

THE BROOKINGS INSTITUTION
CENTER FOR NORTHEAST ASIAN POLICY STUDIES

TAIWAN'S ELECTIONS AND WHAT THEY MEAN

SESSION ONE: OPENING REMARKS

Thursday, March 27, 2008
The Brookings Institution, Falk Auditorium
Washington, D.C.

Transcript prepared from an audio recording.

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Session One: Opening Remarks

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Freeman Chair in China Studies, CSIS

THE HONORABLE FRANK MURKOWSKI

Former Senator and Governor of Alaska

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Session Two: What The Elections Say about Taiwan Politics

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Session Three: Lunch Remarks

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Session Four: Implications for Cross-Strait and U.S.-Taiwan Relations

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PROCEEDINGS

RICHARD BUSH: Ladies and gentlemen, why don't we go ahead and get started. Thank you all for coming, thank you for coming in out of the rain.

This is the third in a series of symposia on the Taiwan elections that Brookings has done in close collaboration with CSIS and Georgetown University. We actually kicked the whole project off with a luncheon talk by Ambassador Joseph Wu here at Brookings back in November, but then there was a scene-setting symposium at CSIS back in December, and then last month there was a very well attended session at Georgetown, and I'd like to thank Charles Freeman and Nancy Bernkopf Tucker for their outstanding contributions to the whole effort.

I think we've assembled an outstanding program today. I'd like to thank all of the presenters in advance. I'd particularly like to thank Governor Murkowski for his willingness to provide some opening remarks.

I'd like to thank my good friend Dr. Ho Szu-yin for coming all the way from Taiwan to be one of our luncheon speakers.

I'd also like to thank my outstanding staff for their hard efforts in putting this all together. Right now I'd like to first ask Nancy to make a few remarks, and then Charles will serve as Chair through the first panel. Nancy?

NANCY BERNKOPF TUCKER: Thank you, Richard. We had a great meeting at Georgetown, I think, and reviewing what was upcoming in the election we speculated a lot on what the results might be, whether there would be last-minute surprises. We were assured that the only thing that's always true in Taiwan elections is that there are last-minute surprises. This process went very smoothly, and probably the biggest surprise was the size of the gap between winners and losers.

I wanted to take just a second to say that I had the opportunity to be in Taiwan for the election, and it was a great experience, and I wanted to underline one major concern that I have. I think the process we have just seen is a great testament to democracy in Taiwan, that the process has been smooth and orderly. Going to polling stations was very exciting. I wish here in the United States our process would go as smoothly. They do it manually instead of electronically, and it was an impressive thing to watch.

The size of the victory, though, does create some concerns about the future of competitive politics in Taiwan, and I think that future concern about and support for the DPP is important on the part of the Kuomintang as it sets up its new government and celebrates its victory but also on the part of Americans to stay concerned and connected to both parties. The concept of a loyal opposition is one that's very important here in the United States and I think one that we want to encourage strongly. The DPP took quite a

beating in two elections, and there seems to be factionalization and concern on the ground in Taiwan. I think that's something we want to pay a lot of attention to.

And the second thing I did want to point out, and I'm sure we'll hear a lot about it today, is the reaction from China to this election. I've spent a lot of time talking to friends from China, and it is, I think, a great opportunity to improve relations across the Strait, and I hope very much that China is going to take up that opportunity with enthusiasm and not stand back and wait to see what the new president of Taiwan will do, that that has been tried before and it didn't work terribly well, and I hope regardless of what the United States does that China will see it in its own interest to be forthcoming and active in improving relations across the Strait. I think these are some of the issues that we're going to talk about today. We have a terrific set of speakers.

This has been a wonderful series, and the size of the audience suggests that Taiwan continues to be an issue of great interest here in Washington. I hope that will go on now that the election season is over and that various institutions in town will continue to have programs beyond this week, when everybody is having a program. There's at least one a day, sometimes two. So, I hope you're going to find this a challenging and interesting day and learn a lot and participate a lot in the discussions. Thanks.

(Applause)

CHARLES FREEMAN: Thanks, Nancy. I want to thank Richard Bush and Nancy Tucker, who've been my partners in this series for the last six months or so starting at CSIS and then on to Georgetown and to what I'm sure is going to be an equally successful program here today.

It's great to see so many old friends and such a collective gathering of wisdom on these issues here in the room. I think all of us, if we all sat down, could learn a lot from each other. I know I learn from all of you every day.

It has been a fascinating election process and a season to watch, and I do want to underscore something that Nancy did just say. I mean, to the extent that the United States has a role to play here and has an interest here, it is in demonstrating its support for the democratic process on an ongoing basis in Taiwan. Many of us are not surprised at the result of the election, but we should continue to support the ongoing vibrant democratic process in Taiwan notwithstanding what has been clearly a mandate for the now-ruling KMT party.

I want to introduce Governor Murkowski to say a few words to open our session and then introduce the new panel. Many of you know Governor Murkowski from his days in the United States Senate. He was elected four times as Senator of Alaska and had a very successful career here in Washington. Very strong interest in East Asia, as many of you know, and a particular respect and relationship with the people of Taiwan. So his interest in these issues goes way back. On a personal basis, he's been a great

friend and mentor to me since early in my days here in Washington, so I want to thank him personally for taking time out of his perhaps less-busy schedule these days but still very full days on the west coast to come here, east, to be with us here today.

Ladies and gentlemen, Governor Frank Murkowski.

(Applause)

FRANK MURKOWSKI: Thanks very much, Charles. I appreciate the introduction, and a good morning to you all. Nancy, I enjoyed your opening remarks. And some of you might wonder what a former Alaska governor and a former United States Senator is doing in the current realm of our international activities in Asia, and I'm often reminded when I go to Taiwan, by MOFA, how many times I've been there over the last 25 years, and I think it's about 22 or 23 times. They keep track quite accurately.

But my first association really began through personal friendships with a Taiwanese banker, a fellow by the name of Li-Pei Wu in Taiwan, and when I came to Washington, why, I sat on the Foreign Relations Committee, became chairman of the East Asian Affairs subcommittee and as a consequence was very moved by the efforts by the people of Taiwan to achieve democracy. It's a unique type of democracy, and I think my colleagues would agree with me—Charles Freeman, Nancy, and the others that were on this mission to observe the election, incidentally sponsored by CSIS, which I was very pleased to be a party to—because it gave us a perspective I think that is one where we in the United States take the democratic process and freedom pretty much for granted.

And we look at our neighbors in Taiwan with kind of the same broad brush, but they have something more associated with democracy, and that's identity. And I was very impressed in a number of presentations we had of the importance of identity along with democracy, and, you know, I don't have to go into any detail here to differentiate between a majority of Taiwanese residents that feel very strongly about that identity as it affects their relationship with the PRC.

So, I think that as we looked at the process where they elected their fourth president, a process that was quite orderly in spite of predictions, an opportunity to participate directly in the rallies of both the KMT and DPP, DPP seemed to be much noisier. The KMT was more subdued, but they had the huge street area blocked off so they weren't as crowded. And then going to the polling places, observing the manner in which each ballot was taken out of the box, held up and read, and tallied the votes, a process that you'd assume would take forever but, really, within a couple of hours in the two polling places that we were in attendance, it was done remarkably efficiently. I think we had results in two and a half or three hours.

I had an opportunity as a United States Senator many years ago to go to the Philippines and observe the election process with Mrs. Aquino, and that was a little different so you may recall. The ballot boxes were brought down under candlelight. They were saying the rosary as they took them to Election Central, and there were no

rosaries inside Election Central. And obviously there was an ongoing dispute, but the point I want to make is it was just an extraordinary contrast, if you will, and the advancement of democracy is one that really has a lasting impression on the level of intensity of their dedication to what they have structured.

We were participants in issues that were timely during the election process. One was Ma's green card and whether the green card had expired or whether it had not expired. There was a lot of conversation, and AIT indicated that they weren't going to get involved in an expiration date necessarily, and I still don't know whether there was one and I suspect there isn't, but it was timely.

The Tibetan issue was highly and intensely discussed, as to what impact that might have on the election process.

There were a couple of other issues that evidently some of the Legislative Yuan and members of the KMT decided to make a little Watergate-type visit on the DPP headquarters, and for some reason or another they were caught between the elevator and the hallway, and that brought out a good deal of discussion relative to the process.

But the underlying thing that I think had an impact on the elections was that, during the Chen Shui-bian presidency there were constant themes about corruption, and that I think was kind of an underlying tidal movement in questioning the role of his administration.

The bottom line, though, was a feeling that the economy of Taiwan was in decline, and you get into discussions about whether—how bad are things really. Well, they're in transition. Obviously, more high-tech activities in Taiwan, so it creates a certain surplus of labor in certain areas, but I think that was a major factor in the consideration of the people of Taiwan who wanted change.

On the other hand, when you consider that the KMT has been in for nearly 50 years in power and the DPP did achieve 42 percent of the vote, there is clearly a sound minority of the voters who don't see things the way that KMT sees things. I think that's very healthy for Taiwan, and the question is, you know, who will take over the leadership of the DPP and what role they will continue to play.

The referendum was another issue that was talked about in great detail, and this referendum is rather interesting to reflect on, because it did cause anxiety in both Washington and Beijing, but it turned out that the referendum really was a non-issue, because both parties had a ballot in reference to the referendum and you could take both ballots, or you could take one ballot, or you could take no ballot. But they set a very high threshold, and as a consequence they didn't get the majority that they needed and it turned out to be moot.

The role of the United States in the election was much discussed, and I think that it's fair to say that the consensus among our group was that the referendum in

itself, and the position the United States took, did have an impact on the success—or I should say the failure—of the referendum because, as you know, U.S. policy was contrary to the purpose of the referendum.

On the other hand, in retrospect, I might say that my impression was that the referendum issue caused a breakdown between the Chen Shui-bian administration and Washington, and perhaps that was unfortunate and if we had an opportunity to do it again, we would try and finesse a little more, because as I understand the back-and-forth negotiations concerning the referendum, we made the assumption that really the bottom line was an expression of sovereignty. And there were certainly those in the Taiwanese community who were very supportive of that, but a majority and the more stable realists recognized that that wouldn't be appropriate and, as a consequence, preferred to address an advancement, if you will, of Taiwan in the world community short of anything that would reference sovereignty. But I think in the dialogue back and forth, the U.S. side took it to mean sovereignty, and the Taiwanese side took it to see how far they could go towards moving Taiwan forward in the world community. As a consequence, both sides became somewhat polarized. I think it deteriorated the relationship between the United States, the White House, and Taiwan as well, but, nevertheless, when those things happen you can blame poor communications, you can blame personal distrust, and as a consequence what you have what you had, which was a bottom line, a deterioration of our relationship with Taiwan. And that was unfortunate.

Some perhaps would express satisfaction that Chen Shui-bian passes from the scene, but I think his contribution is significant. He held the status quo. There were extremes, there were crises from time to time, but the advancement of democracy under very difficult circumstances continued under his reign of eight years, and they had the establishment of a solid second party, which is crucial, in my opinion, to the advancement of democracy. This is really a genuine democracy in a Confucian culture. I borrowed that liberally from Charles Freeman, so you can take a bow.

Many said that such an arrangement was impossible and wouldn't work, and I think the Chen Shui-bian administration has proved them wrong and history will make that determination. There's no question the relationship between the United States and Taiwan is unique. We share a core set of values, and I think we need to cherish that set and nurture that and that's one of the valuable contributions that you folks here, because of your intense interest, can, I believe, play. I think it's important that we as Americans continue to preserve and strengthen the relationship, and some might say that the number of other people that admire America is dwindling—we should not squander the goodwill we still have on Taiwan. I think that's a mistake.

One of the observations we made—I think my colleagues would agree that there's a perception out there in Asia that we have taken for granted our relationship, to some extent, with our Asian neighbors. We've not been as active in the Asian Economic Council with a top-level diplomatic presence, and I think that's a dangerous position for the United States, because these countries can find if we ignore them that they can get along without us, and that is not in the best interest of our relationship or our national

security.

A very interesting opportunity for those of us who observe the process will be how the administration handles the request by President-elect Ma to visit the United States, and each request that has come in for a visit has resulted in a lot of cross-Strait dialogue. The Chinese have obviously indicated their dissatisfaction or, if they haven't, they will.

On the other hand, we have made some progress in that over a period of time—and I've had the opportunity to use Alaska as somewhat of an excuse for the State Department to overlook the fact that Alaska is part of the United States but if you structured it someplace way out there, why, it might be convenient—so we've had President Chen Shui-bian visit Alaska on two occasions overnight, two nights. Took him on the train and so forth. We had President Lee there as well, and, as a former governor, why, we can always extend an invitation, if we have to, to President-elect Ma. But I'm being a little facetious now, but clearly the impression in Taiwan, as a consequence of the mandate which Ma received, is a message to the U.S. that Taiwan wants a closer relationship. They want to more or less bury the differences. They want a new start and a new change, so the first response is going to be very important from the standpoint of the interpretation of the people of Taiwan as to whether or not a visit is granted to President-elect Ma.

So, that will be, I think, the next thing to watch, and, again, I think it was a remarkable process that we had the pleasure and opportunity to observe, and when you think about, you know, our own historical presidential process and here Taiwan has survived their fourth presidential election in a peaceful, harmonious manner, and I think we'd all agree that the transfer of power is going to be very orderly. It's already underway. And the people of Taiwan, as well as the relationship with the United States, certainly will benefit from that process. We'll all be interested in watching the response from the PRC, and I think that while President-elect Ma in his request presents a challenge to our administration, the response of the PRC to the elections and whether they are, to what extent, willing to recognize that Taiwan has come more than half way in the relationship of change, the olive branch is out there for better relations across strait as well, and I think that is a great contribution, if you will, if the diplomats can handle the challenge in such a way as to make sure everybody wins maybe a little bit.

So, with that, again I appreciate the opportunity to be with you for a few hours this morning and wish you all well, and thank you, Charles.

(Applause)

(Recess)

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MR. FREEMAN: I think we're going to move to the next panel, because we are just about still or starting to run a little quick. If I can ask the next panel—Alex, Emerson Niou, and Huang Ching-Lung—to please come, that'd be great. Thanks.

We're privileged to have a terrific panel to start our sessions here this morning. This is sort of the inside baseball look at the election and what it says about Taiwan politics, and a great group of folks. Way down at the end is Emerson Niou, who many of you know from Duke University, an expert on international security and international affairs generally. If you have a chance to look at his bio, you will see a list of his publications that will astound you and humble you if you're an academic. Alexander Huang from Tamkang University in Taiwan, a privilege to say a friend and a colleague senior associate in our security program at CSIS. And Ching-Lung Huang, who's a visiting Fellow here at Brookings in the CNAPS program, and in his day job is a vice president of the China Times, which as many of you is one of the top daily newspapers in Taiwan. If I can ask Dr. Niou to begin, and then I will move down to Huang Ching-Lung and then move to Alexander Huang. Thank you.

EMERSON NIOU: Okay, I'm going to use PowerPoint today in my presentation. I will focus my presentation on the impact of Ma's victory on cross-Strait relations -- let me see -- based on some empirical data I collected last month in February, because Ma's victory is an outcome of Taiwan's democratization in domestic politics, which I believe is one of four very important factors that contribute or might stabilize or destabilize the cross-Strait relations.

In the '50s through the '70s, the two factors were China's military threat to Taiwan and the U.S. security commitment to Taiwan. These two factors were basically the two only factors. But starting in the '80s, the trade between Taiwan and China and Taiwan's democratization became the other two factors that might have an impact on cross-Strait relations, all right? And what makes the study of the relations between Taiwan and China so interesting is not just because we have four factors that might affect the status quo but also because these four factors are endogenously related, all right? Each factor can individually have an impact on the status quo, but also each factor can affect the other three factors, all right? So, for example, let me show you how the first three factors co-relate with Taiwan's domestic election outcome.

Like I said, the presentation today is based on data I collected last month. I've been doing this since 2003 because Taiwan now is a democracy, so what Taiwanese think on the security issues should be—we should have a clear understanding of that, and— All right, I don't know why the data shifted, but let's use the first slide to get you oriented, all right?

There's two variables. The first one is if Taiwan declares independence, would China take over? So, the Taiwanese perception of the China threat. How real is that? And so those who believe that if Taiwan declares independence China will attack

Taiwan is 59 percent. And those who do not believe China would attack Taiwan is 28 percent. And I also included those who didn't respond—that's 13 percent. Then on the horizontal side, those who indicated they would vote for change—because the survey was conducted in February—those who indicated they would vote for Hsieh, 44 percent of them believe the China threat is real, and 47 see the China threat as not real. And those voting for Ma, 71 percent, believe the China threat is real. So, you can see that, you know, those who voted for Ma and those who voted for Hsieh, their perceptions of the China threat are different, okay?

And how about the U.S. security commitment? Again you see very different perceptions of the U.S. security commitment between those who indicated they would vote for Hsieh and those who indicated they would vote for Ma, all right?

The pan-green supporters tend to believe the U.S. security commitment is more reliable, and data I didn't prepare in my presentation that is—actually, although the pan-green supporters have stronger confidence in the U.S. security commitment, the pan-blue supporters have a warmer feeling toward the U.S. So, let's just say this is an empirical fact I would like to report here.

And the other correlation here is the preferences on the economic relation with China. Again, those indicated they would vote for Ma, 83 percent believe that Taiwan should develop a stronger economic relation with mainland China. But of those who preferred Hsieh over Ma, only 35 percent prefer a stronger economic relation with mainland China, all right? But overall, two-thirds of the respondents prefer a stronger economic relation with mainland China.

In addition to these three factors that have impact on Taiwan's domestic politics, another important variable of course is the Taiwan independence versus unification issue in Taiwan, all right? And this is a very traditional way of asking Taiwanese preferences on the Taiwan independence and unification issues, so a 6-point scale, all right? You can group 1 and 2 together, as they indicate clearly they prefer independence; 3 and 4 are those who are reluctant to indicate, to give you a clear indication of their preferences on the Taiwan independence issue; and 5 and 6 are those for unification.

The problem of this question is too many voters in group 3 and 4, and you don't know what conditions under which they would deviate from 3 and 4, under which conditions they would be more willing to give you a clear, you know, indication of whether they prefer independence or unification. So, I have designed some questions to try to induce them to indicate their preferences using costs, the price they have to pay. So, like two questions there. Independence has high costs, right? Do you support independence if it means war with China? Okay, so preferences, right? If you have to pay high price for the outcome you want, would you still support independence, all right? So, 24 percent still say yes, even at high cost, you know, they still prefer independence. And two-thirds, 65.5 percent, say no, if we have to pay high price then I prefer not to

support independence. But also, you know, we can ask them do you support independence if China would not attack Taiwan? Then it's not a typo. For some reason 65.5 percent—now we have two-thirds of the people in Taiwan say yeah, you know, if China would not attack Taiwan, then I'm for independence. So, the China threat plays an important role controlling Taiwanese preferences on the independence issue, okay? Does that mean most people in Taiwan prefer independence?

Well, then let's ask them their preferences on unification, all right? If you have to pay high price, then 71 percent say no, right? But if price is low, then China becomes more democratic, economically more developed, and becomes more like Taiwan, actually 46 percent say yes. If the price is low, they find unification an acceptable option. So, the implication of these two sets of questions is that a sizeable number of people in Taiwan can go either way. If the price is low, unification or independence both are acceptable.

So, traditionally we pick independence and unification as two opposite choices in a two-dimensional space. But actually for a sizeable number people in Taiwan, their preferences are conditional, conditional on the price they have to pay. That makes the study of public opinion and foreign policy interesting, because who sets the prices? China and the U.S. set the prices. The threat. Perception of threat. Perception of the U.S. security commitment. How reliable the U.S. security commitment is. So, these are the prices that can be set by China and U.S.A., which means Taiwanese public opinion. Preferences on the independence/unification issue can be manipulated by China's foreign policy and the U.S. foreign policy toward Taiwan. So, that's, I think, an important, interesting empirical finding.

Let's skip, you know -- that's not important.

So, the first empirical finding is that independence and unification are not necessarily mutually exclusive. For about one-third of the voters in Taiwan, they can go either way. There's one-third that would never consider unification as an option. There's about one-third who would never consider independence as an option, but you have one-third in the middle who can go either way, depending on the price they have to pay. So, that kind of conditional preference opens the door for the U.S. and China to influence Taiwan's domestic politics.

Okay, let me move onto the second point I'd like to make: the domestic politics on independence/unification. But if you ask Taiwanese if they think independence/unification can be achieved in the near future—you have preferences, but how realistic is the goal of achieving unification or independence? Very few people actually believe either independence or unification is achievable in the near future. So, it's like an 11-point scale. You know, at 10 they think it's very likely, it can be achieved. Zero means there's no chance. So, you see that the red is indicating people's estimate of the likelihood of success. Very few people have high hopes that achieving independence is likely in the near future, and very few people believe that achieving unification is

likely, and actually of those who support independence, one-half of them don't find independence a likely goal that can be achieved in the near future, all right? So, that's the second point I'd like to make—it's interesting domestic politics we're observing. It's important to note that they fight over this issue, but when you ask them how likely it is that the goal can be achieved, they don't find it very likely.

Next, I'm going to show you some correlation between those who indicated they would vote for Hsieh and for Ma and their preferences on the security issues that Taiwanese find interesting. The question is: "Some people say that Taiwan is already an independent country and its name is the Republic of China. Do you agree or disagree with this point of view?" Over two-thirds agree. And actually almost 45 percent strongly agree. So, the Republic of China—this name—is still very acceptable to more than two-thirds of the voters in Taiwan.

And 77.5 percent would support an interim agreement stipulating that Taiwan not declare independence and China not attack Taiwan. But you see that of those who indicated they would vote for Ma, 90.2 percent prefer signing an interim agreement. So, again, those who supported Ma and those who supported Hsieh have very different view on this issue, all right? Ma Ying-jeou talks about the '92 Consensus and, again, there is a very big difference. Seventy-three percent indicated they can accept that, and of those who voted for Hsieh, 43 percent indicated they could accept that as the basis for negotiation.

And arms race versus diplomacy, that is, Taiwan engaging in an arms race with China or taking diplomatic political actions to ease the tension. Again, very different opinions on that issue between those who voted for Hsieh and those who voted for Ma, okay?

There are some other questions I throw into the survey. Do you agree that China should dismantle its missiles from the coast? Should Taiwan reciprocate by reducing weapons procurement from the U.S.? Two-thirds say yes, we should reciprocate. But, again, those who voted for Ma and those who voted for Hsieh have different opinions on this issue. Okay, Taiwan's defense minister would not like to see this one, but 80 percent of the people say Taiwan is not capable of defending this island? And especially Ma supporters. Ninety percent have no confidence in Taiwan's ability to withstand an attack from China.

So there's some findings I find interesting. I'm summarizing: independence and unification are not mutually exclusive for about one-third of the voters in Taiwan; for two-thirds, yes, they will only consider either unification or independence. But for about one-third of the voters, independence and unification both can be acceptable. Okay, and that opens the door for China and the U.S. to influence Taiwan's domestic politics.

And identity, right? This title is robust national identity, and most of the

Taiwanese do not believe that achieving independence or unification in the near future is likely. And a large majority of the voters support an interim agreement. Not just that. In the presentation today I show you the difference between Ma supporters and Hsieh supporters. So Ma's victory does indicate a more, I mean, practical way of dealing with cross-Strait relation, and his supporters and Hsieh's supporters actually differ quite a lot on a lot of issues related to cross-Strait relations.

So, I will conclude my presentation here. Thank you very much.

(Applause)

MR. FREEMAN: Thank you. I can assure you, you will be given a chance to ask questions at the conclusion of all presentations, so jot them down if you have trouble remembering them. If I can ask Mr. Huang to come up next, please.

CHING-LUNG HUANG: Thank you. Okay, my presentation will focus on the election itself and try to explain the result of the election. I think we all know the result of the election as I show on the PowerPoint, and Ma Ying-jeou had a landslide victory. Is it a surprise? Well, in my view, I think this is not a surprise for me. Actually, on February 25th, four weeks before the election, I made a prediction on the website of Chinatimes.com to talk about the possible outcome of the election saying that Ma was going to win by one million votes or 8 percent to 20 percent lead.

And most polls showed a decisive gap while it was in the margin of error as before, you know, March 22nd, so such as the prediction on March 21st that Ma-Siew will be 60 percent and Hsieh-Su 40 percent, and the China Times poll on March 20th, which was unannounced, showed Ma-Siew at 57 percent and Hsieh-Su at 43 percent. So, I would say it is not a surprise, because the result is predictable.

Well, if it is predictable, what's the reason that helped Ma to win the election with such a huge gap? Of course there are many reasons. Well, I think the top three reasons are: number one reason, Chen Shui-bian; number 2, Chen Shui-bian; number 3, Chen Shui-bian.

Well, when I was in Taiwan last week, my friend told me that we have an IBM president. What's that mean, IBM president? He said it means international big mouth president—IBM, okay? Well, how big is his mouth? And he said his mouth is bigger than the Pacific Ocean. Well, because [inaudible] that anyone who disliked to live in Taiwan can swim across the Pacific Ocean.

Anyway, the election again is another referendum for a change of administration. Why? Because in his eight-year presidency, Taiwan's economy has been bad. There were more than 4,000 people who committed suicide in 2006 and 2007, and the relationship across the Taiwan Strait is very tense and also President Chen lost the trust of the U.S., which is the most important friend in the world for Taiwan. So, I

believe that it was nervous for most people in here, if not everybody. And President Chen and his family were involved in corruption and that deeply hurt his supporters, and some dark green people claim that the Chen period is a setback for the Taiwan independence movement. Because he played the Taiwan independence card mostly for the domestic political consumption. The economic issue also played an important role in the campaign. Just like the old saying, it's the economy stupid.

Mr. Ma argued that he will improve the economic development that seemed to effectively to attract people in Taiwan. According to the China Times poll on March 23rd, 66 percent of people think that improving economic conditions is the most important thing for the new government.

But the KMT's victory is questionable. Is questionable. Just like a critique [inaudible] is among the [inaudible] votes. Seventy percent of the people cast their votes to show how much they hate Chen, and only 30 percent of them are in support of the KMT, and 80 percent of that 30 percent people like Ma, not the KMT. So, there is no doubt that President Chen is the main reason of the result of the election.

The second reason is that this is the first time that the KMT has been unified in the presidential elections since 1996. We can see on the PowerPoint in 1996 there were another two tickets divided from KMT, and in 2000 the independent candidate, James Soong, was divided from the KMT. In 2004 the KMT and the PFP jointly nominated Lien Chan and James Soong, but the former chairman of KMT, Lee Teng-hui, supported Chen Shui-bian and helped him to be successful in the election. So, we can see on the PowerPoint that the pan-blue has a larger base of the votes than the pan-green, so in 2008 when the KMT was unified, it means Ma can basically be the victor with a 10 percent gap. That is one of the important reasons that Ma will win the election. And also we shouldn't forget that Ma has better popularity than the other candidates.

And the third reason is in the election there were different degrees of participation between both sides' supporters. I mean, in traditional green areas voter turnout was lower than the national average, which was 76.33 percent. For example, in Chiayi, Tainan, Penghu County, the voter turnout was only 70, 72, 74 percent. But in traditional blue areas, northern Taiwan, voter turnout was higher than the national average. Such as in Taipei City, Taipei County, and Taoyuan County, the voter turnout was more than 78 percent.

Okay, on the third, and I'm going to talk about the inference of the outcome of the election on Taiwan's politics. First of all, I believe that ethnic politics in Taiwan is more neutralized through this election. We can see Ma won by well over 2.2 million votes. If we break down the votes carefully, I think we can find out the majority group of Taiwan, the Minnan group, supported Ma more than it supported Hsieh. This is a clearly departure from the previous record. In one way we may say that Mr. Ma, who is a mainlander, was supported by different ethnic groups of Taiwan. That

is a significant sign of the end of the ethnic party in Taiwan.

Second is the localized movement has changed in Taiwan. I mean, that group supported Ma more than supported Hsieh in this election. In my view, I think one of the reason is Mr. Ma repeatedly made the following points, such as he was married in Taiwan and he is Taiwanese, too. He avoided, carefully, talking about the issue of eventual reunification, and he assumed that the future destiny of Taiwan should be determined by 23 million Taiwanese. Based on these statements, except for Taiwan independence, we don't see any difference between Ma and Frank Hsieh. So, localization is no longer an exclusive issue for the DPP. Ma is the representative of the "New Taiwanese."

And the third is the change of the impact of the China factor in Taiwan's politics. During the campaign, Frank Hsieh kept playing the anti-China card and taking on Ma's one China common market ideal. But the result of the election showed that most Taiwanese do not just view China as a threat but also an opportunity. Most of the people in Taiwan would like to face the rise of China with a positive attitude. So, I believe that we are influencing the government's amended policy in the future.

Okay, and finally, I would share an interesting way to predict the result of presidential elections, which is the outcome of one particular town. This town is located in Taipei County. There's a conventional wisdom in Taiwan that whoever wins this town will win the presidency of Taiwan. In this election, the town gave Ma 57.7 percent and Hsieh 47.2 percent, which is pretty close to the result of the election. So, on the election day afternoon, when the town's outcome was showed on TV, many people in Taiwan, including me, knelt at Ma: he will win the election with a landslide victory. I said yeah, I think this is very interesting. That is my observation on Taiwan's presidential election. Thank you.

(Applause)

MR. FREEMAN: Two excellent presentations so far, and the third—and it's really not the least—left to go. Dr. Huang.

ALEXANDER HUANG: I want to express my appreciation to Dr. Richard Bush to get me here for this panel. It is my great pleasure, because I recall that it was ten years ago that I joined CNAPS as the inaugural Visiting Fellow program. This year also marks the tenth anniversary of a not-very-good experience, because Taiwan hasn't talked to China for ten years. The last cross-Strait dialogue under government authorization was in October 1998 when C.F. Koo went to Shanghai and met with Wang Daohan. And here ten years later we have another opportunity I think, in the panel coming up this afternoon. There will be more discussion on that subject. So, I'll try very hard to focus in on my presentation on the election itself, but if it spills over a little bit into cross-Strait relations, please bear with me.

I think there are three winners in this election. The first one is the Taiwan people. Usually we have a very high turnout rate in every possible election, especially for presidential elections. The last one was 80 percent turnout four years ago, and this time it was 76 percent, and I'm extremely proud of Taiwan people, including myself, for the peacefulness throughout the process, because there were high anxieties because of negative campaigns, because of the very vicious remarks by the supporters of each camp. But on Saturday, March 22nd, as many of you sitting here in the room witnessed how Taiwan people voted and behaved, I think this is an accumulative experience since our first local election back in 1952. I think it's a non-easy achievement, but we did it. And number three is—I probably would say a small ballot, because only 36 percent of the eligible voter cast their ballots for the two referenda. They voted for the status quo; they voted for no trouble; they used their ballots in the referendum vote to vote for the status quo and not to antagonize two nuclear powers at the same time.

The second winner is our democratic institutions, because both sides played by the rules, largely. Even though we have negative campaigning, we did not see violence in general, and especially there was a very efficient the vote counting system. I have several friends in academia; we booked a restaurant and a big table of 20 and we asked the restaurant owner to offer us a big screen TV so we can wine and dine while look at the balloting. The ballots were being counted, but even before we arrived at the restaurant, we already knew who was the winner. So, the efficient vote counting system may be a reference for several states here.

(Laughter)

ALEXANDER HUANG: And number three of course is the KMT. You know, people generally considered the KMT as a political force that dominated Taiwan politics for 50 years. They were voted down eight years ago. They were not native, but this time the Taiwan voters decided to choose a person who was not born in Taiwan. Ma Ying-jeou was born in Hong Kong, as well as his wife from Hong Kong. And a non-native son won the election. A landslide victory. I think that tells something. And also because Ma Ying-jeou adopted a different kind of image for the KMT. A lot of people considered that he had done many things like going to the localities, home stay, and it's a show for campaign reasons. But if you watch, you know, Ma Ying-jeou for the past eight or ten years and since he was elected Mayor of Taipei, he had done a lot of local things and established a foundation called the New Taiwanese Foundation and had done a lot of groundwork. I believe that what I have observed is that Ma Ying-jeou since about ten years ago tried to reinvent or create a new image for the KMT. It's a very native KMT, very local KMT. And I think that has been a big plus for his victory in this campaign.

Of course, for himself, he is the big winner. As you can reference in Mr. Huang's previous slides, we have had four direct presidential elections, and Ma Ying-jeou is the highest vote getter, 58 percent, and this is not easy. Maybe it's because of Chen Shui-bian, but this is an unprecedented mandate that he got. And in the past 20 years, he

not only enjoys the high voting turnout but also he enjoys a parliament that belongs to the same party with almost three-fourths majority. And that tells us that a lot of things and responsibility will be on his shoulders.

The campaign theme for KMT of course is change. "Change" is probably is a good word in 2008. You know, I put a sign on my door four years ago when I assumed the directorship of American Studies at Tamkang University. I told my students, "You are either with me or you are against me."

(Laughter)

ALEXANDER HUANG: And recently I just put, "Yes we can."

(Laughter)

ALEXANDER HUANG: People wanted change. But for the DPP the theme would be difficult. Because of the eight years of DPP in power, there was a lot of baggage that the DPP candidate had to carry. So, Frank Hsieh used the term "renewal," and the pan-blue or Ma Ying-jeou used the word "change," the second change of government. A renewal may have some appeal, but it is difficult under the circumstances. There were campaign strategies. The focal point or the center of gravity of the KMT campaign strategy is on the policy side, although I have to admit that the policy platforms of any kind were not really appealing to people. People just look at the TV, look at the fanfare. That had frustrated many professors involved in deliberating and creating policy platforms, helping different camps. But that was not a focal point. However, I have to say that Ma Ying-jeou had been very determined, as I observed, to stay on policy debate no matter how the other side attacked or tried to pull the campaign toward the other direction, but Ma Ying-jeou continued to talk about policy and his campaign promises. Of course, anti-corruption is another main theme. But on the DPP side, they decided not to fight on policy promises but on the loyalty and character of the KMT candidate, Ma Ying-jeou.

On the green card issue, I don't know whether there will be people within the green camp today that criticize the strategy or the time that they throw out the green card issue. If they had delayed the tactic and made the attack closer to the balloting day, probably that will have a greater impact. Of course, the KMT ran a campaign promising the voters that there will be a better economy and a better relationship with China, and probably that's the majority of the Taiwan people's willingness, that they wanted to have a change. They want to have better manageable relations with China and a better economy.

Toward the very end, about three weeks before the election, it was very clear that Frank Hsieh determined that he would run the campaign with two antis: anti 1, party dominance; and anti 2, China common market. It was scary. I mean, for a lot of people, we thought that the campaign would have a turn, a change in the final vote,

because these two slogans were very efficient, especially down in the south, the southern counties in Taiwan. But, for that kind of raw assessment, I blame myself a lot, because I lost my bet on the election day, because I thought the margin between Frank Hsieh and Ma Ying-jeou would be much smaller. But I did not expect the over two million vote difference. So, I think the “two anti” strategy did not work for the Taiwan electorate.

So, what does the turnout or the election result tell us about what they can do? The phrase “one-party dominance” was used by my friends in the green camp but “one-party responsibility” was used by my friends in the blue camp. There are several things that could not be done, and many of the political elite in the policy community considered that the list here could never be done because [they thought] in Taiwan politics you can never have a three-fourths majority in the parliament; in Taiwan politics you will not have a president enjoying almost 60 percent of popular support.

And what can be done? First is easier passage of legislative bills, including the budget. There will be no excuse, anymore, for Ma Ying-jeou. If the government executive branch determines to do something, then they can deliver, and they should. And constitutional amendment. It's a long process. It's a difficult agenda, because any constitutional amendment has to go through referendum, and we have a very high threshold that 50 percent of the eligible voters, or more than eight million of Taiwanese voters, would have to cast their ballot and 50 percent of them should vote yes before we can have a passage of a constitutional amendment bill. And that's not very easy, because in the very initial phase, you have to have three-fourths majority of the parliamentarians supporting a bill. But this is now a possibility.

My friend, former DPP legislator Lin Cho-shui, taught me that, you know, in May 2005 when the former national assembly determined to abolish itself, to abolish the national assembly, that would be the end of constitutional amendment in Taiwan, because given the 50/50 blue versus green reality Taiwan would never have a constitutional amendment, but, surprisingly, there is an opportunity this time in Taiwan.

And thirdly is the electoral system reform. This is more down to earth, because I have to admit that I think average—I mean, balanced political scientists in Taiwan would agree that before any parliamentary election with the single-district voting system that the blue forces, or KMT, will have at least 11 seats' advantage before any ballot. Then it's in favor of the current constituency division, it is in favor of the blue forces. And we have to see whether a three-fourth's majority blue dominant legislature would take on this task to create a more balanced electoral system.

Government restructuring. We all witnessed in Beijing during the Liang Hui, the National People's Congress, that they tried to restructure the government, the cabinet, and government institutions. It was a difficult task even under Hu Jintao; they only reduced from 28 to 27 ministerial-level agencies. In Taiwan we have tried that for more than 37 years, but never a president or a parliament could get an agreement to restructure the cabinet and put Taiwan more competitive into the 21st century; here is

another possibility.

Probably more importantly is the next one: the LY, the Legislative Yuan, or the parliament, would have to ratify any agreement or any piece of paper that's signed with China, between two governments. And a three-fourth's majority and with a unified government can deliver that. But we are talking about only four years. Only four years.

I'm not saying that President-elect Ma Ying-jeou can enjoy only four years as the president of Taiwan, but I highly doubt that we will continue to have a three-fourths, one-party majority in the parliament beyond 2012. So, probably the next four years will be the only four years in the 21st century Taiwan politics that you have an absolute majority under a unified government. And so this is a tremendous window of opportunity for doing some real business in Taiwan governance.

Ma Ying-jeou will have a lot of changes. If you read a newspaper from Taiwan yesterday, Ma Ying-jeou admitted that he woke up at 4:30 in the morning, the morning after, because he was scared. A huge responsibility comes from the mandate, but all the deliverables, all the campaign promises—I think not only the more than five million people who did not vote for him will watch his performance closely, but also the international community and the Chinese will look at his deliverables. However, most of his campaign promises would have to rely on the reaction or policy from the other side.

I just put into three categories, because during the campaign it was a kind of choice between priorities. Frank Hsieh talked about more on the anti-one-China theme, and Ma Ying-jeou was focusing on the economy. I think both camps agree that dignity, security, and prosperity are the three vital national interests of Taiwan, but they campaign on different priorities. I think the KMT, or Ma Ying-jeou, takes prosperity as the first priority, but Frank Hsieh was leaning toward and tried to appeal to the voters with dignity, feelings, and issues.

Let's look at what Ma Ying-jeou has to deliver first. The short-term deliverables. He said that one month into his presidency he will have to see a more expanded direct air links or air charter flights between China and Taiwan and that within three months, within six months, or toward the end of this year that he had promised a lot, which all required the cooperation from the other side of the Taiwan Strait. Because the people can talk about common market 20 years later, but a lot of business must be done in the near term. Especially as Ma Ying-jeou talked about signing an agreement about a Comprehensive Economic and Cooperation Agreement, CECA, with China. All those are non-easy tasks and he has to be deliver.

Security. On one hand, Ma Ying-jeou talked about the need to engage in talks on confidence-building measures, on military issues, or military CBMs, but when we tried to end the hostility across the Taiwan Strait, how Taiwan can sustain and convene support, especially in this town that we will continue to buy arms from the United States.

I think after Professor Emerson Niou's briefing that nobody wants to be the defense minister in the Ma Ying-jeou administration, because lots of people do not support buying arms or entering into an arms race, but if you look at these slides, probably nobody wants to be the chairman of Mainland Affairs Council in the next administration either, because it is so hard that you need response from both the United States and China.

The dignity issues. The number one challenge is whether China will take away another diplomatic ally. I think in the past year we lost two more and now we have only 23 diplomatic allies. Will China take one more? Two more? Three more? Or lower the number down to less than 20? So, we joked about that. It's no easy job for the next foreign minister. So, in the transition period or the next two months we will see how many brave people will join the Ma Ying-jeou administration and take on the task.

Lastly, we waited until last Saturday to put on another picture, and this gives you a timeline that a total overlap of the term in office between Ma Ying-jeou and Hu Jintao. If Taiwan does not want to lay all the hope to the fifth generation leaders, like Xi Jinping or Li Keqiang, and consider Hu Jintao as a straw man for now and can deliver and can be flexible. The next four years will be critical for Taiwan and for China as well. Thank you very much.

(Applause)

MR. FREEMAN: Thanks to all the panelists for a set of very coherent and very excellent presentations. It's my pleasure to open it up for questions. Before I do that, I'm going to impose a question of my own, if I can, just in response to some of the presentations. I noted from Dr. Niou's points on the sort of the breakdown of society in terms of reactions towards the mainland and others, the sort of the one-third, one-third, one-third dynamic, and the DPP pretty clearly spent a lot of time during this election in particular understanding that much of this election would be essentially a referendum on President Chen and that the general dislike or distrust, or whatever you might call it in society, towards President Chen and really made an extreme effort to come towards the center and bring more people in from that middle third of the dynamic. And I wonder what the DPP does from here, whether they can internally respond and deal with the fact that that strategy didn't work particularly well, that they didn't draft that many from that middle third, and that, you know, they only pulled in seven additional percentage points on top of the core one-third that would be DPP come hell or high water. What does this mean for the future going forward of Taiwan politics? I mean, the KMT clearly responded to the last eight years of the DPP challenge to become a—the party—a party of Taiwan, and they've adjusted pretty naturally. Is this now going to be the KMT's race to win from here on out? What does the DPP do to respond? How do they come back and begin to reclaim more of that center if they will or do they get stuck with that last third? What happens to Taiwan politics going forward? I could pose that to any or all of the panelists.

DR. NIOU: Well, I think a politician's job is to create issues when you are on the losing side, and if the DPP continued to rely on just one issue, then I think DPP would only get minority support. So, for the DPP to prevail in the next election, the DPP politicians just have to create new issues or wait for the KMT to make errors. But if the DPP continues just to campaign on this one issue, then the DPP is on the minority side, all right, and clever politicians know how to create issues. I don't know—I cannot predict what issues they will create, but I'm pretty sure there are a lot of smart DPP politicians and they will create issues. You know, expand the battle into different domains otherwise you will always be a minority and several former DPP chairmen realize that. They try to become moderate on the identity issue and try to create other dimensions, so I think that is my simple response.

MR. FREEMAN: We'll open it up now. I will just say one quick thing about one party responsibility having been part of an exercise here in Washington on "one party responsibility" or "one party dominance." It's not always as easy as it's made out to be. Sometimes getting things done is a bit of challenge as the Governor and Senator knows as well. Alan? If you could stand and identify yourself.

QUESTION: Alan Romberg, Stimson Center. Actually my question to Alexander is exactly on that point. You say there will be no excuses for not passing legislation and having, by extension, an effective policy on the books. I don't know about implementation. But one would think that perhaps Ma Ying-jeou will not have total control of the KMT members in the LY, I wonder if you could talk a little bit about that.

ALEXANDER HUANG: It's extremely dangerous during the transition period to comment on the winner's side. I think this is the at least public acknowledgment that Ma Ying-jeou does not want to or hasn't been in the position to control the legislators when he was the chairman of the KMT. And it was quite interesting when the four KMT legislators stormed the DPP campaign headquarters and tried to cause an issue. I was in a conference in Seoul, Korea and sitting next to me was a friend from China. He asked me, why did your parliamentarian not seek approval from Ma before making that move?

I said, in Taiwan you can control everybody but not legislators. They run their own agenda. And I think at least, I think Ma Ying-jeou tried to keep Wu Po-hsiung as the chairman. I think Wu Po-hsiung is a person who can at least, with his seniority, have some control over them. That's number one.

Number two, is that the four loose cannon KMT legislators that made the wrong move to storm the DPP headquarters gave the KMT caucus in the parliament a kind of warning that they may derail Ma Ying-jeou's credibility. I think from today we will see that will be a positive thing for the KMT. I think I worry more about how two factors, two players would look at this three-fourths majority. One player is of course the

DPP. How the DPP would negotiate with the KMT caucus or individual LY members and work with them or cooperate with them on different issues and try to divide this three-fourths majority.

That's a minor factor. A larger factor I would say Beijing. We have since before the election a lot of discussion among academics about, you know, the possible danger that how Beijing will play the blue camp legislators given different initiative or incentives or inviting different group, giving them deliverables for their particular constituency. And that would be something that we need to watch carefully.

So I think it is not an easy task for Ma Ying-jeou. I think he is not the person who wanted to get into day-to-day operations of the parliament. He will work through proxy or his appointed man to manage the KMT's LY caucus. That would be my response.

QUESTION: My name is Frank Chen, I was a research assistant at SAIS in the '90s. I think the overwhelming victory of Taiwan election will come by every side except to Chen Shui-bian and the DPP. But it is no [inaudible] that right now none of China's top leaders say anything about the consequence of the Taiwan election. Even the Office of Taiwan Affairs of China just made a command that it justify the Taiwan independence is not welcome by the Taiwan people. And Xinhua News Agency only has a few lines to cover the result. I think Beijing's attitude is wait and see because there are still a lot of uncertain factors whether in Taiwan itself, cross-strait relations, and the Taiwan relations with the United States.

So I think the most important thing is how to identify the political status of Taiwan; without identification there is no negotiation between China and Taiwan. If you sign a document finalizing how to name Taiwan, can you use the Taiwan authority and avoid ROC? So on this issue China is still, I think, keeps thinking and hesitates to make clear. And even Mr. Ma Ying-jeou, himself, is contradictory because on one side he said he would not seek Taiwan independence [inaudible]. At the same time he said Taiwan already is a sovereign and independent state. So if he wants more international space to reach Japan, United States as an elected president so can China accept? So my question is how –

MR. FREEMAN: Is there really a question?

MR. CHEN: Yeah. So but, it is the first time when President Hu Jintao talked to President Bush he didn't use the One China as a precondition as before but used 1992 Consensus.

MR. FREEMAN: We'll have to get you up here as a panelist.

MR. CHEN: That is a very big symbol. Maybe the Chinese government are thinking about how to make the negotiation between China and Taiwan more

pragmatic. So my question is to Mr. Huang, my friend before. We have many years. So how do you think the future, mind you, how to handle this case and what a response will be Beijing take? Thank you very much.

MR. FREEMAN: Thank you.

ALEXANDER HUANG: Well we have Mr. Ma's representative here as well. Maybe during the lunch we can get a better answer, but let me take on this with several points.

Number one, I personally do not believe that Ma Ying-jeou is expecting or working on a final political relationship with China in the next four years. I think his focus was on more functional and practical issues with China. He is not shooting for an ultimate resolution in the next four years. That's not the priority.

Number two; this is a campaign also for the Taiwan electorate to vote on two different approaches. One is ambiguity, the other is clarity. Of course everybody knows Beijing cannot answer a question whether there is a real existence of the Republic of China in Taiwan they can elect their own president every four years and continue to buy arms from the United States. They cannot logically resolve or give themselves an answer. But this is an approach, a choice of approaches of election. You know, the blue forces run or Ma Ying-jeou is on the ambiguity side. You know, let's cover one left eye and you cover your right eye and let's look at the thing that we both want and do it. And that's ambiguity.

And I think the green supporters were more looking at the clarity that you have to tell me who I am before we can talk about business. And I think apparently the voters in Taiwan determined that we need get something done before a final resolution of our political relationship.

And number three, I think for international participation. Again, I would say this is not the top priority. I think Ma Ying-jeou—you know, I'm not close to Ma but as an observer I will say he will spend more time down in the South and try to look, spend more time with those five million people who did not vote for him. To try to build consensus within Taiwan would be the top priority. Get the economy back on track would be his top priority. I don't think he will spend too much time to look at those. And the final point is the 1992 Consensus. I recognize that President Hu Jintao did not use the term "One China Principle," but only talked about the 1992 Consensus.

This is the most difficult part for the past eight years for a DPP leader to spell out the 1992 Consensus, but the Taiwan electorate will ask friends in Beijing and in Shanghai whether if by May 20th, in President Ma Ying-jeou's inaugural speech, if he spells out the term 1992 Consensus, what different incentives can Taiwan get in international arena? Because Beijing has said repetitively that so long as you agree upon the 1992 Consensus everything can be discussed. Okay, of course, Hu Jintao has said

[Chinese]. For China that's the same thing, One-China Principle means 1992 Consensus. But for Ma Ying-jeou it's different. It's 1992 Consensus with different definition of "one china."

So this is the gray area. This is the ambiguity. Probably this is the beauty of the cross-strait relationship. You know, you cannot get anything if it is not ambiguous between China and Taiwan. And that has been testified by history in the past 20 years. So I think the electorate in Taiwan determined, let's be ambiguous for awhile and see how China would behave.

MR. FREEMAN: Thank you very much.

QUESTION: I'm Gerrit van der Wees of the Formosan Association for Public Affairs; a question for Alexander on the economy. My camp rather successfully portrayed the economy as being rather down and out but if you look at the objective figures, 5.7 percent growth rate is not too bad it would be the envy of the United States I would presume.

The problem was, of course, unequal distribution with the relatively rich class getting richer from investment in China. But the incomes of the middle and lower classes, the working class really been stagnating due to the fact that their jobs were disappearing in China's direction and that cheaper goods were coming into Taiwan. Wouldn't the opening of the door to China further really aggravate this inequality? Certainly if China would also be caught in a downward economic trend that we do find ourselves in at the moment.

ALEXANDER HUANG: I don't want to dominate the panel but let me quickly respond. Number one, if you look at the numbers you cannot explain why people voted differently because I think the relative feeling or conscious in Taiwan voters before they cast their ballot was that they compare their life with four years ago or eight years ago. Or they'll compare the advancement of neighboring countries like South Korea or Japan and Singapore. They look at different figures.

I admit that the economic growth rate and jobless figures were not bad under DPP rule, but for a lot of people they look at the reality that you know, the government—I mean, the bureaucracy, the government officials has not had a pay raise for three, four years down the road but the consumer price has been rising.

I think this is the down to the earth daily life feeling vis-à-vis a very beautiful economic growth number. That's how people voted. And for the future, it's not easy but the people would probably hope that further, a closer economic relationship with China would revitalize Taiwan's economy. More capital flow in and out. But this is a subject of debate, of course, I admit.

MR. FREEMAN: Professor Feldman.

QUESTION: Thank you. Harvey Feldman, former foreign service officer now at the Heritage Foundation. Alex you've answered the question on the KMT and Ma Ying-jeou. I would add to that only that the question in Taiwan these days seems to be, is he tough enough to be able to manage the KMT. But my question is this and to the panel at large, who is going to inherit the DPP side? Are they going to form their usual circular firing squad? Go through a purge, or what's going to happen there?

CHING-LUNG HUANG: Okay, I'll try it. You know actually the Legislative Yuan had its election, this year on January 12th, and most of the DPP candidates failed in their campaigns and so they lost the energy to help support Frank Hsieh. From then on fund raising was very difficult for Hsieh because the most big businessmen would not waste money for any candidate who is not a great opportunity to win.

From now and until May 20th in Taiwan for the DPP it is very difficult because from central Taiwan, Yunlin, to Taipei there is no DPP congressmen or governor. From Yunlin to Taipei. They have only some, you know, 27 members in the legislature and only less than 20 percent local representative bodies, so I think for the DPP the most important thing is now they have to rebuild, at the grassroots. And because next year, 2009, we have an election for local government and based on this circumstance of the political trend, it is not easy. And who will lead the party? Some will suggest that the new generation take over but I think it's not easy and maybe I think of Frank Hsieh or the former Premier Su Tseng-chang will be appropriate chairman for the DPP. At least for the coming two years. Thank you.

DR. NIOU: I think probably Harvey you just witnessed the reluctance on the panel to respond to your question is a direct reflection of what's happening in Taipei today. I would say two points. Number one: currently the DPP has a vertical and horizontal problem. Horizontally they have to resolve the inter-factional struggle and vertically they have to resolve the inter-generational struggle. You know, whether to give it to the younger generation, the future fighters and let them to run for offices in localities and make sure that they can accumulate experience and turn into a national leader in the future.

And beyond vertical and horizontal there is another thing, it's the Lifa Yuan, or the LY. You know because the DPP has only 27 out of 113 legislators. And what can they do? Less than one-fourth, should they be marching or combatant line or try to fight KMT on issues, a more peaceful way on the floor of the parliament? So I think it's extremely hard.

Number two, I would say that my pick would be Su Tseng-chang because he has not been badly hurt as much as Chen Shui-bian or Frank Hsieh. He was not the person who determined the campaign strategy, it was Frank Hsieh.

And if we all recall that one or two years ago there was an advocacy of a Su Tseng-chang/Tsai Ing-wen ticket. And Tsai Ing-wen continued to stay in the green camp and also the biggest plus for Su Tseng-chang was that he has been constantly supported by the New Tide Faction. The New Tide Faction is the only faction in the DPP—I'm not a member so I may be wrong—but as I see it, the New Tide Faction is the only faction within the DPP who had some people really study hard and learn on the debates about national security issues like defense affairs, foreign affairs. All other factions were street fighters. You know, campaign managers; they were not interested in ruling the country. They are very good at campaigning. So I would say with the support of the New Tide Faction was the support of Ms. Tsai Ing-wen. I think Su Tseng-chang, if not the next chairman, will be the virtual leader for DPP. That's my pick.

MR. FREEMAN: In the back.

QUESTION: Hi. Steve Rice. My question, is do you think the recent arrests in Tibet and the subsequent crackdown will have any effect domestically in Taiwan and also what effect do you think the Olympics this year will have on Taiwan domestically? Thank you.

CHING-LUNG HUANG: We saw at a press conference that Mr. Ma Ying-jeou held after the election and he said he will not invite the Dali Lama to Taiwan. I think that is very precisely decision after his election to talk about this. Yes, the Tibet issue in this campaign is a very noisy debate. But as far as I know it had no impact on the result of the election. During the two weeks there was only a two percent shift of the candidates, the gap from Ma Ying-jeou and Hsieh went from 18 percent to 16 percent.

So this, I think, is a sign that actually most people in Taiwan are not that concerned about the Tibet issue. So maybe a former president recently said because we cannot protect ourselves, I mean the national security so we don't have enough to deal with or to talk about and debate issue. Thank you.

DR. NIOU: If I could add a footnote to that. I agree with Mr. Huang that the Tibetan issue recently has played a minimal role, like two percent, in our presidential election. But if I read your question you may want us to look into the future, Taiwan politics. I would say the Tibetan card will be a constant factor at least for the next six to 18 months in Taiwan politics because the DPP has been long associated and been supportive to the Tibetan cause and I think the DPP will use the problems in Tibet to force or pull the KMT to a position that will be very difficult for Ma Ying-jeou. That is, on one hand supporting human rights and on the other hand try to get deals on the functional issues like charters or Chinese tourists to Taiwan. That will be a factor of course. I hope the Tibetan issue or the Dali Lama will not be a card between Taiwan and the United States because Ma Ying-jeou said he would not invite the Dali Lama to Taiwan. And I'll stop right here.

QUESTION: Richard Hu from Brookings. Now I notice everybody on

the panel says Ma's victory gave him a mandate but what is the mandate? Observers from outside of Taiwan's politics, we're always trying to understand Taiwan's politics from a term called mainstream opinion. So if you say Ma has the mandate, can we say Taiwan's mainstream public opinion has changed to create this mandate for Ma?

So to what extent has the mainstream idea or mainstream opinion changed, especially on the national identity issues? Because on the panel I heard Emerson talk about a lot of people, you know, favor for status quo and Alexander talk about the policy platform and Ching-Lung talk about the voting behaviors. But I want to push a little bit further for all of you to say something about in your view to what extent the mainstream idea, especially on national identity issues, have changed. Because this really has a long-term impact not just short-term policy on deliverables so that's my question for all of you. Thank you.

ALEXANDER HUANG: Well I think Ma's campaign theme is a more pragmatic approach to solve some economic—that's the main thing—economic issues. And of course, Ma will also try to protect Taiwan's security and Taiwanese dignity. So you say what's the mainstream idea? It's just more a pragmatic approach. You know, you can look at his supporters.

Their views do differ from DPP supporters' views on many, many issues related to cross-strait relations. And so I think what Ma has to do is just to deliver, but not to be labeled as selling out Taiwan, because in order to achieve economic prosperity he might be labeled as selling out Taiwan's sovereignty. So that might be linked to the Taiwanese dignity issue. So I think his first priority is just to gain, to help Taiwan gain prosperity but meanwhile he's trying to protect his own reputation, protect the KMT's, not to be heard on the identity issue because that issue is linked to many economic issues.

MR. FREEMAN: No other comments?

QUESTION: Hi, Mike Pillsbury. It's my own question, not from the Pentagon point of view. I wanted to ask all three panelists just basically yes or no, during the campaign rhetoric, during the campaign promises did Ma Ying-jeou say anything that completely rules out his saying something in the inaugural address May 20th, that comes very, very close to Beijing's bottom line for 30 years now? That he would say something like Taiwan's part of China and there's only one China and its capital is in Beijing?

Could he come close to that in some creative ambiguous way or did he at some point in some speech promise he would never say those words? Because it seems to me no matter how much ambiguity we have and how much optimism we have now—Su Chi wrote a book on Chinese negotiating strategy with the Soviet Union. And the conclusion of Su Chi's book is just how tough Beijing was on the key principles with the Soviets and they were prepared to wait ten years until the Soviets met all of the terms that Beijing had laid out.

So if Ma Ying-jeou essentially caused really bad relations to happen over the next few years because he promised he would never say Taiwan's a part of China and there's only one China, its capital is in Beijing—or has he said something ambiguous enough already that the inaugural address could help? That's my question. As I say just yes or no. All three panelists not just Alexander.

DR. NIOU: No.

MR. FREEMAN: Emerson says no. That's one for no.

DR. NIOU: I mean, I think that's unfair just asking panelists to say one word, but if you allow me to say something. Ma would never say there's only one China, it's the PRC, and the capital is in Beijing. All right. His supporters will not support that. The issue about Taiwan independence, all right it's like in Taiwan if—no Taiwanese will want to be governed by the PRC, governed by the Chinese communists. All right. There's a consensus on that. The politics about Taiwan independence is independence from what?

Everyone wants to become independent from the Chinese government, all right. But independent from the Chinese identity, independence from the Chinese culture, Taiwanese differ on that dimension. All right, so Ma would never say Taiwan is part of PRC. His supporters will not support that and he realized that. The difference between the KMT and the DPP is on the identity issue. It's, are you Chinese or Taiwanese? But they may all agree, you know, that the name of our country is ROC. But I may not call myself a Chinese, I call myself a Taiwanese but my country is still ROC. So the difference between, the Taiwan independence issue is not, no one in Taiwan will disagree hey, you know we do not want to be ruled by the Chinese government but it's whether are you a Chinese?

I mean, do you love Taiwan? Right. If you love Taiwan do you have to hate China? All right. A lot of people say hey, you know, we love Taiwan but we don't hate China, we don't Chinese culture. We don't hate Chinese as Chinese, but we hate the Chinese government. All right. So I don't think Ma will ever say something like Taiwan is part of China and the name is PRC and the capitol is in Beijing. That's committing political suicide.

ALEXANDER HUANG: Fortunately this is the Brookings, it's not the Legislative Yuan. Because in the Legislative Yuan we were allowed to only say yes or no. Nothing else. But my answer is no. He would not say that.

CHING-LUNG HUANG: My answer is I don't know.

MR. FREEMAN: We've got time for just a couple more. You've been waiting patiently. Thanks.

QUESTION: Thank you. Michael Yahuda, formerly from the London School of Economics and now George Washington University. I think Alexander Huang

MR. FREEMAN: Please speak up a bit sir.

DR. YAHUDA: Alexander Huang earlier mentioned the generational issue only with regard to the DPP. And clearly, now there are people who are 30 and under who have no personal experience of the dictatorship years. And so presumably they will begin to think in terms of the emotional side of identity in rather different ways. And I think you've brought that out to a certain extent with the DPP.

But isn't the generational issue also a question for the Kuomintang? Because there are the old, if you like, power holders in the Kuomintang who will feel that they have an entitlement now to come back in some way. And yet, a great deal of the task for the new leadership will be to carry out reforms within Taiwan, to improve the financial institutions and other institutions as well. So for them the issue of change is just not a question of relations with China, it's change within Taiwan. So isn't there a generational issue within the Kuomintang as well as within the DPP?

ALEXANDER HUANG: In the interest of time I would say this is really an issue for Ma Ying-jeou and for the KMT. There will be a generational change, I think. I mean, I don't know Ma that well but if I look at the appointments of senior staffers in his city, in Taipei City, I think he probably will turn to a younger generation and transform the KMT to a more native-related political party. I don't know how strongly he can resist the senior leaders within the KMT. I don't know. But my reading is that he will try very hard to get the generation change in process.

QUESTION: Scott Harold, Brookings and Georgetown. Dr. Niou, I wonder if we look at the research that you've done on popular opinion, if you could look ahead a little bit, one of the major issues that lies out there, it seems to me and there are a lot of observers, is a possible return to the kind of corruption, thuggery, or just general arrogance of power that characterized the KMT before it really entered into mainstream democratic politics with a multi-party system.

Certainly that was a concern that the DPP tried to bring out after the LY elections. Certainly the break-in to the DPP headquarters fueled that. I just wonder, did you see any evidence of that in your interviewing? Would you care to speculate on whether or not that's one of the possible opportunities for the DPP to kind of capitalize on a mistake by the opposition?

Then pivoting to Ching-Lung, given the problems that the Taiwanese media has with generally being very partisan, now that you have an overwhelming source of power located in the KMT is there any possibility that ethics and media reform will push the Taiwanese media to say, now we don't really have a balanced system where we

can really slam—I mean slamming the DPP now is almost meaningless. So a more pro pan-blue media outlet, it seems to me, may in fact turn a bit more attention to scrutinizing the power holders in the KMT and I wonder if you would comment on that. Thank you.

DR. NIOU: Well, my survey doesn't really address that question but I mean as a political scientist power corrupts, you know, creates arrogance. So the KMT sooner or later will lose power, you know, that's predictable. But the short answer to your question is, no. In my survey I didn't touch on that issue. Not related to your question, but just one final point I would like to make is that we talk a lot about Ma's victory, implications of that to the DPP's internal power struggle, Taiwanese politics. But I think we should also ask what Chinese leaders should be thinking.

All right, Chinese leaders should actually play a very important role. They can deter independence, deter Taiwan from becoming independent fairly easily, but to induce unification—that goal in my view is not achievable if the Chinese government itself does not try to reform. But the Chinese government doesn't feel the urgency. That's a dilemma. You know, because the economic success prohibits them to think about political reforms. All right. But when China's economy sooner or later is going to run into problems then it will be too late to carry out political reforms. All right.

So the Chinese leaders, this is the best time for Chinese leaders to carry out political reforms. Without political reform forget about unification. You know, I mean, let me just stop there. It's the best time for Chinese, you know, to win Taiwanese hearts if you continue to rely on economic leverage that's not going to win Taiwanese hearts. All right. To achieve, induce unification without political reform just forget about it.

CHING-LUNG HUANG: After the election I read an article on the internet. The writer is a famous radio anchorman, and he said from now on Ma is not his friend anymore. He just wanted to emphasize to the public that he will be the professional journalist and we are not involved in the political competition like before. And also, I find out some television talk show and they will invite different guests and not just like in the before the election, only one color, you know, blue or red or green. So it seems a good beginning, but of course we have to—and when in the Chen presidential period some said journalists or media should be the opposite party and so now we will see when the president is Ma Ying-jeou and today will still be the opposite party. Thank you.

MR. FREEMAN: I'm afraid that's going to have to be out last question. We've made these gentlemen work hard enough for their lunch and I'm sure you're all waiting as well. Please join me in a round of applause for a very excellent panel.

(Applause)

DR. BUSH: Thank you very much Charles for chairing this morning's

session. I want to thank each of the panelists for their outstanding presentations and for you in the audience for your outstanding questions.

(Recess)

THE BROOKINGS INSTITUTION
CENTER FOR NORTHEAST ASIAN POLICY STUDIES

TAIWAN'S ELECTIONS AND WHAT THEY MEAN

SESSION THREE: LUNCH REMARKS

Thursday, March 27, 2008
The Brookings Institution, Saul and Zilkha Rooms
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Session One: Opening Remarks

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Session Two: What The Elections Say about Taiwan Politics

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Session Three: Lunch Remarks

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MICHAEL FONTE

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HO SZU-YIN

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Session Four: Implications for Cross-Strait and U.S.-Taiwan Relations

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RICHARD BUSH: Ladies and gentlemen, why don't we go ahead and get started? We have a bit of a time squeeze here for lunch, so if I could call this part of our meeting to order, both here in Saul-Zilkha and also in Somers. If I could have your attention, please; thank you very much. We're very pleased to have two people speak to us at lunch, one representing the Kuomintang and one representing the DPP.

To begin, I'd like to sort of go back to a conference that the Freeman Chair of CSIS held almost precisely eight years ago today. It was on the 2000 election. It was when Gerrit Gong was the holder of the Freeman Chair. An American official spoke at that session and, among other things, he said: "I don't know how the KMT will survive this defeat and what role it and its members will play in Taiwan's future politics. Those questions will be answered in the weeks and months ahead, but I would observe that the KMT has responded to disaster several times in the past and remade itself to adjust to a new environment. My point is that the KMT has proved to be a resilient organization that has talented people in its ranks. It still has a majority in the legislature and a strong presence at local levels. I do not think we should count it out."

It happens that I was the person who made those remarks, but I don't quote myself to tout my predictive powers. I do it to frame my introduction to today's two speakers.

Dr. Ho Szu-yin, who is the Director of the Department of Overseas Affairs of the Central Committee of the Kuomintang, is one of the talented people in the Kuomintang's ranks who contributed so much to this iteration of the Kuomintang's remaking itself to adjust to a new environment and to the victory that the Kuomintang achieved.

I don't think we can count the DPP out. It, too, is a resilient organization, and it will address the challenges of the political demography and political geography that we heard about this morning. It, too, has talented people in its ranks and Mike Fonte, who is the Washington liaison of the DPP, knows a lot of those people and I think will be able to speak to how they're viewing the situation.

So, without further ado, I would like to call first on Ho Szu-yin to offer a few remarks, and then we'll turn to Mike. Thank you very much.

(Applause)

HO SZU-YIN: Thank you, Richard, for your very kind introduction. Washington is always the most interesting place for me to visit in the United States. I just arrived yesterday morning and if I stutter somehow in my presentation, blame it on my jet lag; don't blame it on my lack of clear policy thinking.

I'm going to talk about three things: One is party politics in Taiwan; secondly, how the KMT thinks about foreign policy conduct; thirdly, what we need to do

in cross-strait relations. For topic number two and number three, I'm not going to talk about the interdependent decisions that may be made in Washington, D.C. or in Beijing. I'm just going to talk about what the KMT administration can do in these two regards.

First of all, party politics in Taiwan. Most recently, we pay very, very close attention to what may come out from the DPP's reorganization effort. This attention is based on a widely held belief in the policy circles that we—we being the KMT—must have a viable democracy to strengthen our national security, and a viable democracy won't be obtained without a viable opposition party. Thus, we believe that the future of the Democratic Progressive Party would be extremely important to Taiwan's future.

This is the very reason why after the election, or actually at his victory speech, Ma spent three long paragraphs in providing reconciliation toward the DPP. He mentioned that he complimented the DPP's past contribution to democracy. He also said that Frank Hsieh, albeit a competitor in the election, is a very respectable statesman. He also said that whatever policy is provided during the campaign by the DPP, he will take those policies, DPP policies into consideration. Thus, the DPP's reform would be very important in our belief to Taiwan's future.

I want to provide a couple of points regarding the DPP reform, though I understand that it might not be appropriate for me to talk about that. You may know that I joined the KMT now for four and a half years, and through the years, I witnessed and I worked very hard for two presidential campaigns, 2004 and 2008, to area-wide elections, again 2004 and 2008, one county magistrate election in 2005 and the Kaohsiung-Taipei in the city mayoral election in 2006. I feel very privileged to be a participant-observer in Taiwan politics. So when I talk about the DPP, my perspective is not necessarily from a political scientist perspective.

The DPP will have some difficult time in reforming itself for two things. One is, how is the DPP going to define its ideology? Will it move toward one extreme of the ideological spectrum or will it move toward the center?

If it moves toward the extreme, on the reunification-Taiwan independence spectrum, then the question will become, how could the DPP design a policy program—or should I say a visible policy program—that is a fit with that ideological Taiwan independence position? If the DPP moves toward the center, how would it distinguish itself from the KMT which is securely located in the center?

I talked to some of my friends and students who are avid DPP supporters, and they all told me that right now they are thinking about a center to left program with a strong emphasis on a social safety net, and this is their basic idea. But then again, as I said, an ideological movement by the new DPP leadership will be very important for Taiwan's future.

Another thing is, I can predict that the DPP will see more loss, electoral

loss in the future for one reason. As you know, the DPP's stronghold now is in southern Chiayi for this particular election. The DPP fraction had one in five counties, and all these five counties are mainly agricultural counties.

There is a good reason. The peasants, the farmers do not have that much ideological inclination. Rather, they always support whatever party is in the government. They support the ruling party, and the reason is because in Taiwan's globalization process they are those who are left behind. They need the government subsidy. When Ma comes to power after May 20, I don't think he will delete any subsidy to the farmers. Then you know the farmers tend to support, as I suggested, the ruling party. In this regard, I think that the DPP will face more difficulties.

Then I want to talk a little bit about the KMT side. Of course, now there are a lot of things to be said, but let me emphasize just one thing. Some people, in the morning, asked the question regarding generational change within the KMT, asking about if Mr. Ma can shed the weight of the KMT seniors.

It seems to me these questions are not of particular importance for one reason. The KMT, from the chairman to the members of the Central Standing Committee to the members of the Central Committee to candidates of various elections, were all created by direct membership voting, member voting, general voting within the party.

In the past four and a half years, after I joined the KMT, we did one very important thing which has been lost to outsider. That is, we made it very clear that we have a clean party membership registration list. That is super important. In order to have all these elections, intraparty elections, you must have a clearly defined membership list.

In order to have this clearly defined membership list, we collect party membership fees on the scale of 200 Taiwan dollars, which is 6 U.S. dollars per year. For every 100 dollars we collect from our party members, we have to spend 75 dollars. It makes no business or commercial sense, but it makes tremendous political sense. If we cannot collect a membership fee from any particular member, we know that he or she is nothing but a ghost member, and you cannot count on the ghost members to reflect the public opinion, at least within the party.

In order to collect these membership fees, we contracted the 7-11 company and stores. For every 100 dollars collected, they would have a cut of 40 dollars. So we rely on this mechanism to have a clearly defined membership registration list, and then we can have all these elections, the intraparty elections and the elections, and the elections will be very legitimate. I think this is a very important organizational aspect of the KMT.

Now I want to talk about the foreign policy conduct of the KMT. The foreign policy team of the KMT has many people who are friends to this audience. You know many of them. There are some fundamental beliefs among the KMT's foreign policy team.

The first thing is, we believe that Taiwan is a small state and, as a small state, there is no way—there is no way we can afford to alienate the major powers including the United States, China, and some other medium to major powers. This is our fundamental belief.

The second fundamental belief is, we will not use foreign policy conduct for domestic consumption. The KMT team will decouple domestic political consideration from foreign policy, and this is important because we don't want to force all the major powers, the United States in particular, to make a choice between Taiwan and China. We know that the major powers, any other countries actually, have their national interests. If we do not pay attention to the national interests of other countries, then we believe that other countries won't pay attention to our national interest. So that is very important.

Thirdly, we want to make democracy work, and this is the fundamental reason of our attention to the DPP's reform, future reform effort. Ma said that. Actually, now a lot of people this morning and I also know that a lot of people in Taiwan are concerned about the possibility of one party dominance. Of course, in our campaign slogan, we counter with "one party accountability." But the thing is for any democracy to work, accountability must have some mechanism, and the mechanism has been mentioned by Mr. Ma. In his victory speech, he said that he would respect the opposition party. That is as I just suggested.

He would respect the media. That is he won't tolerate any intervention into a media operation. He will not intervene into the operations of independent government commissions such as the Central Election Commission, and he will cultivate the power, should I say medium voter power, the central power in the society.

He said and this is, I think, very important. He said he will support checks and balances against the ruling party in the society. That is the checks and balances mechanism is not just defined as the checks and balances between various branches of the government. Rather, it is broadly defined as societal forces that are cast some constraints on the one dominant party. That is my party.

So if we can have a very workable democracy, we certainly will have some demonstrated effect in China, and this has been mentioned by my friend, Emerson Niou, earlier this morning. Certainly, we will have a higher moral ground in the international community. Thus, having a democracy, a functioning democracy, will be extremely important for Taiwan's national security.

I'll give you one example. On the day of presidential voting, that was March 22nd, CNN Asia ran two headline stories. The first headline story was China's suppression in Tibet. The second one, Taiwan's voters go to booths. I think this coverage by CNN provides an extremely important element to Taiwan's and to the KMT's design of national security.

Fourthly, we believe that the numbers game, how many countries will recognize Taiwan, would be a very difficult game for us. As you know, many countries who are now recognizing the Republic of China are going to Beijing, are leaning toward Beijing largely for the incentive package provided by Beijing. We have to reconsider the form or the substance of our foreign aid, and Ma has already mentioned two or three days ago that he will refrain from checkbook diplomacy.

But still, we need to design some mechanism to provide foreign aid so that we can have longer reach toward the developing countries, as well as at the same time we won't alienate all these major powers which can be extremely important in any cross-strait dispute. For example, I understand that—and I heard this from the Minister of Foreign Affairs from various capitals—that our foreign aid endangered their peacekeeping efforts in all these less developed countries, and we certainly will take that into consideration in designing our foreign aid program.

Lastly, I want to talk about what we can do in cross-strait relations. As you know, the new KMT administration would like to have a direct flight link across the Taiwan Strait with the lifting of the 40 percent net value investment constraint and, of course, we would like to have more tourists from China and encourage capital coming from China. This provides the general direction to cross-strait relations under the KMT.

But I have to say that in the long run the roadmap is not that clear for one good reason because the cross-strait is actually an accumulation of interdependent decisions not only by Taiwan but also by China as well as the United States. There are some very important variables that simply are not within our control. Or let me put it this way, and again Emerson used the term endogenous. Some variables are exogenously determined. This is a very awkward term but meaning that these simply are beyond our control.

So what are those things that we can do in terms of pursuing a rapprochement with China? Several things. One is, right now we have created a very favorable initial condition for cross-strait development. Ma's stance on Taiwan's independence and on cross-strait relations should be quite familiar to China already. Then many believe that the ball is in China's court. Of course, we would like to see some favorable response to the KMT's stance. Then we will move from there. We will move on from there.

The second thing is what would be the institutional framework for this rapprochement on the part of Taiwan, of course. We all know that there is a KMT-CCP platform for policy views exchange visit since Lien's visit to China. Once the KMT assumes the government, of course, the former channel should be conducted through the Strait Exchange Foundation, and Ma has already said that the SEF would still be the most important channel to have interaction with China. Does that mean the KMT-CCP platform will dwindle? My guess—this is solely my guess—is that it still serves as the platform to exchange ideas, but the negotiations, the concrete negotiations should go

through the SEF.

Secondly, Ma also mentioned that we will need the legislative support in whatever negotiation we have with China. Then what should be the institutional design? Back in 1934, in your country, your Congress enacted what is a very, very important act leading toward a free trade negotiation, and that is the RTAA, the Reciprocal Trade Agreement Act, which moved the power of trade negotiation from the Congress to the president.

Two important features with that RTAA are, one, fast track and, two, up or down voting. That is, you cannot amend the agreement reached between the American executive branch and its foreign counterpart. You must give it yes or no so that other countries would have the incentive to negotiate with the United States.

Following the same logic, we must have our institutional design. That is we must need the authorization from the LY, I think, in the future to conduct a negotiation with China. Once we finish, we complete the negotiation with China, we will bring the agreement back to Taiwan, to the LY. Then, of course, we need more specific procedures for the LY to ratify the agreement. Again, here, ratification does not just take the form of voting up or down. Rather, the ratification has a lot to do with the social atmosphere then, and I believe the LY will reflect the general social atmosphere during that time. This is extremely important.

Without the support of the LY, then the executive branch wouldn't have a very easy time in negotiation on the domestic front, not a cross-strait front. So this is important.

Another thing is regarding the peace accord. The foreign policy team of the KMT has given very serious thought to the contracting parties during the negotiation, as well as to how do we know that the other side, that is the Chinese mainland, would abide by all the terms of the agreement? After all, it is an authoritarian regime and once the leader has a change of mind, then all the terms may not be kept intact.

On the other hand, we also thought that, how does the other side know that we will keep our promises? After all, we are a democracy, and every four years we may have a change of leadership.

Without this mutual trust built a priori of the negotiation, then it will be extremely difficult to have any peace accord in 10, 30, 50, 100 years. It doesn't matter. The point is we must solve this post-a priori monitoring cost of the problem, to borrow some terms from economics.

Again, here, what kind of process or institutional framework can we have to solve these problems involved in the negotiation of a peace accord? We have borrowed teachings from institutional economics, from negotiation handbooks and everything. The point is we don't know yet, to be very frank with you.

We believe that right now the approach is step by step and we want to see up to one step by us, what step the other side takes regarding to our previous step. We just hope that through our repeated interactions, if we can persuade China that the future is very important for cross-strait relations—in the jargon of political science, we say that there will be a long shadow of the future—we believe we can encourage some beneficial reciprocities or more favorable steps from the other side. We are very much hopeful that some virtuous circle can start with Mr. Ma's winning of the election.

Okay, I will conclude here. I thank you very much for your attention. Hopefully, I didn't waste much of your time. Thank you.

(Applause)

DR. BUSH: Rest assured that you didn't waste our time. Now I'd like to call on my old and dear friend, Mike Fonte, for his thoughts.

MICHAEL FONTE: On behalf of the whole DPP family, I'd like to thank Richard, Nancy who was here before—I don't know where she got to—and Charles for this opportunity to speak mostly from my own personal reflections.

But, of course, I want to say on behalf of the whole DPP family, like I said, Mr. Hsieh, Mr. Su, the campaign team, Y.Y. Lee, Hsiao Bi-khim my boss, and particularly, of course, the President as well as the Vice President, I want to thank all of you for this opportunity to be here and to thank you also, all of you, literally all of you, for your longstanding support for human rights and democracy in Taiwan. The whole DPP family also extends its regrets that nobody could come, and your humble servant will have to do the honors here.

I want to start by reading from my own translation of Mr. Hsieh's concession speech. Those of you that haven't seen it might want to look on your computers at FrankHsieh.com, and the little video will give you, word for word, his concession speech.

This is my translation: The Taiwanese people have cast their ballots, and their decision is clear. We accept the reality of our defeat and congratulate Mr. Ma Ying-jeou and Mr. Vincent Siew on their victory.

We deeply regret that the Democratic Progressive Party has not met the expectations of our people and, for this, I must and do take the greatest responsibility.

I appeal to all DPP supporters to be calm and serene in the light of this election result because democracy is not simply a question of the end result, but it embraces the whole process. This democratic process inevitably means disputes, discussions, differences, arguments, but we must accept the results of the election and not continue to fight this outcome. We must do so in order for our society to quickly repair

itself so that whatever chasms might have opened as a result of the election process, be closed, and our people thus able to quickly get back to a life of love and trust.

We lost the election, but we have an even more important mission, namely to not allow the embers of democracy our ancestors have handed over to us to go out. We must turn disappointment into strength so that we might preserve Taiwan's democracy.

Those are Mr. Hsieh's words.

The following are my own personal reflections, trying to reflect, I hope, the DPP's position. First and foremost, I believe that democracy was the winner in Taiwan. This, as you know, is the second transfer of political power between parties, the first one in 2000. I think the important thing is this time it's being done fully and properly.

First of all, Mr. Hsieh congratulated Mr. Ma and Mr. Siew on their victory. I think that's an important element that wasn't done before. Mr. Hsieh encouraged DPP supporters to accept the results of the election, to roll up their sleeves, get to work, reflect on what they did, what they did right, what they did wrong, and work to ensure that democracy stays fully alive in Taiwan.

In contrast to the many, what I consider phony, concerns about so-called dirty tricks by the DPP, President Chen has established a taskforce to manage the transition of power, another not unimportant piece of transfer of power.

The Executive Yuan has announced that it will consider itself to be a caretaker cabinet, will freeze the approval of all new legal bills, budgets, and political appointments before May 20th, and will freeze all new policy moves after the Central Election Commission officially announces the election of Mr. Ma and Mr. Siew. It won't happen until March 28th.

President Chen has promised full cooperation with Ma's transition team including Ma's participation in important presidential meetings and even the Hankuang War Games to help the President-elect—rightly so, in my opinion—to gain a grasp of national affairs as soon as possible.

I think this full and proper transfer of power reflects very, very well on Taiwan and reflects another important element which I think has to be underscored here. There are those who believe that Asian values and democracy don't mix, that people from a Chinese cultural context need a managed democracy or democracy with Chinese characteristics. That's my phrase, not somebody else's.

The Taiwan experienced ones know that doesn't have to be true. We can have a real democratic process, a real change of power that doesn't have to be violent, that can be done formally and properly. Thus, Taiwan, it seems to me, stands as a very

good model for Asia. President Bush himself has noted, as I'm sure you all heard: "I congratulate the people of Taiwan on the successful conclusion of their March 22nd presidential election. Once again, Taiwan has demonstrated the strength and vitality of its democracy. I also congratulate Mr. Ma Ying-jeou on his victory."

Taiwan is a beacon of democracy to Asia and to the world. I am confident that the election and the democratic process it represents will advance Taiwan as a prosperous, secure and well-governed society."

There are, however, in my mind, two important caveats to this "Taiwan is a democratic model." It's been mentioned several times here today and elsewhere. The first, of course, is that the DPP must reflect hard on both this overwhelming loss and the loss in January in the Legislative Yuan.

The party must reorganize, get serious about a strategic vision for the next four years that gets it firmly into the running as a serious loyal opposition. Dr. Ho has mentioned that. Others have mentioned that. You cannot have a serious democracy unless you have serious opposition power. That's a checks and balances possibility.

Mr. Hsieh raised four points for his own party to consider as he stepped down from party chairmanship. One, he said, the party must reevaluate its position and must reform in order to win the trust of the people. Since the DPP will soon become an opposition party with nothing, we must truly reform and compete with other opposition parties.

Second, the youth of Taiwan continue to hold high ideals. Thus, it is vital for the DPP to truly take on the path of reform in order to attract youth support. We need to further recruit the younger generation to become part of the DPP. It is important to allow young members to fully participate in the reform of the DPP and to help shape the DPP's future.

Third, the party needs to hold an ad hoc national party congress meeting to allow delegates to fully voice their opinions and work collectively to determine the party's future direction, and amendments need to be made in the DPP's charter and our electoral rules, so new members can participate in the chairperson election in May, thus producing a new leadership which will truly represent a new revitalized DPP.

Fourth, the party must take the role of loyal opposition to serve as a check on the power of the ruling KMT but must also push for good policies for the betterment of Taiwan. We must work together and also seek to further truly complete transitional justice in Taiwan.

The second aspect needs to be underscored, again, as has already been mentioned several times is the accountability factor. How will accountability be real in the Taiwan in which the KMT has 75 percent control of the LY and has the executive branch as well?

It seems to me there are several aspects to this, not the least of which has been spoken about in many contexts, the need for the development of civil society in Taiwan. Instead depending solely on political parties to be a check and a balance, there needs to be development of issue groups as we have here, groups that are looking at specific aspects of policy and focusing on that.

One can only hope that the shift in the way in which the Legislative Yuan members are selected or are voted on will create this accountability. As you all know, I'm sure, in the past, it was multimember districts. You could win with maybe 10 to 12 percent, maybe even less, of the vote and still be a member from that broad district. Now, it's winner take all. Hopefully, that will mean that constituents will be watching carefully what their representative does and will hold that representative accountable.

The other aspect, it seems to me, is that the media must be intent on giving evenhanded, responsible journalist inquiry and investigation so the public can make informed decisions. Not always been true in the past, probably won't always be true in the future. Not true here as well as other places, but I think Taiwan has some specific problems in terms of media coverage that really must be addressed.

One can also hope that Mr. Ma will be scrutinized for his policies in a serious principled way unlike what I consider the scorched earth attacks on President Chen while he was president. For example, Mr. Ma has promised the 6-3-3, right: 6 percent growth of GDP each year, 3 percent unemployment, 3 percent inflation rate. I believe that's correct. Fine ideals and every politician, when he's on the stump or she's on the stump, will make promises. Let's look at those as we go along. Let's hold them accountable.

I must say, parenthetically, my Italian temper gets a little hot when I hear people quote suicide statistics. I know my friend, Norman, whom I've seen here somewhere and Mr. Huang Ching-Lung also mentioned that this morning. I, personally, doubt that the suicide statistics are the result of Chen Shui-bian. I think there's a lot of factors that go into people making that terrible decision.

Who's going to be holding the clicker for Mr. Ma? Good question. How will the promises of golden eggs from the Chinese goose pan out? Who's going to be checking whether extended cross-strait relations really are going to help those farmers and workers particularly in the south?

I think U.S. politicians have the same problem. How are we going to provide for the workers in Ohio who no longer have jobs? FTAs, WTO arrangements haven't quite cut it, have they, for the people of Youngstown? I think a similar problem faces Taiwan and any president of Taiwan. I do think Mr. Hsieh and the DPP generally provided for what Ho Szu-yin suggested was perhaps a broader social safety net. That tends to be the DPP's position, a more social democratic, shall we say, approach to issues like that on the economy.

How will Mr. Ma be able to deliver? Will he be able to deliver on these questions and the accountability question? Issues have been raised too about the realities of governing for Mr. Ma. People here know the party much better than I ever will. But what about the older guard in the party? What about the LY? How will Mr. Ma be able to handle a complicated party much as the DPP is a complicated party?

But democracy was a winner. There's no doubt in my mind and I don't think anybody in the DPP's mind about that, and that's a very, very important statement.

But there's also no doubt in my mind that Taiwan was the winner in this election, and here I want to make a point which I believe really needs to be made. President Chen has taken a lot of flak over the last eight years from many quarters. I think it's very important to recognize—I recognize at least—that his emphasis on Taiwanese identity, his emphasis on this place is our place. We have to be true and loyal here first and foremost. We don't have to be anti-China, but we have to be true to Taiwan. He has built a legacy, I believe, that is a very firm and important legacy for the people of Taiwan. You see that in the statistics about who's Taiwanese and who's Chinese and all those questions.

I think it's much more important to look at what Mr. Ma said during the course of the election and see how I think his policy has shifted from what would have been a traditional KMT policy. In response to Premier Wen Jiabao's statement about the referenda in Taiwan and other issues, Mr. Ma issued a six-point statement. He said, the Republic of China is a democratic country that enjoys sovereignty.

That's certainly been a traditional position of the KMT, but I would say it's been a muted position when party leaders to go to China to talk to the Chinese, understandably, but Mr. Ma firmly reaffirmed this position. And then he said something which is different from his position of not very long ago: the future of Taiwan will be decided by the 23 million Taiwanese people, and we won't allow Chinese interference.

I suggest to you that that position, those two elements of that position, is not very different than the DPP's 1999 resolution on the future of Taiwan.

Ma reaffirmed that the KMT policy has always been Taiwan-centric for the benefits of its people, adding that this is why the party has advocated the three noes: no unification, no independence and no "bu" [武]. I have yet to quite understand what "no bu" means. Is it military force? Is it arms? Is it all of the above? Interesting question, I think.

He also said that a return to the United Nations is the aspiration of 23 million people on Taiwan, and the party will continue to work toward that direction. I think these are very important statements that Mr. Ma has made, and it's going to be interesting to see what the Chinese response will be to him.

I thought Professor Huang made an interesting statement this morning

about what I presume was the mutual non-denial position which is, you cover your right eye and look at the problem, I'll cover my left eye and look at the problem, and let's just deal with what's in front of us. Well, let's take a very practical example. I cover my right eye and look at a panda, and I see black spots, right. You cover your left and look at a panda, and you see white spots. But how do we deal with sending the panda from China to Taiwan? Do we have to sign an international treaty about endangered species or is it internal? I mean these are practical, real sovereignty questions, right. They come up. They're real. They're not made up by the DPP.

What about the hedge issue? A far more important issue, I think. U.S. policy towards China is a very complicated, nuanced policy. We want to engage, obviously, but we have a hedge. Taiwan is a very real part of that hedge.

What are the Chinese going to say to Mr. Ma if he wants to negotiate a peace agreement about hedge? No more arms sales? No more arms purchases? No more military contact with the United States? Interesting questions, and I think those are the kinds of contradictions, complications that will come out of the discussions with Mr. Ma and the Chinese.

I wish—and I'm sure the DPP wishes—Mr. Ma well. It's important for Taiwan's future that there be a real democracy that goes forward smoothly for the prosperity of the people of Taiwan and the peace and stability of the region.

I am reminded when I talk about democracy as the victor of the famous, perhaps apocryphal, quote from Ben Franklin. I suppose he came out of Independence Hall as they finished writing up the Constitution and somebody asked him, what do we have here, Mr. Franklin? He said, "A republic, ma'am, if you can keep it."

I think that's the issue before Taiwan today. It's a democracy. It's a real democracy. Work has to be done on all sides to continue to make it a real democracy. Taiwan is also a land full of people proud to be its citizens, wishing to preserve what they have. But will Mr. Ma's mutual non-denial be able to withstand what will surely be a PRC pushback? I hope so.

How will the growing economic ties between the two sides shift on the issue of sovereignty? I don't think anybody knows the answer to that.

Questions abound, but so does my own optimism that the dedicated people I know in the DPP and the many whom I don't know as well in the KMT will keep Taiwan a strong, proud country, a good friend of the United States and a model for its neighbors near and far. Thank you.

(Applause)

DR. BUSH: Thank you very much, Mike. Thank you, Szu-yin. We have about 25 minutes for questions. I'd ask Szu-yin to come up here, so he's available. If

you are in the Somers room and want to ask a question, I ask that you come across the lobby into the other room, so you can be available where the mics are. I give Harvey Feldman the first question.

QUESTION: There is a very practical matter which is going to come up before May 20th and that is the meeting of the World Health Assembly. Last year, for the first time, Taiwan applied for its membership in the World Health Assembly. Taiwan last year applied for membership in the World Health Assembly. The question is what Taiwan will do this year.

So my question wraps around a suggestion. An interesting way of testing the PRC early on, if you wanted to test the PRC early on, would be for Taiwan to retreat and go back from membership to applying for observership and to see what the PRC reaction would be. In that connection, let me mention that the recognized observers at the World Health Assembly include the Red Cross, the Red Crescent, an organization called the Knights of Malta, and the Palestine Liberation Organization.

DR. BUSH: Do you want to direct your question?

MR. FELDMAN: You can direct it either way. This will be a decision within the purview of the Chen Shui-bian government.

MR. FONTE: It's a good question, Harvey. I don't know the real answer to that question. I would hope—would hope—that as part of the transition, there would be real serious discussions between the parties about how to do this. That would be the best outcome in my position. I certainly think, knowing the U.S. position well on this matter, that observership rather than membership would be the goal, would be the ask, and I do agree with you. It's a very important first test for the Chinese leadership of how they will respond to the new environment.

DR. BUSH: Thanks. Who has a question? Eric.

QUESTION: Eric McVadon, the Institute for Foreign Policy Analysis. Richard, you quoted yourself earlier. I think I remember writing a dozen years or so ago, something about both sides of the Strait having uncanny aim in shooting down trial balloons from the other side, about the time I was talking about the Million Man March, too, which people remember but have forgotten that.

I wonder, even though many of these overtures from both sides have been imperfect or ambiguous, if you would agree that we have been too zealous and both sides have been too zealous in shooting them down rather than nurturing the parts that we might find that have promise.

DR. HO: All I can say is I hope not in the near future. I believe Ma has been elected and should serve as a good initial condition for the next round of interaction across the Taiwan Strait. The trial balloons have been shot, and I agree with you on that

assessment. Right now, we are just hoping that the other side can pick up all the messages sent or signals sent across the Taiwan Strait in this past election.

MR. FONTE: Again, I want to defend President Chen here. When he first came into office, he made several offers which were shot down immediately. Now people can say he was just grandstanding. They can say a lot of things, but he did make the offers. I think a lot of people that I know feel that his initial attempts to offer some room for dialogue, discussion across the Strait were shot down. He kept getting slammed in the face and then he decided, forget about it, I'm going to turn to a different direction now.

So I hope, I do hope that Mr. Ma's attempts to make a broader, wider set of starting points will work. I think it's in Taiwan's interest and China's interest and the United States's interest. But I do want to keep on the record the fact that President Chen did start with that direction and quickly got the door slammed in his face.

DR. BUSH: I'd only make the comment that if your only arena for communication is public and through the media, you're not going to get very far, that there is a role for diplomats or the functional equivalent. Nadia?

QUESTION: Hi. Nadia Tsao with the *Liberty Times*. I have a question for Dr. Ho. The KMT was able to build up, building the platform with the CCP in the past when you were in the opposition place. I wonder, will this platform continue to work?

There are so many people coming back and forth from KMT in the past years, building their own connection in the mainland. So once you're in power, will you have a control or demand or requirement for these party members because people might hear different voices on your mainland China policies? Who will speak for the President? Who will speak for the KMT? So could you elaborate a little bit on that? Thanks.

DR. HO: Your question has two levels. One is the future, possible future functioning of the platform between the KMT and the CCP. I suggested in my presentation earlier that Ma has already said that the negotiations will be between the SEF and the ARATS [Association for Relations Across the Taiwan Strait]. How useful the KMT-CCP platform will be really not only depends on our decision, but it also depends on China's decision. Whether the Chinese would like to further use this platform is up to them. So that's the question, one level of your question.

The other is control. I heard the term many, many times this morning. All the control talk supposes or presupposes some party discipline, and people are afraid that the party discipline will obtain the current configuration. I do not think that the party discipline is that important. Mostly, party discipline is a term for a parliamentary system. In our system, party discipline is very much like that in the United States. You rely on persuasion. You rely on all kinds of, well, some say it's arm-twisting tactics and

whatever to tell your members that they should fall into line. If they are very adamant, not following your line, I think that it will be that.

You do not talk about control in my understanding of Taiwan politics, but you do talk about persuasion. The power of the purse really is the power of persuasion.

DR. BUSH: Mike Pillsbury and then I'll go back there.

QUESTION: Dr. Ho, is there any chance President Ma could take an idea that President Chen talked about for many years, but he never did, to appoint a civilian Defense Minister? The reason I ask this is I know the people in the KMT foreign policy team, some brilliant people, but I've also read the KMT official defense plan, about 12 pages long and very, very hawkish. You know here in America our Pentagon is often accused, falsely, of having its own foreign policy. You don't want to do this in Taiwan. So is there any chance that there could be a civilian Defense Minister appointed by President Ma?

DR. HO: Well, my answer is simple, Michael. I don't know. I just don't know. Right now, they haven't even, well, there are a lot of rumors regarding the Premier, and we are here. The rumors are here. The Defense Minister is way down here. So I really don't know.

DR. BUSH: Let me introduce another phrase for you to deal with questions like that: "above my pay grade." The lady back there.

MR. FONTE: It's also true, though, at the very end, Michael Tsai has become the Minister of National Defense, and he is a civilian.

QUESTION: Louisa Jones, foreign service officer with the U.S. Department of Commerce. Mr. Ho, you addressed this issue a little bit, but can you talk a bit more about the challenges and opportunities in the cross-strait common market? On the one hand, Taiwan is increasingly shipping out sophisticated industries such as electronics to China, but then there's a lot of repatriation of profits and expansion of the market and so on. So if you can elaborate some more, and I would love to hear from the DPP side as well.

DR. HO: Let me structure my answer in such a way. First of all, we believe, the foreign policy team believes that there is always some undesired risk for any public policy. If there is no such undesired risk and you don't take that policy, then it means inefficiency.

For Taiwan, you just mentioned the electronics industry now moving to China. We believe that this is almost inevitable. Current risk trends in investment, in Taiwan's investment in China simply drive the investments underground. The government simply does not have any statistics whatsoever on the profitability, on the distribution of all these companies, electronics companies.

Thus, we believe we must inject some more transparency. We must be in tune with the investment, and we must have a better understanding of this globalization process if you think that and China really is becoming the world factory. That's one thing.

Another thing, it's extremely important and relevant to your question but not assumed in your question, is the security dimension of this investment in China, in the trade with China. The thing is how do we know that China won't use our investment in the Chinese market to leverage against us for political gains? This is where in our discipline, political science, we call this a Hirschman effect. This was first revealed by Professor Albert Hirschman of the University of California-Berkeley. His historical example is Nazi Germany's commercial practice toward the Central and Eastern European countries. Apparently, for Hirschman's argument, there was such a possibility, a very high possibility of political leverage based on investment in the trade patterns.

But, again, we need to know some parameters for this leverage tactic by mainland China, and there are several parameters we really need to address. One is the property rights regime in China, especially when it comes to Taiwan investment. Secondly, we need to know the market structure of any particular industry. Thirdly, we need to know on a microeconomic level the hedging, commercial hedging practices of all these investing companies.

I believe in the future the KMT team will have some in-depth probe into all these parameters. We need to think about Taiwan's security in the light of this globalization process.

MR. FONTE: I concur with what Dr. Ho said. I think that one of the things that also happened in the course of the debate, Mr. Hsieh pushed very hard up against what he called the One China Market. I think it produced some interesting refinements, in my opinion, on the part of Mr. Ma, which is Mr. Hsieh's argument was all those laborers are going to come to Taiwan, all that agricultural produce. As Bacon once said, all those beggars are going to come as well. There won't be anything left for the Taiwanese.

I think Mr. Ma made it very clear that it would be a slow process, a measured process. We'd be careful about what impact it had on Taiwan's own prosperity. So I guess I'd come back to my theme which is I think Taiwan won out of this total election process.

DR. BUSH: Norman, you don't have to put your coat on.

QUESTION: Okay. My name is Norman Fu. I'm with the *China Times* of Taipei. I have a question for Dr. Ho. Before the election, when this Tibetan rebellion was going on, Mr. Ma came out, using very, very strong language condemning Beijing, especially attacking Wen Jiabao, the Premier, by name and in person. So I was quite

shocked not because he launched such attacks but the fact this was an extremely sensitive issue. I understand he was under tremendous pressure from the DPP to take a position. However, was he ill-advised to do something like that?

I wonder whether it was a spur of the moment reaction, which I don't think so, or whether he consulted with his inner circle including people like you before he came out with his statement. The statement, I think, was prepared. He called Wen Jiabao, stupid, self-conceited, all the bad things you can think of. So that, to me, is really not very diplomatic language. I don't know. So, in this connection, sometimes I wonder whether Mr. Ma's mental power leaves something to be desired.

DR. HO: I think that the remarks were largely due to the urgency of that moment. Well, Norman, you mentioned that that was not a diplomatic event, that he was under tremendous electoral pressure.

DR. BUSH: John Zang and then I'll come back to you.

QUESTION: John Zang with CTI TV of Taiwan. I have a question about Mr. Ma's public request to make a visit to the United States. He made that announcement under no pressure at all right after the victory. I want to ask, what is he really trying to get at? Does he really want to come to visit the United States or does he actually want to make it a bargaining chip, being his prospective discussions across the strait? Thank you. Because he seems to have put everybody on the spot, the U.S. and China.

DR. HO: He wants to come, and this is not a bargaining chip concern. He wants to come.

DR. BUSH: The gentleman right here, yes.

QUESTION: Actually, my question was somewhat similar but different. Mr. Ma's desire to have better political and closer economic ties with mainland China on one hand but having a hawkish defense and military policy, at least on paper, on the other hand, is that a hedge against the United States to ensure that there isn't an increase in isolation from the United States because of this movement towards mainland China or is that a legitimate policy?

DR. BUSH: Identify yourself, please.

QUESTION: Steve Rice.

DR. HO: The thing is this. Again, on the part of the foreign policy team, it's a small state. The strategy toward China, a major power, cannot be single dimensional. That is you want to bandwagon or you want to balance. Actually, usually, it's a mix of both, the bandwagoning and the balancing.

For balancing, we need American support, the military and the moral support. For bandwagoning, we need to be more open to China to have increased understanding and mutual trust.

So this is not an either-or question. Rather, it is a question of the right mix. The point is it would be extremely difficult to measure what that right mix would be. Well, in mathematics, you can calculate the equilibrium. Emerson is good at that.

But the point is, in cross-strait relations, in relations with the United States, in these trilateral relations, you must consider some other factors such as timing, such as the kind of behavioral pattern you have toward the other side and the hope that what kind of behavioral pattern the other side will have in response to your behavioral pattern. So that's the kind of thing, I think it is rather. To decide on the right mix really is an art and really depends on the situational constraints and opportunities.

DR. BUSH: Thank you very much. We've consumed our time for this part of the program, and so now we have to migrate back to the Falk Auditorium. You did a great job coming over, and so I'm sure you'll do a great job going back. You know where it is. If you need to stop at the restroom going over, that's fine too. We'll see you back there in just a couple minutes.

(Recess)

THE BROOKINGS INSTITUTION
CENTER FOR NORTHEAST ASIAN POLICY STUDIES

TAIWAN'S ELECTIONS AND WHAT THEY MEAN

**SESSION FOUR: IMPLICATIONS FOR CROSS-STRAIT
AND U.S.-TAIWAN RELATIONS**

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Session One: Opening Remarks

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Session Two: What The Elections Say about Taiwan Politics

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Session Three: Lunch Remarks

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Session Four: Implications for Cross-Strait and U.S.-Taiwan Relations

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RICHARD BUSH: Let me begin by expressing my deep gratitude to Professor Ho and Mike Fonte for their outstanding presentations during lunchtime and their submitting to questions. And now I would like to turn the chair over to my friend Nancy Bernkopf Tucker.

NANCY BERNKOPF TUCKER: Thank you, Richard. Welcome back from lunch. I hope you got of sustenance to participate in the discussion this afternoon. We are now going to shift our attention from the developments in politics in Taiwan to the issue of cross-strait relations and U.S.-Taiwan relations. We have a very capable panel to do that. I will point out to you that on the handout you have extensive biographies of them and so I will give only the very briefest introductions because I think we want to get into the discussion as quickly as possible. Therefore I also want to remind my fellow panelists up here that we have asked you to speak for a maximum of 15 minutes so that there will be time for the audience to be able to ask questions and participate.

We will start with Alan Romberg, Distinguished Fellow and Director of the East Asia Program at the Henry Stimson Center. As most of you know, Alan spent many years in the U.S. government so he has seen policies both as an independent scholar and as a government official. Following him will be Randy Schriver who is a partner at Armitage International, and again as you all know, played an important role in government until very recently. And finally last but hardly least is my old friend Yuan Peng from the Chinese Institute for Contemporary International Relations in Beijing and who will I think give a different perspective on these issues from others who have spoken today. Why don't we go right into it? Alan?

MR. ROMBERG: Thank you very much, Nancy. I am very pleased to be here and to be on this panel with longstanding colleagues. I don't want to say old because that wouldn't be nice. I am not going to speak for 15 minutes. I am going to make some relatively brief remarks and then hope that in your own comments and questions we can get to issues of concern. I also have to say that I am not sure that we are turning our attention away from cross-strait issues. It seems to me we spent a lot of time on that in the first panel.

The first thing I guess I should say is to join others who have congratulated Taiwan on the success of this election. A lot of us were privileged to be there to watch this process and it was indeed quite a successful one. And whatever the outcome, I met with a cabinet member during the visit there and said, I know you would have wished a different outcome but we share the pride in the election, and his response was an immediate, yes, the process, the democratic process, was quite successful and we really are very pleased by that. So I think that even those in the DPP are quite willing to share that view.

I would also note—I will come back to them and mention them in the course of my comments—the key issues here I think are peace and stability across the

strait on one hand and the issue of sovereignty on the other, and I would ask you to keep those in mind as we talk about the questions in this session.

One other thing is that unification is not on the table. The PRC obviously has that as a long-term goal, but in terms of the impact of this particular election, the next four—and to what I'm sure Mr. Ma would hope to be eight years, and I would argue personally for a long time beyond that—we are not talking about unification. So when we talk about the impact of the election and of possible initiatives between Taiwan and the mainland on, for example, American concerns, I think we have to frame this correctly that this is not about the ultimate resolution of the issue but rather, again, a process long before that.

I would like to make a comment first that echoes a bit of what was said this morning because it impacts on the question of Taiwan's relations with the United States, and that is Mr. Ma certainly got a mandate to improve cross-strait relations but he will need to follow through robustly with the promise he made that Ho Szu-yin mentioned at lunch about reconciliation with the DPP and with the 42 percent of the people who voted against him. He cannot pursue his policies with the U.S., or cross-strait, or much of anything else in a successful manner in my judgment unless he does that and I think he is quite sincere about doing that. But on the other hand you also got to get what Mike Fonte talked a bit about which is you have to have reciprocity that is a positive response coming back from the DPP of a willingness to play that role. Yes, the DPP has a different set of principles and policies but it is not simply a matter of monitoring the Ma administration. They need to also cooperate, as Mike put it, for the good of Taiwan.

Given the deep suspicions that the DPP at least expressed, and I think probably hold, that Ma would either purposely or through an inability to resist both inducements and coercion move to subordinate Taiwan somehow to the mainland, he is going to have to demonstrate credibly and persistently that this is not the case. I do not think it is going to be the case, but I am not one of the 42 percent of the people who voted against him and he has got to make that case very clear.

So I think that in thinking about what the PRC is going to do, they also need to have that in mind. Some people suggest, and indeed I think Mr. Hsieh suggested, in the election that the mainland would seek to take advantage of Ma's attitude toward cross-strait relations and extract more and more concessions from him. If that is the approach that the mainland takes, it will also be a failure.

The question Mike Pillsbury raised earlier about what Ma will or will not say I will not answer in a one-word answer, but I do believe that he will reaffirm his position on one China with respective interpretations, which is not to accept the PRC's definition of one China. If you ask him what one China is, he will say it is the Republic of China—and the PRC will not accept this. But I believe that it is an accurate assessment that the PRC will then basically consider that good enough, and they can set this issue aside and not have to worry about it.

Now obviously in dealing with the relationship across the strait, dealing with international space, again the sovereignty issue is critical and if Taipei challenges Beijing on this question it is not going to get anywhere, but I think that that is not the intention—of what I understand anyway—will be a Ma administration policy. But they will be able to move forward on a lot of fronts. President-elect Ma has talked about an economic agreement, he has talked about an eventual peace accord which Hu Jintao has also talked about, he has talked about a modus vivendi which means figuring out international space that will be acceptable to both sides. But Beijing needs to be forthcoming in order for all of these things to really work and to have a new kind of relationship across the strait. I think it needs to adopt a proactive and creative and flexible approach again all within the framework of Beijing's one China principle. I do not expect any easing off on the principle but I think the implementation can be a lot more flexible if there is a sense of trust that the government in Taipei is not moving to independence which it clearly will not be because otherwise—again just to stress this—there is not going to be the political support in Taiwan to do the things that Ma says he wants to do.

I think that in light of this strong mandate that Ma has, in light of the decisive defeat of the two referenda which were so worrisome to Beijing, Beijing can do this. The WHA issue, the World Health Assembly issue, was mentioned earlier today. I think this is an important opportunity. I guess it was Harvey Feldman who at lunch raised this question: last year Taipei applied both for membership and for observership. I do not know what they are going to do this year, obviously. But even if they were to do that, which I hope they do not because I think the application for membership complicates life for everybody, but even if they do that I would argue that it is in the PRC's interests to recognize that going along with that would be a gesture that would be very important to Ma's ability to continue on a positive agenda across the strait. He is going to do it anyway.

Everybody can make up a reason why Beijing would not have done something this year, but I think it would be a unique opportunity to do that. Over time as Hu Jintao suggested—as in fact was included in the Hu Jintao-Lien Chan joint communiqué of 2005—they are going to need to move on confidence-building measures and eventually move toward a peace accord and so on. I think that those of you who recall when President Jiang visited Crawford, Texas, and talked with President Bush, he put some kind of a vague proposal out there about how if the United States were to stop arms sales, the PRC would consider drawing down missiles, both destroying some and moving some back. On its face it was not a good agreement. It was also, as the U.S. government put it, addressed to the wrong people. But I think here now we have an opportunity for Taipei and Beijing eventually to sit down and talk about these kinds of things and I hope that that will work.

Related to the WHA issue which is an official kind of an organization, although Taiwan's representation would not be viewed in that light, there are a whole bunch of NGO organizations where Beijing has insisted in recent times that delegations

from Taiwan identify themselves as from “Taiwan China.” They should stop doing that. That is not necessary, it is not related to sovereignty, and the organizations are not by their very nature. It is irksome.

I have advocated, in an article I wrote a bit back, that even over time while the possibility does not exist now that Beijing cooperate in creating an opportunity for Taiwan to participate in the activities of the World Bank and the International Monetary Fund, not as a voting member, certainly not as a sovereign state, but actually participate because I think the Taiwan economy is important enough in the world that it merits that and I think again it would be seen symbolically as recognition on the part of the PRC that Taiwan has a certain standing in substantive terms in the international community and that is important to follow through on.

And if they do not follow through now, and I do not mean next week or even in May, but if they do not follow through now from the PRC on these issues, when are they going to do so? When are they going to have a better situation, a president, a leader in Taiwan who is committed to improving relations across the strait, to not challenging on independence issue? So I think that this is a terrific opportunity and if it is not taken up I think it will set things on a very wrong course potentially for a very long period of time.

By the way, on the referenda, one statement on that, I guess. I hope that Beijing does not misinterpret the failure of half of the electorate to pick up the ballots for the referenda. In fact, it is worth pointing out that even half the people who walked into the voting booths did not pick up the ballots. But there is, I think, a very widespread desire in Taiwan not only to be in the U.N. but to participate much more broadly in the international community. And if somehow the defeat of these referenda through lack of participation is seen as actually the people of Taiwan saying, no, we really do not care after all, I think that would be a mistake. I think what they said is what they say consistently, and Emerson Niu's charts this morning showed this: they want to maintain the status quo however they define it—status quo/forever, status quo/decide later, status quo/ independence, status quo/unification eventually—they want to maintain the status quo. They do not want to take a risk. And so I think that that's what that vote essentially was saying.

Finally, on the United States, of course the U.S. has what we define as a one China policy, a very complex policy, and it probably can be in terms of its implementation tweaked here or there but I think the fundamentals of the one China policy serves American natural interests very well, I think they have served the people of Taiwan very well, and I think they have served the PRC and U.S.-PRC relations very well. So I do not see the likelihood or the reason to change it. Indeed, I see no viable alternative. But the U.S. needs to be willing to indicate very directly that it will accept the kinds of arrangements that Taiwan and the mainland may reach together over the coming year. Again, I think it is important in this context to repeat what I said before, unification is not among those, but there are some people in the U.S. and I am sure some people in the U.S. government who worry a bit about what Taiwan and the mainland

might do together that could affect U.S. interests. I think President Bush's statement of congratulations on the occasion of the election and also his conversation with President Hu Jintao indicate that he agrees with that and that he is going to be supportive.

There are some tough issues ahead. People have mentioned arms sales, economic negotiations, FTA, and so on and so forth. And the most difficult issue between Taiwan and the United States I think for the coming period is going to be to restore trust which I think has been extremely badly damaged in recent years, but I think that can be done and I think both sides have a will to do that.

Two final points. One, I think this is an opportunity for improvement along all three legs of the U.S.-PRC-Taiwan triangle. That has not been true for quite a while and I think they will be mutually reinforcing if we can manage that well. So I think that we need to keep that positive framework in mind. And finally, a very specific question that people have asked about, and that is about Ma Ying-jeou coming to the United States, indeed, coming to Washington. As I said yesterday in a Carnegie Endowment event up on the Hill, I think that the United States should go along with that request. Ma Ying-jeou will not be an official and so none of the restrictions that apply either to the top four leaders in Taiwan not to visit the United States except in exceptional circumstances or if they are in office, say, the foreign minister not to come to Washington, I do not think they apply, and I think it is in the U.S.-Taiwan relationship interest, I think it is in Beijing's interest that the U.S. government and Mr. Ma have some initial conversations. He is not going to be able to come back while he is president, and I do not believe this is an impingement or an infringement on sovereignty questions. So this is a very difficult issue for the United States government, there is no question, and Beijing will not offer voluntary endorsement of this idea, but I do think that it is something that ought to happen and I hope that it will be in very serious consideration. Thank you.

DR. TUCKER: Thank you, Alan. Randy?

RANDY SCHRIVER: Thank you very much, and thank you to the organizers, to Brookings and Georgetown and CSIS, for having me. I thought that was an excellent presentation. I agree with a great deal of what Alan said. I guess Alan would probably say that that means I am just getting smarter and smarter. But it also might be that I think we have shared about three panels together in the last couple of weeks doing a tag team here so it may be just over time it is morphing and I am starting to agree with what Alan is putting out there on all these subjects. But it was an excellent presentation, a hard act to follow, but I will offer a few thoughts on the same topic.

It is a great occasion for the people of Taiwan. Everyone should feel good irrespective of the results that another successful election was held. These are not insignificant events when you are talking about a 12-year history of democracy and a 12-year experience in directly electing the president. It is quite significant and no one should forget that.

But in our euphoria and our optimism I think we also should think very carefully about the impact of the election and think specifically about some of the trend lines that have been unfolding in the cross-strait environment and in the various legs of the triangular relationship and give serious thought to which of these factors and elements are going to be impacted most directly by the election and in fact can change in pretty short order and which factors will in fact essentially be either unchanged or will require a lot of investment and work in order to change them. And I think when you give that overlay and apply that analysis, it is clear there is still a lot of work ahead.

There is a lot of work ahead for of course the two principal participants in this long-standing dispute, Taiwan and the PRC, but there is a lot of work ahead for the United States as well if we want to achieve our goals. And I of course agree with Alan that the primary goal is in the sustainment of peace and stability, but I think we have other objectives as well. I think the United States has a great interest in Taiwan and Taiwan's success not only as the success of Taiwan's democracy and the sustainment of its freedoms clearly the best for the people of Taiwan, but it is good for us as well. It positions Taiwan to be a partner with us on a lot of issues where we share interests and share concerns but also it supports our regional goals of supporting democracy, of supporting of a free-market economy, et cetera. So we do have a stake in Taiwan's success and it goes well beyond just the sustainment of peace and stability although that of course is the primary and overriding goal.

So what are some of the things that this election, no matter how optimistic we may feel about it, are going to require a lot more attention and a lot of investment and a lot of work? Several of these we did discuss yesterday at a Carnegie event, but I think it certainly bears repeating and there are some faces here who attended but many who did not, so let me repeat some of the things I said yesterday.

First of all, we should have a lot of concern about the direction of PRC military modernization. Much of this has been oriented against Taiwan for decades. I think the modernization goals extend well beyond Taiwan now, but a lot of the orientation of current capabilities are still directed squarely at Taiwan. This of course has also been coupled with some atrophy of Taiwan's own capabilities and a lack of investment on Taiwan's part in its own defense. So the growing military imbalance is of concern to the United States, to the people of Taiwan, and I think to all parties who have an interest in peace and stability because this growing gap of capabilities in itself can become provocative, it can become more of an attractive option to the PRC to use force, even if not directly, as a means of intimidation and coercion, and so this I think is something that bears a lot of attention on the part of both Taiwan and the United States. Ma Ying-jeou has stated publicly his goal of spending 3 percent of GDP on defense. That would actually be an increase from where Chen Shui-bian was for the duration of his administration if you look at an average figure for the duration of his tenure. So that would be a good start and that would be an improvement.

But I think we have to be candid and say what has transpired, particularly over the last 4 years, does call into question how committed the KMT will be to serious

defense modernization and reform. It is not a determinant of how they will behave once in power but I think all the arguments we have heard from legislative leaders in the KMT about questions about the special budget and defense purchases, they are in a position to work through all of that now and we will see how they do, and it will be an important factor to the future of U.S.-Taiwan relations.

There are a few other things that will not change immediately as a result of this election: the United States and our continuing strategic distraction, our focus on Iraq and the Middle East I think calls into question how committed we could be in the event of a crisis and I think we are a long way from a crisis at this point, in fact, I agree with everything I have heard said about a great opportunity for us. But I think this distraction could continue for quite some time and into a new U.S. administration so this is also a factor to keep in mind and something that this election in Taiwan will not immediately alter.

We have to think about PRC decision making and the role of the PLA. There are plenty of people in China who have a great deal of sophistication and a great deal of understanding about cross-strait issues, about Taiwanese politics, and can give very thoughtful and creative proposals for moving forward to improve cross-strait relations. I am not sure many of them are in the PLA, I am not sure the PLA is really poised to take a new course on Taiwan, and I am afraid that they may in fact continue to be a voice that is a proponent for more hard-line policies. It is a complex situation for them. Resources are involved. Their national character is involved in the Taiwan situation. So I would be concerned about the role of the PLA as we go forward and whether or not this election is truly going to have the impact on them that it would have on maybe some of the civilian leaders.

There are the changes that have taken place on Taiwan that are not easily reversed or perhaps not reversible at all as a result of this election. I think Mike Fonte's comments at lunch spoke directly to that, the campaign for national consciousness, national identity, was quite successful and it is a legacy of this administration in Taipei and it is one that certainly a KMT government could not reverse easily even if they wanted to. But I think in fact what they have done is probably embraced a lot of the rhetoric and a lot of the conceptual orientation around these issues, the desire for international space on the part of Taiwan is not changing, and I think at the end of the day the PRC's feelings about democracy, their feelings about public dissent, their feelings about a free press, et cetera, there is a lot of discomfort, I would say profound discomfort in China about these things and they may have greater confidence that this is not a government in Taipei that will take dramatic explicit steps in the direction of independence, but remember they are defining steps toward independence on their own, we are not defining it for them, and they are defining their own thresholds, their own red lines. And as I stated yesterday, the PRC was opposed to legislative elections in 1995, they were opposed to the presidential election in 1996, they were opposed to changing the constitution which ironically worked in their favor when all was said in done, so there are things that a KMT government may want to pursue that may look like steps toward independence even though the most dramatic things are probably going to be taken off

the table by this government. So there are a lot of things to continue to keep an eye on and continue to work and make investment on.

I have some real questions about whether the PRC is positioned to take advantage of this opportunity, as I said yesterday, are they ready to take yes for an answer. I think that remains unclear. My guess is—and I look forward to the comments of our colleague here—China is almost forced to be in a wait-and-see mode. I think that is sort of their natural inclination in any event. But if they adopt this sort of wait-and-see approach here, things are going to happen. You may have arms sales, you may have a visit by Ma Ying-jeou, you may have things that they are going to be forced to react to, and hopefully we do not sort of spin back out of control. There are plenty of opportunities for the PRC to make positive gestures. The World Health Assembly has been mentioned, and the inaugural is an opportunity I think for the PRC. Whether or not they send a representative, there are probably things they can do to express their support for the new policies of the incoming government. I would say the Olympics is an opportunity for the PRC. But I do not know what is in store or what they might roll out.

I am more interested in what may come out of Washington or might happen in the United States. I think this is an opportunity for us, but it is only that, and that an opportunity has to be seized and taken advantage of. I think there are a lot of things we need to do. As some of you may be aware, we released a recent report on U.S.-Taiwan relations that I helped co-chair a study group for, and we put a lot in that report. We purposely released that report before the election because we did not want that to be a green or a blue or some suggestions that only one party could take up. We wanted these to be ideas that both parties could embrace. We had good response from both parties before the election. Now we know the outcome and the question is would Washington and Taipei be prepared to move forward on some of this.

We are very interested in seeing an improvement in the quality of communication. Perhaps that involves raising the level of visits and direct discussions, but there are probably other ways to do that as well to make sure that communications are authoritative, consistent, and sustained. I think the quality of defense planning needs to be improved. The United States has the ball in their court on that one, and there are plenty of things that could be done outside of the public eye that would I think pay great dividends in our defense relationship with Taiwan and ultimately serving the goal of buttressing deterrence and dissuasion of the PRC.

I think there is a more robust bilateral agenda that the U.S. and Taiwan could pursue. There is a great foundation exists. A lot of people have invested careers in building U.S.-Taiwan relations, but in fact there is much more that we could be doing to leverage Taiwan's willingness to be a responsible stakeholder. We talk about China being a responsible stakeholder, but Taiwan is very well positioned to be such in the region and globally if they have a strong partner willing to assist them in this because they need help in the international community to do humanitarian response, disaster relief, work on global health matters, or democracy promotion. They are not always invited to the table unless they have somebody like the United States standing up for

them and championing their role on these kinds of issues.

I think the United States has work to do in its discussions with China about the future of Taiwan. I think we have sort of drifted into a de facto almost co-management. I do not want to go as far as to say we are there, but certainly we have not done enough to disabuse our colleagues in Beijing that we cannot always deliver Taiwan for them. I think we have raised some expectations in a way that puts us in an uncomfortable position now. I am certain we said what we said about the referendum not because Beijing asked us to but because we felt we had interests at stake. But if you at sort of the collective responses coming from Washington over the last couple of years, you can see how perhaps we have created the impression in Beijing that we are willing to try to deliver Taiwan for them from time to time and I think they need to be disabused of that and we need to be stronger in our support for Taiwan's democracy and their freedom.

So I think there is a great deal that we could do. I think there are some near-term things we can do. I agree with the proposal for Ma Ying-jeou to visit the United States. As far as I am concerned, he could visit Washington. Nobody has asked me in the U.S. government, but you could imagine a meeting outside of Washington as well somewhere on the West Coast if that would be somehow easier to do. I do support immediate release of the F-16s to Taiwan. I think that would be a good signal and a good statement about where we want our defense relationship to go. And I would like to see the articulation of a more robust bilateral agenda including ways to leverage off of Taiwan's willingness to use sort power or use its own success story to help others who are also aspiring democracies and aspiring economies.

So I think there is a lot we could do very quickly to signal from Washington that we are prepared for this new opportunity and that we are willing to do the things that would be necessary to get the relationship on a better track. Thank you.

DR. TUCKER: Thank you very much. And finally, Yuan Peng.

YUAN PENG: Thank you, Nancy, and thanks to Richard Bush for the invitation for me to come here in a very important event.

I think Randy Schriver mentioned the military imbalance across the strait, and I always find an imbalance of the presentations here in the States. We have almost five Taiwanese participants where I am the only scholar from the mainland and the reasons for me to come here to give a presentation are, one, because I once served in the CNAPS program here at Brookings so my former boss Richard Bush asked me to come and on a visit to China I invited him to give some presentations. So it is an equal footing basis. And secondly because of the imbalance of Chinese participants.

But unfortunately I came right after the election so I have no information of what is the Chinese mainland's official stance. So I ask for the Chinese response from Bonnie Glaser because it is hard for me in my hotel to check the Chinese version. So I am less qualified to represent the so-called Chinese point of view. I am just representing

a former CNAPS fellow's point of view.

I think when I observed the March 22 events, in my mind there are “two plus one” events. The first two are the election of the new Taiwanese leadership and the referendum. The other is the LY election because the LY election in January is connected to this election so it is a “two plus one” event.

In thinking about the election of the new Taiwanese leadership, I think the Chinese attitude is very clear. That is, we do not care who becomes the new leader but we care more on the policy that can be conducted by the new leadership. The policy matters more than the specific figure of the new leadership. In terms of the referendum, I think the Chinese stance is also very clear; that is, any topic related to the sovereignty and territory should be decided by 1.3 billion mainlanders plus 23 million Taiwanese people. So it is very clear. So saying that, my points can be divided into three parts.

The first part is the election's implications for cross-strait relations for mainland China. I think before the election we do some games, we have some scenarios, which scenario is the best situation for China. One is, Ma wins the election and the referendum fails, which is the fact today. This is the ideal situation I think. The second is, Ma wins and also the referendum passes. This is a little bit of a dilemma. And the third is Hsieh wins the election while the referendum fails. It is not too bad because of the LY control by the KMT, by the pan-blue, which means that independence is more impossible. And the worst scenario of course is Hsieh wins the election and the referendum passed. But we are very fortunate to see the game, the first referendum, coming to truth. Of course mainlanders' fear is much easier than before. I am reluctant to use happy or something, because today the Taiwan issue is one of the most important issues in Chinese domestic and international policies. But still there are four other issues as important as Taiwan. Maybe they are more urgent than the Taiwan issue.

One is Tibet unrest as everybody noticed. Second is of course the Olympic games. Third is disaster relief for the snowstorm in 19 provinces and cities which means half of China suffered from the disasters. And finally is the economy. As Premier Wen Jiabao mentioned in NPC, he said this year will be the most difficult year of the Chinese economy because of, first of all, the inflation issue and because the stock market and housing markets are not that encouraging, and also because of the international environment like the subprime crisis in the States and the American economy in recession. So the Taiwan issue is just part of the whole picture. But the result is a little bit easier for us to see because we can refocus our main energy and resources in dealing with all the other four more urgent issues. This is my first point.

My second point is that in the longer term I think the results of the election constitute a so-called opportunity for the future which can be explained, first of all, as you know, what is the Chinese grand strategy. You have the Bush doctrine which is not that good, but we do have Hu Jintao's doctrine, that is “harmonious world.” Under this we have a grand strategy named “peaceful development.” Under this we have four pillars to sustain that grand strategy. That is constructive relations with big powers, the good

neighbor policy with surrounding countries, and also friendly relations with all those developing countries like in Africa and Latin America. And finally, positive engagement with international organizations or multilateralism.

In terms of this I think we do have a new Taiwan policy in accordance with this new grand strategy. That is a peace and development policy which constitutes into several parts. The first part is we have a two-step strategy. The final goal is of course the final reunification of Taiwan, but we have a realistic step in maintaining the status quo which means peace, stability, and development. So that is why you will notice that President Hu Jintao and Premier Wen Jiabao in recent years just mentioned a peace and development framework rather than mentioning a peaceful reunification framework because this is a realistic attitude and under this I think we have a new definition of one China. So from the year 2002, in the Sixteenth Party Congress speech issued by President Jiang Zemin, I think our definition has already been accepted domestically as a new three words in describing our new China policy. That is that there is but one China in the world. Both mainland and Taiwan belong to this one China and Chinese sovereignty and territory cannot be separated. This is one new policy of one China.

Which means we take the Taiwanese side as an equal partner rather than we want to swallow the Taiwanese compatriots. And thirdly, I think that if the resumption of the dialogue, given the new pace of the 1992 Consensus, then anything can be discussed including ending of the hostile situation, including a signed peace agreement, and including something else. So in terms of this I think I find some overlapping points between our strategy with Ma's mainland policy which means the 1992 Consensus, this is a common base for us for resumption of the dialogue. Secondly, peace and stability, maintaining the peaceful status quo, this is the same. And thirdly is three links and common markets between our two sides. And of course, finally, the pandas. We would like to send the two pandas to Taiwan as soon as possible. So from the longer term of the strategy I see some overlapping of the Chinese new Taiwan with My Ying-jeou's new mainland policy.

So what will be next? Everybody here is talking about now the ball is in your hand, in Chinese hands, but from my point of view, I think the opportunity is in both mainlanders' hands and Taiwanese hands, maybe in America's hands, because if the winning party of the KMT has a misjudgment of the future because overnight transferred the situation from the party not in office to power, then maybe they are thinking a little bit of change. So still the opportunity should be seized in the first in Taiwanese hands I think. Of course we want to seize the opportunity, but remember that it takes time first of all because of the four other urgent things that we should deal with in the near future. And secondly, do not forget that mainland China also had a very important election during the NPC. Now we have a new president, new vice president, several new vice premiers, and many new ministers, so it is time for them to reorganize the new government and that takes time. Then also it takes time for us to review the situation in Taiwan in the U.S.-Taiwan relations.

For example, I remember when President Hu Jintao came into the power,

the covers of "Time" and "Newsweek" said "Who is Hu Jintao?" Today maybe My Ying-jeou is very familiar to us because he is very handsome, but still the question who is Ma still takes because on the one hand he speaks very good Mandarin, but his English is as good as his Chinese. And he has some [inaudible] wording during that campaign period, but how after the election can he send some good messages or just think that the good message has already been sent? Maybe the Chinese side will wait for another good message. And also because of the nature of the mandate, what is the nature of the mandate? The mandate if used correctly will be the improvement of cross-strait relations. But if you use the mandate for the so-called Taiwanese identity related things, then sooner or later you will become the second DPP. And secondly I think because of the structure in Taiwan, because even if the referendum failed but still if you combine these two referendums together still there are almost 70 of the voters support which means there are more than 6 million Taiwanese people. So it is still a problem of the Taiwanese identity issue.

And finally is U.S.-Taiwan relations. The test of the U.S.-Taiwan policy depends on how the U.S. views a rising China. If you view rising China as a real stakeholder, you will seize the opportunity to encouraging cross-strait relations. Then you will have some self-constrained policy rather than some dangerous actions. And if you will view China as a potential adversary, maybe Ma Ying-jeou's Taiwan is easier to be used as a hedging place to deal with Taiwan, it is more easy than dealing with A-bian because A-bian is something of a mixture. He dislikes the mainland and he dislikes the Americans too. So Ma on the one hand likes the mainland, on the other hand likes America. So it is a double-edged sword to the U.S.'s Taiwan policy, so we just wait and see. Thank you.

DR. TUCKER: Thank you all. The floor is now open for questions. Please identify yourself when you ask your question.

QUESTION: Charles Freeman with CSIS. A great discussion and a great panel. I want to congratulate Yuan Peng for actually facing the infrequent situation of being one of the few mainlanders in the room when there are so many Taiwanese.

You talked about the issue of seizing the opportunity and I think that is a very important point for all involved. This morning Jeff Bader raised a question when he asked, if we see the mainland and Taiwan getting close together really quickly what should be the role of the United States? I think there might be a separate danger given all the other priorities that the mainland clearly has and given the challenges that Ma has that it may take more time than we might like to see in the United States for that opportunity to be seized. There is a limited window though in many respects for that opportunity to be seized because 2 years from now there is another LY election and that really is going to be another referendum on Ma's first 2 years in office and part of that will look at how he has managed mainland affairs policy.

So I guess the question is, in that situation where you have had a delay perhaps in the two sides coming together on a real meaningful basis—either because

there have been distractions on our side, distractions in Taiwan, or some of the real challenges that the mainland faces—what should be the role of each in trying to push to come together? What are the real challenges and opportunities that the three sides face in trying to hurry up and come together?

DR. YUAN: It takes time to seize the opportunity, but I do not mean that the time is so long because even if we have several other more urgent issues but the Taiwan issue almost always is the most important and sensitive issue, so we should spend lots of time thinking about this. But my meaning is that it takes time because of a bunch of issues and the reorganization of the new governments, but I guess they are reviewing very, very fast. I think in this very sensitive period that America's attitude still matters because of today I witnessed a review of America's Taiwan policy, and Randy Schriver's report suggested that the United States should develop U.S.-Taiwan relations parallel to U.S.-China policy. But in my mind the Taiwan issue always in American Taiwan policy is a factor of U.S.-China relations, is a factor in the context of U.S. and China. So if you review Taiwan's position in the correct way then you will have some other policy and not that self-constraint, that's what I mean, which my meaning is that the opportunity is not in our court but also in Taiwan's court or in America's court. If we would like to have a peaceful development environment in the whole Asian Pacific region then all the three parties should be the responsible stakeholders rather than any single part be the stakeholder.

DR. TUCKER: I would like to push you just a little bit further and then Alan would also like to say something, but I think certainly here in Washington a focus on the coming election has been intense for some time. I would assume in fact that the focus in Beijing has been even more intense even longer. So what I am really asking, I guess in part, is a question about how decisions are made in Beijing. This may not be a fair question to you, but how is it that Beijing now needs time to think through the response to the election when Beijing got the result it hoped for and had many, many months to plan for what would happen the day after the election?

DR. YUAN: Actually we have done lots of homework preparing for the resumption of the dialogues just because of the DPP administration refused to the resumption of the dialogue based on the 1992 Consensus so we lost almost 30 years. So if the dialogue resumed, I think old homework can become the concrete steps for future dialogue including the ending of the hostile situation and a signed peace agreement and all these contents can be found in Hu's four points in the Hu-Lien summit, everywhere can we find that.

But I think in the near future, in the next one or two months, mainland China should be reassured by both the Taiwanese side and the American side because there are already some things. For example, Ma's visit. I don't know how our officials will view that, but there is something of a surprise. And also arms sales. The Taiwanese side is always blamed by the American side that we want to sell you something but you never buy because of your domestic structure of the political system. Now one party can control both branches, making it easier for arms sales. Then if arms sales are containing

some dangers like F-16s, this thing combined together will give a wrong message to mainland China. So I think in a very critical or crucial time China should be reassured by both Taiwan and the States to make them respond more quickly and more positively.

MR. ROMBERG: My comment, and you could take it as a question if you want, is on the same subject. It is not that China has had five months, because China has had five years or eight years to prepare for this and I think that it is easy enough to insist that the PRC ought to be prepared to deal with this situation. It is, as I said in my opening remarks, about as positive a situation as you are going to get and if you cannot respond to it positively now, I am not sure when you are ever going to be able to do so and that I would find very disturbing.

Even on arms sales and the issue of F-16s, it is very controversial, but even on arms sales I think what one has to take account of is that there will be an entirely new political framework here. Entirely new in the sense of no push for independence, a desire for a number of agreements which as you pointed out are in a number of formal statements by PRC leaders, in the Lien-Hu statement of 2005, it calls for all of this renewed cross-strait negotiations as soon as possible. It does not sound to me from your remarks as though “as soon as possible” is very soon and I have to say that I find that concerning and I hope that in fact as the policymakers in Beijing think about these things they will move rather more quickly. A number of us have talked about moving even before May on the WHA issue. I think that is important. So I just would say I hope that your sense of caution in Beijing is overdone, that there is a willingness to take steps because caution in Beijing will lead to caution elsewhere.

DR. TUCKER: Back of the room?

QUESTION: Thank you. John Zang with CTI TV of Taiwan. I have a couple of questions for Mr. Yuan. Actually I have a couple of questions for your assertions. Number one, you said that Ma Ying-jeou likes China, Ma Ying-jeou likes the United States. Ma Ying-jeou may like the United States, but are you sure he likes China? He probably does not dislike China, but do not forget he loves Taiwan, his first loyalty is to the people of Taiwan. Another assertion that you had was with the election of Ma Ying-jeou as the next president it would be easier for China to deal with Taiwan. Are you sure about that? To me it is probably easier for Beijing to deal with a Chen Shui-bian administration because you can always have no as an answer almost to everything—the U.N., WHA, WHO, U.S. arms sales, everything—and now you need a much more fine-tuned or nuanced response to different situations.

A case in point. Ma Ying-jeou says that he wants to come to the United States for a visit before assuming office. China has not so far said anything much about it. Would China oppose this? How would China react should the United States decide to let him come? Thank you very much.

DR. YUAN: I used “like” because of my poor English, because my words are very, very limited. My meaning is that Ma Ying-jeou on one hand wants to improve

better cross-strait relations, on the other hand wants to improve better U.S.-Taiwan relations. That's what I mean. I am sorry for using lovers' wording.

Secondly, I think China today is more open-minded than you imagine because of the success of the Chinese economy and something else. The very biggest reason is because China is open-minded. So the same case in dealing with the Taiwan issue so we do not use our cold war mentality in dealing with Taiwan. That is why we think Ma's winning the election is a little bit better than DPP's. As a matter of fact, some netizens in China say that we prefer DPP coming to power for another eight years. Then maybe eight years later the Taiwanese people will beg for China to reunify Taiwan because of the DPP, but a divided Taiwan is better for Chinese long-term interests but it is just some netizens' opinion. In Chinese mainstream opinion, we are very open-minded. We want a win-win-win solution in cross-strait relations and U.S.-China relations and Asian Pacific peace and stability.

DR. TUCKER: Over there in the middle?

QUESTION: Wen-Yen Chen from the Formosan Association for Public Affairs. The success of Ma's cross-strait policy, it seems to me, hinges on the reciprocity of the Chinese attitude and their reactions. And in view of the past, the Chinese stance on certain sensitive issues to me is very, very stubborn. They insist on certain principles. Based on what you see, what is the likelihood that China will become more flexible and more willing to talk about willing to yield to certain demands from the Taiwan side? What are the incentives to make China more willing to accommodate Taiwan's political development? Do you have anything to speculate on the likelihood that China is willing to do that?

MR. ROMBERG: I think the incentive is that there is, as has been said repeatedly, a window of opportunity that may close at some point or it may start to close at some point, so the incentive is to try to deal with about as friendly a government as you can expect. And I do not mean that in the "like" sense or in the "friend" sense, literally I mean that in a government that has campaigned on certain forward-leaning initiatives to improve cross-strait relationships. So the incentive is, I think, basically that there is a window of opportunity that may close. If it closes and China still feels that "time is on its side," the catch phrase everybody uses, that is another strategy they can employ.

I do question about how much flexibility they have. There is a softer sounding tone, there is a softer sounding rhetoric, but the insistence on adherence to old formulas is still there and so I think there are some real questions about how much flexibility they will have ultimately.

MR. SCHRIVER: China has said, the mainland has said for a long time that if the government in Taiwan were to embrace the concept of one China then we could move ahead, and Yuan Peng cited a lot of things that came under that. Although it will not be their definition of one China by any means, Ma Ying-jeou will do this in terms of "one China respective interpretations." During the election both President Chen

and Frank Hsieh said, but PRC will never accept that. I do not agree with that. We will see, but I do not agree with that based on a lot of conversations over a very long period of time. I think they will accept that.

Does that mean that everything that Taiwan wants is going to be feasible? Of course not. But it does seem to me that the kinds of things that have been talked about, go back to the Jiang Zemin and the eight-point proposal, talk about the Lien-Hu April 29, 2005 joint press communiqué. There are a whole bunch of statements out there which, it seems to me, make clear that opportunities for moving ahead in a variety of ways opens up in these circumstances. So the incentive is to get out of the box they have been in for the last 8 to 10 years. It is not just the Chen Shui-bian administration. It goes back to the Lee Teng-hui administration as well, from the PRC's perspective. So this tension I believe is not in China's interests and I do not think they think it is in their interests. I think that they also, under Hu Jintao, come to the position of blocking independence rather than pushing unification, keeping unification as the long-term goal—obviously, that changes a lot of things. And so I think that the incentive is to move away from this bad situation and to create a web or fabric of relationships that will ease tensions, promote interdependence to some extent but certain interaction and exchanges so over time hopefully this will lead to a more natural reconciliation decision of some sort that will be acceptable to both sides. That is what I think Beijing is looking at.

DR. YUAN: The principal issue, I think China is a big country and a big country always has its own principles like the United States. In China we are always complaining about, why is America so stubborn to uphold the principle of freedom and democracy in the universal venue, but we never see America give up basic principles. China on the other hand, we have our basic principles like noninterference of the other's internal affairs. So this time China faces some pressure from the outside world we should interfere with North Korea, Sudan, Burma, but will never give up the basic noninterference principle because China is something different from the States. Just because China is a principal big power, then America views China as a respectful competitor. This is [inaudible] wordings, not mine. But that does not necessarily mean that we do not have some flexibility. If you read the documents from 2002 up to now you can find that our definition of one China, our definition of the status quo, changed rapidly, changed almost for me in a revolutionary way, really.

QUESTION: Jorge Liu, Central News Agency, Taiwan. I have three questions to Director Yuan. As a mainland scholar but not a politician, do you see the recent Taiwan election as a presidential election or local leader election? The second question is hypothetical. If invited, is China ready to send a representative to Taiwan to attend Ma's inauguration? And the third question, will Ma be welcome to visit China—of course accepting the one China principle, but as the President of the Republic of China?

DR. YUAN: Thank you for mentioning that I am a scholar and not a spokesman of the Chinese government. I really do not know how to—everybody knows the meaning of the different wording so still I use one China. They also suggest that we should welcome Ma or somebody else to the Chinese Olympic opening ceremony. So

lots of thinking is very interesting in China, but I do not know the official response because I am now in D.C. Maybe when I am back in Beijing maybe I got more information. I am sorry for that.

DR. BUSH: Let me begin by saying that I totally associate myself with Alan Romberg and his belief in the fact that we have an historic or strategic opportunity in the current situation, but I would like to pick up on the thread of Randy Schriver's comments and say that I think the core problem that has bedeviled everyone for the last 15 years is the asymmetry of the security dilemma that has existed between Taiwan and China, and the mutual insecurity that is created. China's insecurity has to do with political moves that Taiwan could take. Taiwan's insecurity increasingly is the military buildup that China has undertaken in order to deter against those military moves. Taiwan can address China's insecurity simply by undertaking political restraint and I think that that is what Ma is prepared to do through words and actions. It will take time to convince Beijing that he is sincere and that they can trust him. There will always be the doubt whether it is politically sustainable over time, but I think he wants to address their sense of insecurity about Taiwan's political intentions.

The problem is that Beijing has forces in being and I cannot believe that those forces are going to go away even if Ma is successful in addressing Beijing's insecurity. We can talk about confidence-building measures, but the forces are still there. Perhaps there can develop increasing trust on the part of the population of Taiwan and habits of coexistence, but I think the burden of proof is actually on those who say this will work out, confidence-building measures and so on, if we are going to believe that this mutual insecurity is going to go away particularly on the part of the people of Taiwan. Thank you. If anybody wants to comment on that I would welcome it.

MR. ROMBERG: I think it is a very important comment, but let me respond a little bit to it. Whatever the circumstance, the PRC is going to maintain what they would consider to be an effective deterrent against Taiwan independence because even if they are convinced, as I believe they should be, that Ma Ying-jeou is not going to move in that direction, they cannot be sure that some future administration in Taiwan will not. So I do not believe they are ever going to give up a deterrent that they think they can use which also means that Taiwan will continue to have the military requirement of its own in the face of that.

But if you believe what people said at the time of the October 2002 Crawford visit, that included not just pulling back some short-range missiles from areas near the coast, but actually destroying some of those missiles. That does not destroy the deterrent. In fact, longer-range missiles would overcome PAC-3s more easily so they maintain it. But again I will stress something I have stressed a long time and that is this is a political issue. It is not a military issue. And so while there is a huge military component to it, if both sides are willing somehow to lower the military dimension, reduce the military dimension of this problem, first of all, I think it is possible, second of all, I think that it will contribute even further to the strengthening of the new political framework where there is this trust.

What is a peace accord going to be all about? Essentially in my estimation, and maybe Yuan Peng could tell us something different, but in my estimation it is this tradeoff that was mentioned this morning between no independence and no use of force. Neither side can guarantee the future but I do think that those two conditions are essentially are in the interest of both sides and so I think that both sides can work in a political way backed up by actual steps which would include something on the missiles. Ma Ying-jeou said if we are going to have a peace accord, a precondition is in fact to reduce or eliminate that missile threat, but that does not eliminate it at all and I am sure he has that fully in mind. So, yes, it is a dilemma, yes, as I think Randy was saying it is a very hard issue to deal with all of this stuff, but I do not think we should say it cannot be dealt with. I think it can.

QUESTION: Jacob Chang from the KMT-PFP office here in Washington, DC. I really have a very burning question I have to ask. First I have to apologize for two things. First, as a lawyer I like to watch the words very carefully. Yesterday after the White House released the U.S. side's story about the telephone call between President Bush and President Hu Jintao, people are getting very excited that President Bush urges the resumption of a closer dialogue based on the 1992 Consensus. But if you read the report by the Xinhua New Agency, then the next sentence is to reach a termination of hostilities under the one China principle. This is actually a retreat from April 29, 2005, Lien-Hu communiqué. During that news conference and the communiqué, nothing was mentioned about the one China principle. So how can the PRC let the Taiwanese people feel comfortable after only 2 years now and the one China principle suddenly pops up again? How can you reassure Ma Ying-jeou to have the confidence to deal with the PRC? I am sorry, this is maybe not a fair question, but scholarly discussion, the facts are here, words are here, so I would like to listen to Dr. Yuan's opinion. Thank you.

DR. YUAN: When we research on the Taiwan issue and the American issue, we focus more on what President Bush said, what Condi Rice said, we focus less on what the Washington Post or some bureau said. So when you research on what is mainland's Taiwan policy you should read Hu Jintao's four points. I bring a book with me, a very excellent book that is our new Taiwan policy document. They have lots of speeches and paper documents issued in recent years by Hu Jintao, by Wen Jiabao. That is our official stance. As for some specific media wording, I do not suggest you read that so carefully and so seriously. That is my point.

Another thing is because of a lack of channels for so many years, some misperception always constitutes the biggest obstacle. That is why I mentioned that the resumption of the dialogue is everything, almost everything, so we are very pleased to see that the 1992 Consensus has already constituted a basic base.

MR. ROMBERG: Jacob, the other thing is that the Lien-Hu joint press statement did refer to the 1992 Consensus and in my conversations, the 1992 Consensus and the one China principle have been used in Beijing pretty interchangeably and the 1992 Consensus is used as code because it was thought that the DPP would find it hard to

talk about one China. But anyway, I do not, and maybe others here will disagree, see a difference in Beijing's mind between those two terms. So maybe they are being less careful in this Xinhua piece. I doubt that the person who drafted that was quite as careful as the person who drafted the Lien-Hu joint press communiqué, but I am not sure I see the retreat that you are talking about.

QUESTION: My name is Norman Fu, I'm with the China Times. Let me begin with Alan. Mr. Romberg, you indicated that you are in favor of having Ma Ying-jeou visit the United States as president-elect. My question to you is, when he does come, if he comes, and how would the administration receive him? Because two years ago when he came in his capacity as the chairman of the KMT and also mayor of Taipei, he met with the number two of the state department, Zoellick. Obviously when he comes as president-elect you would have to upgrade the level of reception. So do you have any particular idea as to who should be his interlocutor when he comes? This is my question for Alan.

And also Randy, yesterday during the debate on the Hill you said the United States should send an appropriate delegation attending the inauguration of President Ma Ying-jeou. I wonder, when you say appropriate and proper who do you have in mind? I have a suggestion. How about sending the president's father, Bush 41? I do not know. I would like to get your thoughts about it.

Lastly for Mr. Yuan, the CCP, the Chinese Communist Party, already has some party-to-party relationship with the KMT. I am surprised that after the victory of Ma Ying-jeou so far the CCP has been silent with no expression whatsoever. I remember 20 years ago when Chiang Ching-kuo died, the CCP sent a message of condolence. I guess this is probably easier, to deal with somebody who is dead than somebody who is alive. The PRC embassy even took the trouble to alert me that they sent a message expressing condolence over the death of Chiang Ching-kuo. I wonder why so far the CCP has failed to send a congratulatory message to Ma Ying-jeou without reference to his winning the presidency of the Republic of China, just your party will not, so I am curious. This is my question for you.

DR. TUCKER: I would ask the panelists to be brief. I will take one more question after this.

MR. ROMBERG: I do not have specifics, but I agree with you that it probably would have to be at a higher level. But again, the principle behind this, or there are two principles behind this. One is, he is not coming as an official. Two is that the logistical arrangements also have to, however, respect the way we conduct relations with Taiwan. So in terms of where he would be met in so on and so forth I think that that also—this is not just Ma is coming to Washington, we'll just—you cannot quite do it that way. But I do think that it makes sense to have senior officials meet with him.

MR. SCHRIVER: On the inaugural I think there are several things that could be done and there are several models that have been used in the past. You could

send somebody senior from the administration; you could send somebody who is a sort of close confidant of the president, that is kind of the Vernon Jordan model; you could do what we did in 2004 which is send a sitting member of Congress who has some familiarity or responsibility for Asia, that was Jim Leach; or you could send sort of a senior eminent person and that is kind of a variation model to the senior emissary and need not necessarily be a close personal confidant of the president in that case, but somebody of significance gravitas. I am pretty sure the administration does not care what I think, but I personally would love to see somebody senior from the administration. I think that would be the most appropriate thing to do. And we have not sent a cabinet official yet and the Clinton administration sent three, so I do not think it should be the secretary of state necessarily, but I think you could send a cabinet-level official to the inauguration and that would be the appropriate thing to do.

DR. YUAN: I am sorry, I really do not know why. But I can assure you that the CCP does not want Ma Ying-jeou to die.

(Laughter)

DR. TUCKER: One final question. I have been saving Eric for last.

QUESTION: Eric McVadon from the Institute for Foreign Policy Analysis. If things go swimmingly well, what should this coming administration in the U.S. be thinking about as far as the implications for the East Asia strategy that some of us are working on with respect to things like the Northeast Asia security mechanism, even our alliances, maybe even more simply the East Asia Summit, and so forth? Alan and Randy, I would welcome your comments on what we might think about for the next four to eight years.

MR. ROMBERG: It is hard to give a short answer to that. I guess I would want to know what do you mean if things go really well? I assume you mean dialogue resumes, cross-strait direct links, trade, and all those things, the peace accord.

ADM. MCVADON: The historic opportunity.

MR. ROMBERG: The historic opportunity. I think it would be in the interests of the United States to bring Taiwan to the table in regional things. It would be democracy, a like-minded partner in so many things. So if Beijing is in a more accommodating mood because things have gone so swimmingly, let's have Taiwan's broader participation in things in the Asia Pacific region. I think that would be a good place to start and I guess I would leave it at that.

MR. SCHRIVER: On the issue of alliances and our deployment patterns, it is going to take a very long time before we think about or see whether there is any change in the requirements. I think that what you've got in terms of PLA modernization is largely what is driving the U.S. on this. Yes, it is focused at the moment on Taiwan, but as Richard Bush said before, a lot of these things are not going to go away. Maybe

some of the short-range missiles could be, but the basic drive to modernize and expand PLA capabilities will not. And I think prudence demands essentially that the United States continue to basically look at that larger picture. But I would also say that we are hedging. We talked about this. We are hedging, but the way you hedge makes a difference. I was truck by Yuan Peng's point about how the U.S. is seen to be using Taiwan against the PRC and so on and so forth. I think most Americans would not agree with that characterization and I think it is important that the way we continue to conduct ourselves and our own deployment patterns and so on into the future reinforce the notion that we are not trying to confront China. That may be easier said than done, but I do not think it is impossible to do that either.

DR. BUSH: Thank you all very much. Thanks to all the panelists. Thank you to Nancy and Charles for helping us out today. I think we award Yuan Peng with the funniest line of the day.

(Applause)

DR. BUSH: But seriously, thank you all for coming. I think we have had an outstanding day of presentations and dialogue and we have all learned a lot and we owe it to our group of experts for providing us with that opportunity. So, with that, the meeting is adjourned.

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