Although cross-strait relations have been the most stable in the last eight years under the pro-mainland KMT government, the pro-independence DPP scored a major victory in the 2016 presidential and parliamentary elections. This paper examines ways identity changes in Taiwan have influenced how Taiwanese view and deal with cross-strait relations and reactions from the mainland after the January elections. Using constructivism as the theoretical framework and survey data, we argue that Taiwan’s continued democratization has created a different social and political experience. This experience has solidified over time and created a unique Taiwanese identity. As time passes, the KMT which has a stronger historical and social lineage with the mainland is being weakened by Taiwan’s changing experience and identity. Nevertheless, peace and stability in the Taiwan Strait are not only essential for people on both sides of the strait, they are essential for the region and the world. Both the new DPP government and the mainland government must rethink their strategies and policies in order to construct a new framework to ensure continued peace and stability in the region.

*This is a preliminary draft. Please do not cite without authors’ permission.*
Introduction

On January 16th, 2016, Taiwanese voters went to the polls to elect their next president and legislative members. Although it was no surprise that the incumbent Nationalist (KMT) Party led by Eric Chu Li-luan had been in trouble, the opposition Democratic Progressive Party (DPP) led by Tsai Ing-wen won a landslide victory in both the presidential and parliamentary elections. Tsai Ing-wen will become the first democratically elected female president in Taiwan. With a lower-than usual voter turn-out rate at 66.27%, Tsai Ing-wen won 56.12% of the votes, while Eric Chu and James Soong of the People First Party (PFP) got 31.04% and 12.84% respectively. The DPP scored a major victory in the Legislative Yuan (LY) too, winning 68 of the 113 seats. The KMT only won 35 seats, losing its majority status for the first time in history.

Taiwanese voters have sent a clear message - they want a different government to lead Taiwan in the next four years. However, cross-strait relations have been the most stable and peaceful since the current KMT president Ma Ying-jeou took office in 2008. The Republic of China (ROC) on Taiwan and the People’s Republic of China (PRC) on the mainland have signed 23 economic and service agreements in the past eight years¹. Cross-strait cooperation, including economic investments, tourism and cultural exchanges has been booming. President Ma Ying-jeou and President Xi Jinping even had a historic meeting in Singapore on November 7th, 2015. So, why do the Taiwanese want the pro-independence Tsai Ing-wen, who does not recognize the “1992 Consensus”, to be the next president of Taiwan?

This paper examines the changing Taiwanese identity – an identity different from that of the Chinese in mainland China, particularly among younger generations of Taiwanese. We

¹ Dennis Hickey, “The Democratic Progressive Party and the Death of the Diplomatic Truce?”, paper prepared for delivery at the Institute of Global and Public Affairs at University of Macau and the Collaborative Innovation Center for Peaceful Development of Cross-Strait Relations at Xiamen University International Conference, January 22-23, 2016.
argue that Taiwan’s continued democratization has created a different social and political experience. This experience has solidified over time and created a unique Taiwanese identity. As time passes, the KMT which has a stronger historical and social lineage with the mainland is being weakened by Taiwan’s changing experience and identity. Nevertheless, peace and stability in the Taiwan Strait are not only essential for people on both sides of the strait, they are essential for the region and the world. Both the new DPP government and the mainland government must rethink their strategies and policies in order to construct a new framework to ensure continued peace and stability in the region.

We do acknowledge however that cross-strait relationship is not the only determining factor in Taiwan’s elections. There are many other issues particularly in the domestic domain, such as economic growth, food safety, nuclear power, etc. that have also played important roles in Taiwan’s elections. Nevertheless, cross-strait relationship is indeed a vital issue to consider. Without the stable and conducive cross-strait relations, leaders in Taiwan would not be able to solve the island’s domestic problems. Therefore, we choose to focus our analysis on the important issue of cross-strait relations in this paper.

In the next sections, we will first review Taiwan’s 2016 general elections. Then, we will discuss how identity has changed in Taiwan and how such change has influenced Taiwan’s electoral politics. Third, we will provide an analysis of mainland China’s reaction to the 2016 election. Finally, we will offer some policy recommendations for both sides.

The 2016 Elections

The results of the January 2016 election had been anticipated by the mainland leadership. Compared with previous presidential elections, the DPP scored a decisive victory this time. Tsai
Ing-wen’s 56.12% of votes (see Table 1) reflects the highest percentage won by the DPP since Taiwan’s first direct presidential election in 1996. Eric Chu’s 31.04% of votes is the lowest percentage ever for the KMT since James Soong\(^2\) ran as an independent candidate in 2000.

Table 1 shows that the DPP has been steadily gaining support in presidential elections since 1996, whereas the KMT has been losing support.

<table>
<thead>
<tr>
<th>Year</th>
<th>Candidates</th>
<th>Party</th>
<th>Popular Votes</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Tsai Ing-wen</td>
<td>DPP</td>
<td>6,894,744</td>
<td>56.12%</td>
</tr>
<tr>
<td></td>
<td>Eric Chu</td>
<td>KMT</td>
<td>3,813,365</td>
<td>31.04%</td>
</tr>
<tr>
<td></td>
<td>James Soong</td>
<td>PFP</td>
<td>1,576,861</td>
<td>12.84%</td>
</tr>
<tr>
<td>2012</td>
<td>Ma Ying-jeou</td>
<td>KMT</td>
<td>6,891,139</td>
<td>51.60%</td>
</tr>
<tr>
<td></td>
<td>Tsai Ing-wen</td>
<td>DPP</td>
<td>6,093,578</td>
<td>45.63%</td>
</tr>
<tr>
<td></td>
<td>James Soong</td>
<td>PFP</td>
<td>369,588</td>
<td>2.77%</td>
</tr>
<tr>
<td>2008</td>
<td>Ma Ying-jeou</td>
<td>KMT</td>
<td>7,658,724</td>
<td>58.45%</td>
</tr>
<tr>
<td></td>
<td>Frank Hsieh</td>
<td>DPP</td>
<td>5,445,239</td>
<td>41.55%</td>
</tr>
<tr>
<td>2004</td>
<td>Chen Shui-bian</td>
<td>DPP</td>
<td>6,446,900</td>
<td>50.11%</td>
</tr>
<tr>
<td></td>
<td>Lien Chan</td>
<td>KMT</td>
<td>6,423,906</td>
<td>49.89%</td>
</tr>
<tr>
<td>2000</td>
<td>Chen Shui-bian</td>
<td>DPP</td>
<td>4,977,737</td>
<td>39.30%</td>
</tr>
<tr>
<td></td>
<td>James Soong</td>
<td>Independent</td>
<td>4,664,932</td>
<td>36.80%</td>
</tr>
<tr>
<td></td>
<td>Lien Chan</td>
<td>KMT</td>
<td>2,925,513</td>
<td>23.10%</td>
</tr>
<tr>
<td>1996</td>
<td>Lee Teng-hui</td>
<td>KMT</td>
<td>5,813,699</td>
<td>54.00%</td>
</tr>
<tr>
<td></td>
<td>Peng Ming-min</td>
<td>DPP</td>
<td>2,274,586</td>
<td>21.10%</td>
</tr>
</tbody>
</table>

Another interesting observation is that the voter turn-out rate (66.27%) is lower than usual in 2016 (see Table 2). This could reflect the dilemma and frustration Taiwanese voters faced. Many have enjoyed the stability in the Taiwan Strait; however, the majority of people still wanted a new government from a different party to lead Taiwan. This will be important in explaining the identity-economic paradox people face in Taiwan. More will be discussed later.

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\(^2\) James Soong was a KMT member. However, he ran as an independent candidate in 2000 and has been running as a PFP candidate since 2012.
Table 2: Taiwan’s Presidential Election Voter Turn-Out

<table>
<thead>
<tr>
<th>Year</th>
<th>Voter Turn-out</th>
<th>Total vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>66.27%</td>
<td>12,284,970</td>
</tr>
<tr>
<td>2012</td>
<td>74.38%</td>
<td>13,452,016</td>
</tr>
<tr>
<td>2008</td>
<td>76.33%</td>
<td>13,221,609</td>
</tr>
<tr>
<td>2004</td>
<td>80.28%</td>
<td>13,251,719</td>
</tr>
<tr>
<td>2000</td>
<td>82.69%</td>
<td>12,786,671</td>
</tr>
<tr>
<td>1996</td>
<td>76.04%</td>
<td>10,883,279</td>
</tr>
</tbody>
</table>

Source: Institute for Democracy and Electoral Assistance (IDEA); http://www.idea.int/vt/countryview.cfm?CountryCode=TW

The DPP did not only win big in the presidential election; they scored a landslide victory in the LY as well. The DPP won 68 of the 113 seats, an increase of 28 from the previous 40. The KMT, on the other hand, only won 35 seats, a decrease of 29 from the previous 64. The PFP held its steady 3 seats. But a notable new contender – the New Power Party (NPP) led by Huang Kuo-chang – an activist and lead figure in the Sunflower Student Movement, emerged in the LY by winning 5 seats. The Sunflower Student Movement\(^3\) can be seen as a green-leaning movement primarily led by young college students in Taiwan in an effort to protest against the signing of the Cross-Strait Service Trade Agreement (CSSTA) by the ruling KMT government. The younger generations’ participation in politics is an important part of Taiwan’s new identity creation.

It’s important to briefly discuss why the DPP succeeded while the KMT failed in this election. From the perspective of the DPP, Tsai Ing-wen lost in the presidential election four years ago to the then KMT candidate Ma Ying-jeou. Unlike this year’s election, Ma only won by a small margin (51.60% to 45.63%, see Table 1). Tsai claimed in 2012 that she had lost the

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\(^3\) For a more detailed discussion about the Sunflower Movement, please see Frank C.S. Liu and Yitan Li, “Generation Matters: Taiwan’s Perceptions of Mainland China and Attitudes towards Cross-Strait Trade Talks”, *Journal of Contemporary China*, (Forthcoming).
last mile of the election. The DPP has been united behind her as a party since 2012 to prepare for the 2016 election for the past four years. The DPP was also able to utilize the social media much more effectively to rally support from younger generations of voters, particularly first-time-voters, in their favor. Lastly and perhaps most importantly, Tsai Ing-wen is a much more moderate candidate compared to her predecessor Chen Shui-bian, who brought down the DPP as a corrupt political party. Tsai In-wen has been able to rebuild the image of the DPP and depart from the shadows of the Chen Shui-bian era.

The KMT on the other hand has been dealing with a completely different political reality. In November 2014, local elections, often known as the “nine-in-one” elections, were held in cities, counties, and villages across Taiwan, where mayors, county councilors, and township chiefs, etc., were elected. The KMT suffered from an unprecedented defeat then. In the mayoral elections of the six largest municipalities, the KMT only narrowly won in the New Taipei City and lost the other five municipalities, including many traditionally deep blue municipalities, such as Taipei. The KMT lost its predominant advantage in city councils and many other local areas. Many argue that it became “a sea of green” after the election. Ma Ying-jeou resigned as the chairman of the KMT after the party’s humiliating defeat.

Moreover, the KMT has been having many internal political fights among different factions. The lack of internal coherence has tarnished the KMT’s image. As a result of the

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5 The term “nine-in-one” refers to nine local elections conducted simultaneously on Saturday, 29 November 2014 in Taiwan. These elections are for 1) Municipal Mayors, 2) Municipal Councilors, 3) Chiefs of indigenous districts in municipalities, 4) Councilors of indigenous districts in municipalities, 5) County Magistrates (City Mayors), 6) County (City) Councilors, 7) Township Chiefs, 8) Township Councilors, and 9) chiefs of village.


7 Ibid.
internal political struggles, it was difficult to produce a widely acknowledged presidential candidate to run in the 2016 presidential election. After Hung Hsiu-chu had volunteered to run as the only KMT candidate with an approved nomination by the party, the KMT only to decide to revoke her candidacy and replace her with Eric Chu less than three months before the January election.

Theses series of missteps by the KMT gravely undermined the KMT’s image and deepened the public’s distrust for the KMT. Coupled with Taiwan’s recent economic stagnation under the leadership of a KMT president – Ma Ying-jeou and the KMT’s inability to garner support from young voters⁸, the KMT suffered an unprecedented defeat.

Taiwan’s Identity Change

The shift from the pan-blue dominance to the pan-green dominance did not happen overnight. It is a reflection of Taiwan’s gradual change in its overall political landscape. We argue that Taiwanese citizens’ identity change, among other things, has played a paramount role in the formation of the new political landscape.

For a long time, on both sides of the Taiwan Strait, the Taiwan issue was a question of territory. After the Chinese Civil War, with the KMT government relocating the ROC to the island of Taiwan and the founding of the PRC in 1949 on the mainland, the issue of Taiwan’s status came into being. The PRC and ROC view the Taiwan issue differently. Beijing claims that after the KMT’s Nanjing government was overthrown by the Chinese people led by the Chinese Communist Party (CCP), the PRC government in Beijing became the sole, legal government of all China, including the Taiwan Province. Therefore, the ROC government ceased its existence

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and “the authorities on Taiwan are not a government”. To Beijing, there is only one China and that is the PRC. Taiwan is simply a renegade province.

Immediately after the KMT moved to Taiwan, the ROC also held the “one China” position. Both Presidents Chiang Kai-shek and Chiang Ching-kuo believed that there was only one China – the ROC – and both Taiwan and the mainland were part of the ROC. The ultimate goal of the KMT was to liberalize the mainland and achieve national unification. Therefore, the “one China” was clearly the ROC and Taiwan was part of the ROC. At that time, Taipei denied the existence of the government in Beijing. Moreover, the ROC never believed its government ceased to exist; it simply moved from Nanjing to Taipei. Since then, Taiwan has existed without being part of the PRC for more than six decades. Today, however, either under the KMT or the DPP, Taiwan no longer considers the liberalization of the mainland as a national goal. While the pro-independence DPP government has departed from the “one China” position and refused to endorse the “1992 Consensus” – one China with different interpretations; the pro-unification KMT has, generally speaking, acknowledged the “1992 Consensus” and dealt with the mainland on the basis of this consensus. Today considerable disagreement remains about what the concept of the ROC versus Taiwan would include. Some people in Taiwan define Taiwan only as the geographical region on the island of Taiwan and a few offshore islands. Others hold that Taiwan still include the geographical region of the Chinese mainland plus Outer Mongolia.

However, recent discourses suggest that the Taiwan issue has increasingly become one of evolving identities – “who’s who” – instead of “who belongs to whom”. This line of argument is

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anchored on a constructivist theoretical framework. Traditionally, cross-strait relations have been viewed in the context of realism or liberalism. Realists see the mainland and Taiwan as two strategic competitors. The two sides are expected to compete with each through either the balance of power\textsuperscript{12} or balance of threat\textsuperscript{13}. The result would be an unavoidable conflict in the Taiwan Strait. However, realists cannot explain why, is spite of the distrust between the two sides, cross-strait economic and cultural cooperation have boomed in recent years. Many in the liberalism camp had hoped that cooperation in the economic and social arenas would eventually spill over into the political realm of unification. However, the “spirit of commerce”\textsuperscript{14} has not led to any visible and realistic road map for political integration.

It is clear that both realism and liberalism have failed to explain the unique dynamic in the Taiwan Strait – the paradox of strong economic-social convergence and clear political divergence\textsuperscript{15}. We believe constructivism is a better framework to help us understand the dynamics in the Taiwan Strait. Constructivists argue that norms and ideas shape interests; and, in turn, interests shape the actions of individuals, who would eventually shape the actions of the group\textsuperscript{16}. So when norm changes, identity can change with it\textsuperscript{17}.

Decades ago, the sovereign status of Taiwan was largely viewed on the basis of antiquity, particularly the shared history, language, and culture, etc. on both sides of the Taiwan Strait. In that context, the Taiwanese identity was primarily formed on the basis of shared ethnic identity

\textsuperscript{15}For a more detailed discussion, see Yitan Li, “Constructing Peace in the Taiwan Strait: a constructivist analysis of the changing dynamics of identities and nationalisms”, \textit{Journal of Contemporary China} 23, (2014), pp. 119–142.
with the Han Chinese. We know that the majority of Taiwanese are Han Chinese\(^\text{18}\). The Han identity is the identity of the Chinese nation. According to this logic, if most Taiwanese are historically Han, they should be Chinese. If we follow this line of thinking, Taiwanese are first and foremost Chinese. Therefore, the Taiwanese are a part of the Chinese nation\(^\text{19}\).

Melissa Brown, however, challenges that assumption and argues that it would be misleading to view identity as based on antiquity. Instead, she asserts that “identity is formed and solidified on the basis of common social experience, including economic and political experience”; and ‘identities must be negotiated; . . . identity formation in individuals and groups derives from their interaction with the social and cultural context in which they live”\(^\text{20}\). So it’s natural to expect identities to change when the shared common social experiences change.

There have been several waves of identity shifts in the recent history of Taiwan. The first wave occurred after Taiwan’s annexation by Japan in the first Sino – Japanese War from 1894 to 1895. Taiwan’s identity shifted from a lack of a unified group\(^\text{21}\) to an anti-Japanese occupation identity\(^\text{22}\). A strong pro-Han and pro-Chinese nationalist identity was prevalent in Taiwan in the anti-Japanese movement. Such identity was further strengthened in the second Sino-Japanese War from 1937 to 1945.

The second wave occurred after Taiwan was returned to the ROC after the end of the second Sino-Japanese War in 1945. On February 27\(^\text{th}\), 1947 a Tobacco Monopoly Bureau

\(^\text{18}\) Four major ethnic groups exist in Taiwan, namely the Indigenous Peoples (Yuanzhumin, 2 %), Mainlanders (Waishengren, 13%), Hakkas (Kejiaren, 15%), and Hoklos (Fulaoren, 70%). With the exception of the 2% Indigenous Peoples, the other three major ethnic groups are all Han Chinese. See Shih, C., and M. Cheng. 2010. Taiwanese identity and the memories of 2–28: A case for political reconciliation. *Asian Perspective* 34: 85–113.

\(^\text{19}\) For a more detailed discussion, please see Yitan Li, “At the Nexus of New Challenges: China’s Leadership Change and Cross-Strait Relations”, *Fudan Journal of the Humanities and Social Sciences* 7, (2014), pp. 57-76.


enforcement team confiscated the cigarettes from a 40-year old widow Lin Jiang-mai in Taipei. As Lin demanded her cigarettes back, she was beaten and injured by the Tobacco Monopoly Bureau enforcers\(^{23}\). The next day, crowds gathered outside the Governor General’s office demanding justice. Security forces fired into the crowds killing several people. The incident is known as the “2.28 Incident”. In the months to come, Chiang Kai-shek sent troops from the mainland to crack down the protests across Taiwan. Thousands of innocent people were killed\(^{24}\) and martial law was declared. The “2.28 Incident” became the genesis of a broader Taiwanese identity – an identity that sees the mainlanders as “outsiders”\(^{25}\) or “alien rulers”\(^{26}\).

The end of martial law in 1987 set up Taiwan’s systematic transformation from a one-party authoritarian system to a multiple-party democracy. Thus, this became the beginning of the island’s most recent identity shift. The latest identity shift represents a change in Taiwan’s political process of democratization and the social environment associated with the process of democratization. When Chiang Ching-kuo decided to lift the martial law in 1987, Taiwan was still a one-party system strongly controlled by the KMT. But Chiang began to ease the country’s grip on opposition parties. That effort allowed the gradual emergence of opposition parties, including the establishment of the DPP in 1986. In ten years’ time, Taiwan would hold its first direct presidential election in 1996. Although the KMT’s Lee Teng-hui still won the first-ever direct presidential election, Taiwan formally became an electoral democracy.

The first real test for Taiwan’s electoral democracy came in 2000, when the opposition DPP candidate Chen Shui-bian won the presidential election to become the first non-KMT president of Taiwan. Chen held onto his office for eight years until the DPP was defeated by the

\(^{23}\) Information gathered from the National 228 Memorial Museum in Taipei, Taiwan on December 8\(^{th}\), 2014.
\(^{24}\) The estimates range from 18,000 to 28,000. Information gathered from the National 228 Memorial Museum in Taipei, Taiwan on December 8\(^{th}\), 2014.
\(^{25}\) Masahiro Wakabayashi, “Taiwanese nationalism and the “unforgettable other’’, pp. 11-12.
KMT candidate Ma Ying-jeou in 2008. And earlier this year, DPP’s candidate Tsai Ing-wen ousted the KMT’s Ma Ying-jeou to become the new president of Taiwan. Taiwan’s elections have gone on at all levels of the government, including the election of mayors and legislators at both the national and local levels. Although the two largest parties – KMT and DPP – have remained the two dominant political parties in Taiwan, independent parties have also mushroomed over the years. Taiwan has consolidated its electoral system into a full-fledged multiparty democratic system.

In the process of Taiwan’s democratization, changes in the social environment have occurred alongside these political changes; and they have reinforced each other as well. These changes generally speaking come in two different forms: aggressive and voluntary.

Aggressive changes are systematically imposed by the government. This is particularly true towards the end of Lee Teng-hui’s government and during Chen Shui-bian’s eight years rule under the DPP. Chen Shui-bian promoted a series of “de-Sinification” processes between 2000 and 2008. For example, the DPP government promoted Xiangtu Wenxue (native literature); added the word “Taiwan” to the passport jacket; changed school curricula to emphasize the unique cultural and historical characteristics of Taiwan and the differences between Chinese and Taiwanese. The effort of “de-Sinification” is a “self-conscious nation building project” to Taiwanize Taiwan.

Voluntary changes are mainly bottom-up and grassroots movements initiated by Taiwanese citizens. As Taiwanese citizens continue to experience a more democratic system,

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27 Taiwan uses a single member district plurality voting system. According to Maurice Duverger, a single member district plurality voting system tends to foster a two-party system. In the January 2016 presidential election for examples, candidates from three political parties, namely the KMT, DPP, and PFP, competed with each other. In the LY election held concurrently with the presidential election, twenty-nine parties are represented in the LY.

they feel they are different from their Chinese brothers and sisters who live in a non-democratic political system in the mainland. The result is that people in Taiwan think Taiwanese are different from Chinese even though they share a great deal of historical and cultural lineages. For example, according to a 2015 survey conducted by the Institute in Political Science at the National Sun Yat-Sen University, 64% (see Figure 1) of the respondents think they should speak more native dialects or language, such as Taiwanese, Hakka or aboriginal language. In spite of strong warnings from the government of Taiwan, a small number of Taiwanese travelers have used the “Republic of Taiwan” stickers to cover up the words “Republic of China” on their passports.

The combined result of both aggressive and voluntary changes is that a significant number of Taiwanese think of themselves as Taiwanese (74%, see Figure 2) instead of Chinese, according to the same survey conducted by the Institute in Political Science at the National Sun Yat-Sen University. These numbers show that when social experience changes, identity

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29 Frank C.S. Liu, “Survey on Cross-Strait Relations”, Institute in Political Science, National Sun Yat-Sen University, Kaohsiung, Republic of China (Taiwan), November 20th – December 14th, 2015.
30 Ibid.
changes with it. Because citizens of Taiwan have lived through a fundamentally different political and social environment, they no longer think of themselves as Chinese.

Reactions from Mainland China

While the mainland leadership had hoped for a miracle, it had anticipated the result of a DPP victory and been making preparations to deal with the outcome. Before Taiwan’s first direct election in 1996, the mainland had conducted a series of missile tests in the Taiwan Strait aimed at intimidating Taiwanese voters. Most China analysts agree that those missile tests turned out to be counterproductive. Since then, the mainland has been very careful not to overact to Taiwan’s presidential elections.

On several occasions in late 2015 and early 2016, the mainland stated that it would not “interfere in the conduct of elections in Taiwan”. However, President Xi Jinping and President Ma Ying-jeou unexpectedly announced in early November 2015 that they would meet in Singapore on November 7th, 2015. Such a meeting would have taken considerable amount of time to arrange. Although there’s no direct evidence to prove whether the meeting time was a

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coincidence, the nature of such a high profile meeting so close to the January election has led many to believe that the meeting was a concerted effort between the CCP and the KMT to sway Taiwanese voters in KMT’s favor. However, the meeting didn’t appear to have significantly influenced the outcome of the election.

After Tsai Ing-wen’s and the DPP’s convincing victory in both the presidential election and LY election on January 16th, 2016, how would mainland China react? Reactions can come from two different sources: popular reaction from ordinary Chinese citizens and official reaction from the mainland government. Although many Chinese citizens have paid close attention to the elections in Taiwan, their views and reactions are somewhat constrained and tinted by the official tone of the mainland government. Therefore, we choose to focus our discussion on how the mainland government could react to Taiwan’s election results.

It is apparent that the election results were not what Beijing had hoped for; however, the mainland must face the reality and act accordingly. We expect Beijing to react to Tsai Ing-wen’s new government in perhaps three different phases. The first phase is between the election and May 20th, 2016, on which Tsai Ing-wen will be inaugurated as the new president. The second phase is between May 20th, 2016 to the end of 2016 or the perhaps May 2017, which marks her first year in office. The third phase is after May 2017.

During the first phase, no significant change is expected from the mainland leadership, although the mainland leadership may be sending mixed signals to test Tsai Ing-wen’s positions. After all, the KMT’s Ma Ying-jeou will remain in power until Tsai Ing-wen is officially sworn in. Tsai Ing-wen is still in the process of forming her new government and her mainland strategies and policies. It would not be until May 20th, 2016 that the mainland could get the first glimpse of Tsai’s mainland policies as the new president. According to Richard Bush – a seasoned

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32 We plan on addressing Chinese citizens’ reaction in a separate project.
China-Taiwan expert, it would be unwise for the mainland to judge Tsai Ing-wen based on what she has said or done in her previous phases of her public career.\(^\text{33}\)

Although China will probably continue its emphasis on the “1992 Consensus” of which Tsai Ing-wen has not embraced as the basis for cross-strait stability and dialog, the mainland may begin signaling new ideas of cross-strait engagement. For example, during a speech made by the PRC’s Minister of Foreign Affairs Wang Yi at the Center for Strategic and International Studies (CSIS) in Washington, D.C. on February 25\(^\text{th}\), 2016, Foreign Minister Wang stated:

“I hope and expect that before that time comes, the person in power in Taiwan will indicate that she [Tsai Ing-wen] wants to pursue the peaceful development of cross-strait relations, and that she will accept the provision in Taiwan’s own constitution that the mainland and Taiwan belong to one, the same China. She is elected on the basis of the current constitution of Taiwan, which still recognizes the mainland and Taiwan as one, the same China.”

It is important to note that Foreign Minister Wang Yi did not mention the “1992 Consensus” in his remarks. And more importantly, it was the first time a high-ranking Chinese official has mentioned the idea of using the ROC’s existing constitution as the basis of maintaining the “one-China principle”. During the Xi-Ma meeting in November 2015, Xi Jinping referred the “1992 Consensus” as the “magic compass that calms the sea”\(^\text{34}\). So it is unclear whether Foreign Minister Wang’s “constitution” remark marks a significant shift in China’s Taiwan’s policy. One might interpret Wang Yi’s remarks as a softening of China’s tone. The main hope might be to extend an olive branch to Tsai Ing-wen so she does not propose aggressive or irreversible mainland policies in her inaugural speech in May 2016.


However, as economy and job creation were among the most important issues that influenced Taiwan’s election in January, the mainland may also begin implementing policies that would gradually put pressure on Taiwan’s economy. For example, there have been reports that the mainland government has begun to restrict the number of mainland tourists to visit Taiwan. Statistics show that the year-to-year visitors from mainland China to Taiwan have dropped from 260,573 (as of February 2015) to 226,267 (as of February 2016), a 13% decrease from a year ago. The mainland may choose to play a mixed strategy until it has a more clear picture of what Tsai Ing-wen’s mainland policies are.

After the May 20th, 2016 inauguration, we expect both sides of the Taiwan Strait to take some time to learn and understand each other’s policies first in order to make any rational adjustment of their own policies towards the other. The second mover advantage does seem to exist in the Taiwan situation. This wait-and-see period can last anywhere from May 20th to either the end of the 2016 or a year into Tsai Ing-wen’s rule as president, depending on if Tsai Ing-wen implement any drastic changes in Taiwan’s mainland policies and how fast these potential changes are implemented. If any shift in policies from either side would occur, such shift is expected to be gradual at first, but may pick up speed depending on how the shift is implemented and perceived by the other side. It’s most unlikely that Tsai Ing-wen to fully embrace mainland China’s terms for further political negotiation towards unification. Tsai ran her campaign as a middle-roader by promising Taiwanese voters that she would maintain the status quo in the Taiwan Strait. However, she has never clarified whether the status quo means the status quo established by the KMT in the last eight years or the status quo of independence preferred by the DPP. Evidence suggests that Tsai Ing-wen must placate the deep-green factions.

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within her own party, which prefer a more aggressive approach in the direction of an explicit independence policy. So if it is inevitable that Tsai’s DPP government will continue its path for independence, what options would the mainland have?

We summarize China’s possible reactions into the following categories: economic pressure, diplomatic pressure, and military pressure. Perhaps the most easily, direct, and manageable way to punish Taiwan would be through applying economic pressure on the island. “The mainland is the market for 25% of Taiwan’s exports and the destination for most of its foreign direct investment. Taiwan, on the other hand, accounts for just 4% of China’s total trade”\textsuperscript{36}. The mainland and Taiwan have signed 23 economic and service agreements in the past eight years and mainland tourists to Taiwan have skyrocketed in recent years. These economic agreements would be great economic sanction tools. One might even argue that Taiwan’s economic dependence on the mainland have allowed the mainland government to create economic incentives to take away from Taiwan in the event of a more explicit move towards independence – a classic example of economic sanctions\textsuperscript{37}. To begin with, the mainland could easily reduce or even stop mainland tourists from going to Taiwan as discussed above. Beijing can also reduce its preferential treatment for Taiwan’s business and investment\textsuperscript{38} to make it more difficult for Taiwanese businessmen to do business in China.

Beijing could also ratchet up its diplomatic efforts to further restrict Taiwan’s international space. Two separate steps can be taken. First, Beijing can target Taiwan’s diplomatic allies. As one of the most important conditions for maintaining formal diplomatic


\textsuperscript{38} Richard Bush, “Taiwan’s January 2016 Elections and Their Implications for Relations with China and the United States”.

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relations with the PRC, Beijing requires any country establishing a diplomatic relations with the PRC not to recognize Taiwan. Currently, there are 22 countries that maintain full diplomatic relations with the ROC on Taiwan (see Table 4). Since Ma Ying-jeou took office in 2008, the mainland and Taiwan have essentially entered into a diplomatic truce, in which neither side has attempted to persuade countries that recognize the other to switch their diplomatic recognition. Dennis Hickey argues that Tsai Ing-wen’s win would basically end the 8-year diplomatic truce between Beijing and Taipei\(^{39}\). As a potential means of punishment, Beijing may consider starting its diplomatic pressure on countries that have formal diplomatic relations with Taiwan to switch recognition.

Some would argue that Beijing has already fired the “first warning shot across the bow for incoming Taiwan president Tsai Ing-wen”\(^{40}\). On Thursday March 17\(^{th}\), 2016, China resumed formal diplomatic relations with a former Taiwan ally – Gambia. Gambia had broken diplomatic ties with Taiwan in November 2013. However, in honoring the diplomatic truce with Taipei, Beijing didn’t immediately pursue formal diplomatic relations with Gambia in 2013. China’s move with resuming diplomatic relations with Gambia could be seen as the end of the diplomatic truce between Beijing and Taipei\(^{41}\). Beijing has apparently started putting pressure on the incoming president Tsai Ing-wen to remind her of Taiwan’s diplomatic reality in the international community and what China can do to further restrict Taiwan’s already-limited international space.

\(^{39}\) Dennis V. Hickey, “The Democratic Progressive Party and the Death of the Diplomatic Truce”, paper was prepared for delivery at the Institute of Global and Public Affairs (IGPA) at University of Macau and the Collaborative Innovation Center for Peaceful Development of Cross-Strait Relations (CICCSR) at Xiamen University international conference, The Direction of Cross-strait Relations after Taiwan’s Election, January 22-23, 2016, The University of Macau, Macau, S.A.R. The People’s Republic of China.


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Source: Ministry of Foreign Affairs, Republic of China (Taiwan); http://www.mofa.gov.tw/en/AlliesIndex.aspx?n=DF6F8F246049F8D6&sms=A76B7230ADF29736

The second step Beijing could take would be to further restrict Taipei’s participation in the international community. For example, Beijing could pressure the World Health Organization (WHO), the World Trade Organization (WTO), the Association of Southeast Asian Nations (ASEAN), and the International Civil Aviation Organization (ICAO) to end Taiwan’s already-limited participation in these organizations\(^\text{42}\). Beijing could also limit Taipei’s ability to join new multilateral organizations and sign new free-trade agreements, such as the Trans-Pacific Partnership (TPP) and participation further in future regional economic integration.

Therefore, between May 20th, 2016 and the first year of Tsai Ing-wen’s rule as Taiwan’s new president, the mainland could gradually turn the screw on Taiwan on both the economic and diplomatic fronts. The mainland could further increase its pressure after the first year of DPP’s rule under Tsai Ing-wen, if she is perceived by the mainland to slide further down the road of Taiwan independence. While meeting the former Taiwanese vice-president Vincent Siew Wan-chang on the sidelines of the ASEAN regional economic summit on October 6th, 2013 in Indonesia, Chinese President Xi Jinping told Vincent Siew that “the issue of the political divide that exists between the two sides [China and Taiwan] must step by step reach a final resolution and it cannot be passed on from generation to generation”\textsuperscript{43}.

By 2017, Xi Jinping will have begun his second term as China’s president. All evidence suggests that Xi Jinping has successfully consolidated his power, particularly as the party chief and military chief. \textit{Time} magazine and \textit{The Diplomat} argue that Xi Jinping may have been the most powerful leader in China since Mao Zedong and Deng Xiaoping\textsuperscript{44}. Domestic stability and the unity of the Chinese sovereignty would probably be the number one issue for any Chinese leader, including Xi Jinping. Taylor Fravel’s research shows that China has made significant comprises in “frontier disputes” and “offshore island disputes” in the past, but has never compromised and would probably never comprise in “homeland disputes”, which include Hong


Kong, Macao, and Taiwan. No Chinese leader would survive the loss of Taiwan; and there will be no exception for Xi Jinping.

Although the likelihood of use of force by China to attack Taiwan remains very low, the mainland will probably continue its military build-up along its southern coast to deter Taiwan as a mid-to-long term strategy beyond 2017. Depending on how far Tsai Ing-wen would go in the direction of a formal independence for Taiwan and Xi Jinping’s and the Chinese military’s resolve, the likelihood of use of force, at least some kind of limited military engagement, might increase in the long-term. After all, China now has a much more advanced and capable military. The war hawks in the Chinese military have been calling for tougher stance on Taiwan for years. Any unexpected domestic instability could spur Chinese nationalism on the mainland and get out of control and spill over into the Taiwan Strait.

Policy Recommendations and Conclusion

The DPP’s win in both the presidential election and LY election on January 16th, 2016 was not the outcome mainland China had desired for. This was at least in part due to the gradual change and consolidation of Taiwan’s unique identity in recent years. Taiwan’s democratization process has created a different social experience than the non-democratic social experience found

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46 Richard Bush, “Taiwan’s January 2016 Elections and Their Implications for Relations with China and the United States”.
47 For a detailed discussion about China’s military hawks, see Yitan Li (2014) “At the Nexus of New Challenges: China’s Leadership Change and Cross-Strait Relations.” *Fudan Journal of Humanities and Social Sciences* 7: 57-76.
in mainland China. Such difference has socialized Taiwanese into a different identity group that is not shared on the mainland. Coupled with the gradual decline of the pro-mainland KMT influence, the result is that an increasingly significant number of people in Taiwan see themselves as Taiwanese instead of Chinese. The irony, however, is that economic integration has intensified in the Taiwan Strait. The KMT-controlled government has been able to maintain perhaps the most stable and peaceful relationship with the mainland in the last eight years. With Tsai Ing-wen’s DPP government being sworn in on May 20th, 2016, things are about to change.

The mainland is expected to adopt a “wait-and-see” approach in the early days of Tsai Ing-wen’s rule and gradually turn the screw to apply pressure on her government to stay away from any drastic move down the road of independence. Some argue that any form of de jure independence is unlikely or perhaps unnecessary; however, Taiwan will continue its road of “cultural independence” – the cultural socialization process to make Taiwanese different from the Chinese on the mainland in order to create a different nation.

Nevertheless, Beijing believes that the Taiwan issue cannot be put off forever. If the “1992 consensus” remains unacceptable to the new government in Taiwan, Beijing and Taipei must find a new framework to move the prospect for stronger political integration forward. Dennis Hickey argues that both Beijing and Taipei must “recalibrate their relationship in a more pragmatic way and adopt some new thinking on the concepts of sovereignty and the political status of the ROC. In short, they need to figure out a way to acknowledge the fact that both the ROC and PRC exist” 49.

The relationship in the Taiwan Strait is at least in part due to how leaders from Beijing and Taipei frame the discourse of the Taiwan issue on their respective sides. Peace must be

consciously constructed by both sides rather than attained through the ultimate balance of power between the two sides.