



## **CRS Report for Congress**

# **Taiwan's Legislative Elections, January 2008: Implications for U.S. Policy**

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### **Summary**

On January 12, 2008, Taiwan's ruling party, the Democratic Progressive Party (DPP), suffered a crushing defeat in elections for the Legislative Yuan, the national legislature. The DPP won only 27 seats in the new 113-member body, while the opposition Kuomintang Party (KMT) gained a hefty majority with 81 seats. Five additional seats went to independent and smaller party candidates who are expected to side often with KMT positions. The results appear to be a repudiation of DPP leader and Taiwan President Chen Shui-bian's emphasis of a radical pro-independence agenda at the expense of domestic economic issues. Attention in Taiwan now is on the upcoming presidential contest on March 22, 2008, pitting the leading DPP candidate Frank Hsieh against the leading KMT candidate Ma Ying-jeou.

This report will not be updated.

Taiwan's January 12, 2008 legislative elections were the first held under new electoral rules adopted in 2005 under an amendment to the Republic of China's (Taiwan's) constitution. Under the old electoral rules, voters had only one ballot to cast in multi-member districts where as many as 12 candidates competed against one another, even if they were from the same party. This system functioned at a cost to party discipline and was thought to encourage radicalism, with candidates able to be elected with as little as five percent of the vote in a given district. The 2005 electoral changes halved the size of the legislature to 113 members from its former size of 225 and increased the term of office from three years to four. The new rules also instituted a new single-member district system employing two ballots for voters, similar to systems used in Germany and Japan: one to be cast for a candidate and one to be cast for a political party.

As expected, the new system has appeared to favor larger, well-organized parties and to put smaller parties and fringe elements at a disadvantage. In the previous legislature, the opposition KMT had held a bare majority by joining with a partner, the People First Party (PFP), in a coalition that became known as the "Pan-Blue Coalition," while the DPP partnered with the Taiwan Solidarity Union (TSU) in the "Pan-Green Coalition" of nearly equal strength. But in the January 12<sup>th</sup> vote, the KMT emerged with a solid controlling

majority of 81 seats against the ruling DPP's anemic win of 27 seats. The former coalition partner parties, the PFP and TSU, were effectively wiped out under the new electoral rules, suggesting the end, at least temporarily, of Pan-Blue/Pan-Green coalition politics. Five seats were gained by independent and smaller party candidates, all of whom are expected to side with KMT positions. While a KMT legislative victory was expected under the new electoral rules, the wide margin surprised most analysts and dealt a serious blow to DPP aspirations to be victorious in the March 22, 2008 presidential election. President Chen Shui-bian stepped down as head of the DPP party, saying he took full responsibility for his party's loss. He is term-limited as Taiwan's president and will be stepping down in May 2008.

Adding to the DPP's misfortune, voters also failed to pass two referendum measures — one (a DPP measure) asking whether the government should attempt to seize assets the KMT is alleged to have embezzled during its unbroken rule on the island from 1949-2000, and one (a KMT measure) asking whether the legislature should be given power to investigate official corruption. The two referenda, which needed to reach a threshold of 50% of the participating electorate for passage, were seen as litmus tests for a more controversial referendum, proposed by President Chen for the upcoming March 22 presidential election, asking whether Taiwan should apply to the United Nations for full membership under the name "Taiwan" rather than its formal name of the Republic of China.<sup>1</sup> Beijing considers the U.N. referendum to be tantamount to a public poll on Taiwan independence — a prospect China has vowed to prevent by force if necessary. The United States has called Taiwan's U.N. proposal "provocative."

The KMT historically is a party of mainlanders who fled to Taiwan from mainland China in 1949. It is politically conservative and strongly anti-communist. Although it is credited with engineering Taiwan's vibrant economic growth and transformation during its more than 50-year rule on the island, the KMT's inability to offer a clear and creative vision for Taiwan's future ultimately made it vulnerable to the pro-independence DPP party, which was able to elect its candidate, Chen Shui-bian, to the presidency in elections in 2000.<sup>2</sup> Since then, the KMT has portrayed itself as a more responsible steward than the DPP for Taiwan's future. It has soundly criticized the DPP's posture toward Beijing as unnecessarily confrontational and has promised to replace it with a policy of engagement and cooperation. The party also has gotten political mileage out of portraying President Chen as insufficiently attentive to the needs of Taiwan's economy and business community — as in the economic disadvantages Taiwan business interests continue to face due to Taiwan's restrictions on contacts with mainland China.<sup>3</sup>

**Implications for the March 2008 Presidential Election.** The KMT's overwhelming victory in the legislative elections suggests that the party is now well placed to win the presidency back from the DPP in the presidential election scheduled for March 22, 2008. A KMT victory in March would leave both Taiwan's legislature and the

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<sup>1</sup> The U.N. referendum expected to be voted on in March also has to meet the 50% threshold for passage — a bar widely seen as out of reach for controversial measures.

<sup>2</sup> The traditional KMT policy held that there was only one China, that Taiwan was part of China, and that one day Taiwan would re-take the mainland and China would be reunified.

<sup>3</sup> See CRS Report RL33510, *Taiwan: Recent Developments and U.S. Policy Choices*, by Kerry Dumbaugh.

executive in the hands of one party, ending the legislative-executive split in Taiwan's government that has created political gridlock throughout the Chen Administration. Optimists suggest that this would lead to the kind of policy achievements that have eluded President Chen. More pessimistic observers allege that this development could return Taiwan to a quasi one-party state, leaving the DPP too weakened to function as the kind of robust opposition voice that a vibrant democracy requires.

Others have warned against the temptation to see a "geo-strategic outcome" in what they say is the very local and tactical nature of Taiwan's legislative elections.<sup>4</sup> They say that the island-wide contest that will elect Taiwan's next president will be a very different process and that the electorate may seek to balance the overwhelming KMT legislative victory by seeking to hand the presidency to the DPP. Still, even if the DPP is the winning party in March's presidential election and divided government continues, the KMT's substantial legislative margin — enough to veto legislative proposals or recall the president — would appear to put the KMT in the driver's seat of Taiwan policy.

## Implications for the United States

While carefully stating they have no preferences in Taiwan's political races, officials in the Bush Administration have been vexed by President Chen Shui-bian's unpredictable political style, his confrontational tactics with the People's Republic of China (PRC), and by the difficulty of getting substantive action out of Taiwan's former grid-locked legislature. As a result, U.S. policy may seem to be well-served by any developments that could tend to calm Taiwan's political waters and facilitate a mature policy discourse. Such developments would appear to include a more effective legislative process.

But more skeptical observers point out that while the KMT's new legislative supermajority will give it a stronger voice, Taiwan's grid-locked legislature also had a KMT coalition majority. Mere numbers, according to this view, do not necessarily translate into compromise, political unity, or an active policy agenda. Even while the DPP's new chairman, Frank Hsieh, has promised to pursue a less confrontational approach toward China, if the DPP is victorious in the March presidential election it is likely to continue to embrace the pro-independence views that its radical base supports. Therefore, confrontational politics and stalemate still could continue in the event of a DPP victory in March's presidential contest.

Others have suggested that there may be different potential complications should the KMT win the presidency in March 2008 and gain full control of the Taiwan government. They point out that the KMT has long pledged to improve Taiwan's relations with the PRC, supporting closer cultural and economic ties, and that a KMT-dominated government is thought to be welcomed by Chinese leaders in Beijing.<sup>5</sup> While any improvements in cross-strait relations are likely to support short-term U.S. goals, some

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<sup>4</sup> Yates, Steve, comments during a conference at the Heritage Foundation on "Taiwan's Parliamentary Elections: Who Won, Who Lost, and What it Means," January 15, 2008.

<sup>5</sup> Lague, David, "Taiwan election may ease tensions with China," *The New York Times*, January 14, 2008.

hold that the United States over the longer term will not benefit from a Taiwan whose economic interests and cultural identity are increasingly intertwined with the PRC.<sup>6</sup>

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<sup>6</sup> John Tkacik, of the Heritage Foundation, is one proponent of this view.