and is in need of further reform to improve its democracy. While China has been building up its international clout on the military, diplomatic and economic fronts, rising up as a new and global power that cannot be ignored. Its democratic development is still in its initial stages or actually in its infancy.

No other countries interact so closely and yet have such a complex relationship as Taiwan and China. Moreover, the stability of cross-Strait relationships bears directly

upon the security and development of the East Asian region as well as the international community.

Democratic development on both sides of the Taiwan Strait has been a key element in the cross-Strait process and will be even more so in the future. The development affects the policy thinking and policy formulation process, particularly in Taiwan and consequently, affects China's policy response.

Now, I want to talk, first of all, about the deepening of Taiwan's democracy. But before that, let me give you a review of the process of the developing political democracy in Taiwan.

Up until 1980, democracy in Taiwan was limited. Political choices by people were limited to the election of part of the national legislature and members of the local council. And there was only one meaningful political party that firmly controlled the government. At that time people in Taiwan had no way to fully express their will through elections.

From 1980 onwards, Taiwan's economic take-off and the widening in universality of education created a growing middle class, which emerged as the foundation for the pursuit of democratic reform and development. As the bans on forming new political parties and publishing new newspapers were lifted and martial law was abolished, the establishment of the Democratic Progressive Party, the DPP, signified the entry into an era of multi-party competition.

With a more balanced political system taking shape, legislative seats representing the people of Taiwan were increased to meet the popular call for democracy. In the 1990s, the constitution was amended and direct Presidential elections were held. The Provincial Government was downsized and the role of the National Assembly was drastically curtailed to effectively reduce the levels and scale of the government.

These democratic developments made Taiwan's political institutions much more reflective of the popular will and greatly reduced the gap between the people and the government's policy making.

The process culminated on March 18th, 2000, when Chen Shui-bian was elected as President, marking the first peaceful transition of political power in the history of the Republic of China, an achievement that earned approval and acclaim worldwide.

Now, we are at a critical stage of consolidating our democracy here. President Chen's presidency is unprecedented in the political history of Taiwan, or even the Republic of China. It is the first DPP presidency with no majority support in the legislature. It is also a presidency that inherited a political system that was developed to suit the authoritarian rules of the previous ruling party, that is, the Kuomintang, for the last 50 years, especially the flaws in the constitutional framework.

During the 12-year presidency of President Lee, efforts were made to amend the constitution. These amendments, which may have fulfilled the needs of the time, are not enough for a full functioning democracy that people in Taiwan today would expect.

The deficiency in the political system and in the constitutional framework contributed to the political chaos that we have experienced in the last three and a half years. On June 27th of this year, President Chen formally announced that the government would make preparations for holding referendums on the fourth nuclear power plant and other major public issues. On September 28th, the President declared a plan to have a new constitution by the year 2006.

These policies represent concrete steps towards deepening Taiwan's democracy through constitutional reform and placing political power more firmly in the hands of the people. They constitute key components of the President's vision for strengthening constitutional order in Taiwan. This is the path that Taiwan's democratization must follow and it calls for consensus among all the people to put it into concrete effect.

Making the requisite adjustments to Taiwan's governmental structure would be conducive to the advancement of our society and people and the long-term development of cross-Strait relations. We need a more responsive and more efficient political system to meet the challenges in a globalizing world economy.

Many of you may be aware that we have crossed into the Presidential campaigning period and policy proposals are being put forth to facilitate the people's decision on a candidate. This is the realization of the democratic process that the people of Taiwan have collectively worked hard over many years to build up. This determination for the democratic process in Taiwan should be accorded full respect from the international community, of course including China.

Now, democracy is also relevant to our cross-Strait policy, particularly it is instrumental in making the cross-Strait policy more reflective of the will of the people here. Cross-Strait policies have been a focus of attention in Taiwan as they affect the fundamental interests of the people here. China simply cannot be ignored largely because of the geographic proximity we share. China's economy is also, to a large extent, relevant to our economy. Furthermore, increasing cross-Strait marriages and other social exchanges make China relevant to our social development here.

In fact, China today touches upon almost every aspect of our policy, be it economic, social, cultural, political or even military. Cross-Strait policies affect different social and economic groups differently, and these groups may have different expectations. It has become one of the most important public policy issues in our open democratic society, yet the differences among different groups are perhaps much wider than in the case of other policy areas.

Forming cross-Strait policies requires much more intensive consensus-building exercises. This is particularly so when people's expectations are changing as Taiwan

becomes more democratic, international, diversified, and cross-Strait relations are changing with the globalization trend.

In the three and a half years since President Chen took office, the government has continuously shown good will in its active efforts to break the political impasse across the Taiwan Strait. In his inaugural speech, President Chen expressed an unequivocal commitment to build upon the existing foundations for resolving cross-Strait political disputes and pledged his adherence to the foremost.

In his most recent New Year's address, the President reiterated his willingness to advance towards constructive cooperative ties across the Taiwan Strait, to seek a mutually beneficial framework for cross-Strait relations in light of both sides' accession to the WTO.

Now, these conciliatory pronouncements exemplify the fruits of Taiwan's democratization with the government melding opposing domestic political views into resolute efforts to improve cross-Strait relations.

Talking about consensus-building on cross-Strait policies, we have actually in the past three and a half years had three major runs of consensus-building exercises. The first one, which is actually very well known, that is an exercise led by Dr. Lee Yuan-tze, and a task force was led by Dr. Lee Yuan-tze, which reached the so-called three recognitions and four recommendations, which had the effect of stabilizing the identity controversy of the time. That was in the year 2001, and formed an interim internal solution with respect to the issue of one China.

The second effort was made in 2001 again, that is the economic development advisory conference which lays out the blueprint for cross-Strait trade and economic developments. The third round was most recently. Much of the result of the previous consensus-building exercise is crystallized by the passage of the amendment to the cross-Strait statute. This is the amendment passed by the legislature and promulgated by the President on October 29th of this year.

The revised law lays a sounder legal foundation for carrying out trade and economic adjustments that are more reflective of current cross-Strait interaction. This also marks a democratic process in the Legislative Yuan where the ruling and opposition parties again reached consensus on contentious issues relating to cross-Strait relations.

Despite our ability to narrow down our differences and to reduce conflicts through consensus-building, the process, I must confess, is by no means an easy or efficient one. As someone who has participated in most of the processes, I must confess that my memory is not entirely pleasant. Some of the consensus-building exercises have to be carried out outside of the government's institutional framework, such as Dr. Lee's task force and the EDAC. This is so because the existing political system fails to provide sufficient or efficient rules and facilities for forming consensus on major political issues that affect fundamental interests of the people.

I do believe that with the proper restructuring of our constitutional order, we will be able to build consensus more efficiently, involving less domestic conflicts and political cost, and policy made accordingly will be more reflective of the collective will of the people here.

This will in turn make our cross-Strait policies more sustainable. This will also reduce the risk of miscalculation or misjudgment by China, which in the past was sometimes misled by Taiwan's domestic political rivalry to believe that the domestic differences are such that there is room for China's united front strategy to work here in Taiwan.

Now, with these developments in Taiwan, I would like to deal with the democratization in China, because, in my view, this is also a key to maintaining the long-term stability of cross-Strait relations.

From a long-term perspective, only when China takes the true path of democratization will it be able to ensure that its political, economic and social development follow a stable train. Only then will we be able to achieve a completely new break-through in cross-Strait relations, and only then will we be able to see the lasting stability and prosperity of the Asia-Pacific region secured.

As China has been pursuing its policy of reform and opening for more than two decades, a substantial middle class and system of private ownership are emerging, which have created favorable conditions for the development of political democracy and have forced the authority to face up to the issue of reforming its political system. We expect that as Beijing slowly proceeds with such reform, opportunities for democratization could arise.

In an address to China's ruling politburo in September of this year, Hu Jintao, China's president, emphasized the need to enrich and complete democracy in China. Indeed, the gradual process and subtle changes in steps adopted by Hu to gain political capital since his succession as a leader has given the West much cause for hope about China's democratization.

However, the idea of democratization propounded by China's leadership is narrowly confined to enhancing the State's administrative efficiency, fighting corruption and attaching weight to public opinion. Nonetheless, China's political democratization is like its economic globalization, an unstoppable global trend, but with an authoritarian government and the lack of any concepts of democracy among the general population, political democratization is expected to be a difficult and extended process underpinned by possibilities of social unrest and conflict.

Whatever comes up, we are hopeful for China's democratic development to be in a positive and stable direction as it will affect cross-Strait relations.

Democratization in China is so rarely a subject of common concerns around the world. In this regard the E.U., the U.S. and other advanced democracies will need to continue to give encouragement on human rights issues. They will also need to keep on pressing Beijing to improve the human rights situation in China and fulfill its obligations under the international and civil rights treaties to which it is already a signatory.

They also need to unequivocally urge the Communist authority to safeguard the basic civil and political rights of the people. As history shows, the expansion of personal freedom, democracy and rule of law will be extremely important to China's long-term development. We believe that without democracy, China's economic development will not be sustainable. Social order and stability will not be maintained and, most importantly, without democracy, China's dream to become a respectable and powerful country will not be realized.

Democracy, economic prosperity, and social stability are essential elements for peaceful and stable cross-Strait relations, as they can bridge the gap between the two sides of the Taiwan Strait.

In conclusion I would like to say the following — I see there are some people here who have expressions of relief.

Now, conclusion: the new century calls for the opening of a new chapter in cross-Strait relations. How to do so by building upon the existing foundations is a matter of concern not only for our own sustainable development but also for the peace and security of the Asia-Pacific region.

China must keep up with and adjust to changes in a world moving toward globalization and democratization. We believe that our democratic institutions, open society and economic prosperity are achievements to be proud of. They are also the best mechanisms for our securing international and popular recognition.

Continuing improvement of our democratic system will enable our government to generate consensus in this particularly difficult policy area under a more solid institutional framework and to make policies that are closer to the expectations of the people in a more efficient manner. This I am sure will improve the quality of our cross-Strait policies, and in turn contribute to cross-Strait peace and stability.

Peaceful dialogue between the two sides of the Taiwan Strait constitutes an important factor in the maintenance of the international strategy for peace. International public opinion firmly advocates the peaceful resolution of cross-Strait disputes. In dealing with the unavoidable problems of cross-Strait contacts and meeting their historical obligation to the people on both sides of the Taiwan Strait, the leaders and governments of both sides should communicate face to face and through dialogue to seek recognition and understanding of what the future holds for themselves.

We also hope that China's new generation of leaders will understand the importance of democracy in its future economic, political and social developments. A China with economic prosperity and social stability will help reduce the differences between the two sides of the strait and offer hopes for reaching a mutually satisfactory solution through dialogue. Thank you very much.

DR. BUSH: Thank you very much, Dr. Tsai, for those very stimulating remarks. You have given us a lot of food for thought and contributed to the discussion of this conference. Dr. Tsai has a little bit of time to take a few questions. Please raise your hand and I will call on you. Identify yourself and state your question or comment as briefly and succinctly as possible. Who would like to go first?

QUESTION (Richard Vuylsteke): My question is an economic one on cross-strait relations. Since the late eighties, the level of Taiwan's economy integrating with China has been a matter of security interest. Yet, from 1988 to the present we have seen a vast increase in the level of economic integration taking place. As that trend seems to continue, could you outline some of the major security questions that you see Taiwan addressing as it modulates and assists that continuing integration of the economies? Thank you.

DR. TSAI: Well, I think the question itself deserves another speech. Yes, economic integration between the two sides of the strait has been going on for more than a decade by now. After more than ten years of integration between the two sides we begin to see problems and difficulties that need to be addressed, especially in those areas where negotiation is particularly needed.

Some of the problems, as you said, are related to security concerns of ours. When we are talking about security concerns of today, we are not only talking about military security concerns. We also have political concerns too, as well as economic security. I mean, many people nowadays are asking this question, that is whether we are overly dependent on China's economy now.

But bear in mind, though, we are living in an interdependent world. We rely on the Chinese economy as much as China relies on our economy too. I mean, we are both dependent on the world's economy too. So it is a very integrated global economy at the moment and we cannot really make unilateral economic decisions all by ourselves and we have to take into account developments in China, developments in the world market, too.

So, I think what I want to say to you is that of course we can build firewalls, we can build security systems in each of the opening measures that we have taken. But you have to still look at the issue from a macro perspective. That is, you have to be careful about the development in the world market and the world economy and try to manage the relationship in economic terms from a global perspective.

Despite that, we have to be very careful about particular things, that is the uncertainty related to having business activities in China. I mean, China offers of course a lot of opportunities but I think many people would agree with me that it is also a very risky place for investors and traders too. How to manage these uncertainties and risks associated with it is actually a challenge for the government here and for a lot of other governments whose business people have an interest in China.

DR. BUSH: Next question, Jim Steinberg.

MR. STEINBERG: Thank you for that terrific speech. You mentioned the importance of dialogue and my question to you is, what role do you think the United States should play in fostering that dialogue, either on a procedural side or in terms of making a framework of substances on both about how to take the dialogue further.

DR. TSAI: I think the USA has actually created a framework already for the cross-strait relations. I am not saying that this is a game played by the U.S. alone and I am not saying this is a game played only by two parties across the Taiwan Strait. I am talking about a game that is played by many parties at the same time and this is a multi-party game.

But each party has its role and nobody is supposed to dominate the game. So I think the U.S. so far is helpful in the sense that: one, it created a framework under which both sides know where the limits are, and they are told or they get the sense that they have to play the game within the framework. And that is no use of force, no provocation.

Secondly, the U.S. is helpful in the sense that it helps interpret the intentions of the parties when both parties do not talk to each other directly. So they are bound to have misunderstandings and sometimes because of misunderstanding you have misjudgment, and misjudgment is actually, in my view, the cause for the crisis in the 1990s, especially the 1996 missile crisis.

So I think what the U.S. has been doing very helpfully is that it helps both sides to interpret the intention of the other side and sort of help to increase better interpretation and communication between the two sides.

Procedurally, I think at this stage what the U.S. can probably do and the international community at large can do is to encourage both sides to have dialogue within an existing framework, like WTO, APEC, and other institutions to which both parties have membership.

DR. BUSH: Next question, Mr. Lukin and then we will come over here.

QUESTION (Alexander Lukin): I understand that you think that democracy in China would be good both for Chinese economic development and for relations with

Taiwan, and my question is: why do you think so? Well, there are examples of countries where economic development suffered from -- well, maybe not suffered, but democratization was not particularly helpful. But this is a long story.

Of course we cannot have an opinion poll in China, but I have a feeling that many people in China are much more tough on Taiwan than the government. So why do you think that if they are given the right to vote they will be more moderate than the current government?

DR. TSAI: That is a very good question, but if you listened to my speech just now very carefully I was -- I am not implying that you were not listening to what I was talking about. But I was saying that Chinese democracy would help the cross-strait process from a long-term perspective. I am not saying for the short term it would be helpful for the relationship because I think I can agree with you that in the short run, when a country enters into a democratization process, there would be a lot of uncomfortableness and as a result you may be encountering certain social unrest because of that, and the social control of the government may be weaker in that short term.

And there's another thing I would like to talk about, and that is the sequence. If you have democracy before economic development, that is one sequence. And if you have the other choice of having economic development first and political democratization to follow, then that is another thing. Sequence is actually a very important thing in this sort of reform when a country is seeking to develop itself into a more mature political and economic existence.

DR. BUSH: A question over here.

QUESTION: Hi, my name is Li Huipan from Far Eastern Airline in Taiwan. My question is that we all hope that peaceful dialogue face to face can happen any time soon. But apparently it does work right now. What I am going to ask is about direct air links. Will that happen any time soon and how long should we wait? Because I work for an airline company.

Also what is going to happen to New Year charter flights to China this year? So can you say -- basically Taiwan airlines are struggling, surviving here so we really hope our chairwoman can solve this question for us. Thank you.

DR. TSAI: Well, this sounds like a question from the press, or a question asked by our legislators. But I am not saying that this question is not legitimate. It is a perfectly legitimate question to ask.

This is not a timetable that can be drawn up by a party unilaterally and it requires two parties to sit down and negotiate. When you need to negotiate certain things in order to trigger a process, politics is important. I am talking

about domestic politics here and there in China, and also about cross-strait politics.

Of course, I would believe both governments, the government here and the government in Beijing, want to reduce this political element in cross-strait interaction, particularly in relation to this direct link exercise. But they are things that just cannot be controlled by the political leaders.

I can give you the example of SARS. We stood a very good chance to start the cross-strait process earlier this year but SARS delayed the process for six months, and then it got too close to the election. And the Chinese tend to read too much into our domestic politics as a result. To initiate dialogue at this moment is rather difficult.

That is the reason why we put forward this proposal for the interim charter flight arrangements; that has not met with Chinese approval yet though.

QUESTION: I am Hsienren Lee, director of Policy Center, Taiwan Solidarity Union. For a long term perspective, it is kind of too far. We are more concerned about the short-term reactions. You just mentioned the relation between China's democratic reform and the relations across the strait. What is your expectation about China's political reform or democratic reform before we can write a new constitution in 2006? Thank you.

DR. TSAI: Well, I meant to deal with democratic process in China in another speech in greater detail. But I think what we have concluded as a result of our initial research on democratic development in China is that, as I said in my speech, it is going to be a long way to go and it is going to be an extended and difficult process for them. And I said in my speech that they are at their initial stage only and if you would like to use the word, "infancy," I would not object to it.

But they have to start this process and try to move as fast as they can. At least they have to do it in tandem with their economic development. If they do not have a democratic system in place, their economic development will not be sustainable and they already have seen these problems of imbalance in different areas and the leadership at the moment, the most important responsibility for the leadership there is to maintain internal balance. I mean, they are maintaining balance by the leaders, by the individuals. They do not have a system to maintain balance in a more predictable way. And democracy can offer a more predictable system for maintaining balances and that is what they need for their economic development.

There is a long way to go, but I just hope that they can start it as soon as possible and to move as fast as possible, too.

But the year 2006, is our timetable, but it is a vision and it is a plan to be carried out in the future. As I said in my speech, we do have a lot to do about our constitution in order to build a more efficient political system here. So in that regard, I think we should start working on it as soon as possible.

DR. BUSH: Last question right over here.

QUESTION: My name is Chungluen Kuo with the China Times. My impression of Ms. Tsai's speech, just like you mentioned when you started, is that it is very different from your previous speeches. It is very political. In a sense it is more than what a chairwoman of the Mainland Affairs Council is speaking. Rather, it is more like an acceptance speech of a vice presidential candidate. You mentioned that a referendum and constitution change will be helpful in bringing out the consensus. But my question is, the constitution change and referendum by President Chen has really brought in two side effects already. One has polarized the Taiwan political debate, and the second has somewhat destabilized the regional situation. Would you care to comment on those things?

DR. TSAI: I do not intend to make any comment about the vice presidency.

About this polarizing domestic debate on the issues, I think it is inevitable. I mean, when you are facing changes people will have to exercise their minds and they have to give thoughts to proposals that we have put forward and we need to discuss, to debate, and to go through the thinking process that needs to be gone through. So I in fact think that a lot of debate is actually not a bad thing. It facilitates people's thinking. I think the political and social structure here is strong enough for us to have a good and sensible debate over the issues that we are facing and the proposals that are put forward or to be put forward.

So is this a good time that people sit down and think about their future and what kind of system they want, political system they want. And particularly they have to think about this: in a globalizing world economy, you need a very responsive government, and responsible too, and you need a governmental system under which you can make decisions very efficiently, and this is not the case now.

DR. BUSH: Thank you very much for all these very stimulating questions. Thank you, Dr. Tsai, again for joining us today. We have a couple of books published by the Brookings Press that I would like to give you as a token of our appreciation and we wish you safe travels.

DR. TSAI: Thank you. Finally, I would like to say this: I intended to say this at the beginning but I forgot. Over the years I have felt so much indebted to Dr. Bush and this speech is the least I can do for him. I hope he likes it.

DR. BUSH: I like it very much, thank you. We will resume in ten minutes in the other conference room.