Neither Independence nor Unification: Taiwan’s Mainland China Policy during the Ma Ying-jeou Era (2008-2016)

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不獨立不統一：馬英九時代臺灣對中國大陸政策（2008-2016）

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摘要

本文的目的是分析馬英九政府（2008-2016）期間臺灣對中國大陸政策的合理性及其對臺灣經濟、外交和海峽兩岸政策的影響。中國國民黨候選人馬英九贏得了臺灣2008年總統大選以後，結束了陳水扁8年的臺獨政權及完全改變臺灣與中國大陸的關係。馬英九，自己認為是華人和反對臺獨，上台後採取一些政策，例如中斷所有臺獨活動，與北京建立直接聯繫以及簽署許多經濟協議。雖然在此期間兩岸關係有急劇改善，但馬政府拒絕與北京進行任何政治對話。本文的結論是，馬英九促進維護臺灣的主權，以拒絕與中國大陸統一。馬政府戰略採取中國友好政策立場，以便從北京獲得政治和經濟讓步。

關鍵詞：馬英九，國民黨，中國大陸，臺灣，海峽兩岸關係
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Abstract

The purpose of this article is to analyze the rationality of Taiwan’s mainland China policy during the Ma Ying-jeou administration (2008-2016) and how it influenced the Taiwanese economic, foreign and cross-strait policies during this period. In 2008, Ma, from the Kuomintang (Chinese Nationalist Party), won the Taiwanese presidential elections, ending 8 years of Chen Shui-bian’s pro-independence administration and completely altering relations between Taiwan and China. Ma, who identified himself as ethnic Chinese and against Taiwanese independence, adopted several policies, such as the interruption of all pro-independence activities, the establishment of direct contact with Peking, and the signing of several economic agreements. Although cross-strait relations improved drastically during this period, Ma refused to conduct any political dialogue with Peking. The paper concludes that Ma de facto promoted the maintenance of Taiwan’s sovereignty by refusing unification with China. The Ma administration strategically adopted a China-friendly policy stance in order to extract political and economic concessions from Peking.

Keywords: Ma Ying-jeou, Mainland China, Taiwan, Kuomintang, Cross-strait Relations
Nem Independência Nem Unificação: A Política de Taiwan em Relação a China Continental durante a Era Ma Ying-jeou (2008-2016)

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Resumo
O propósito deste artigo é analisar a racionalidade da política de Taiwan em relação a China continental durante o governo Ma Ying-jeou (2008-2016) e como ela influenciou as políticas econômicas, externas e através do estreito de Taiwan durante este período. Em 2008, Ma, do Kuomintang (Partido Nacionalista Chinês), ganhou as eleições presidenciais de Taiwan, encerrando 8 anos do governo pro-independência de Chen Shui-bian e alterou completamente a dinâmica das relações entre Taiwan e a China. Ma, que se identificava etnicamente como chinês e contra a independência de Taiwan, adotou inúmeras políticas, como a interrupção de todas as atividades pro-independência, estabelecimento de contatos diretos e a assinatura de diversos acordos econômicos com Peking. Embora as relações através do estreito de Taiwan tenham melhorado drasticamente durante este período, Ma se recusou a conduzir qualquer diálogo político com Peking. O artigo concluiu que Ma de facto promoveu a manutenção da soberania de Taiwan, através da recusa em se unificar com a China. O governo Ma adotou estrategicamente a posição de política amigável com a China, com o intuito de extrair concessões políticas e econômicas de Peking.

Palavras-chaves: Ma Ying-jeou, China Continental, Taiwan, Kuomintang, Relações através do Estreito
Introduction

Since the political liberalization of the Republic of China (ROC) in Taiwan in the late 1980s, cross-strait relations between the ROC and the People’s Republic of China (PRC) became extremely volatile due to the ROC’s domestic political instability. In 2000, the cross-strait crisis reached a climax when the Kuomintang (KMT, or Chinese Nationalist Party) lost the presidential election to the pro-independence de jure Democratic Progressive Party (DPP), ending 55 years of the KMT’s domination in Taiwan. The newly elected president Chen Shui-bian 陳水扁 (2000-2008) tried to declare Taiwan’s de jure independence through a constitutional reform to change the official name of the ROC to “Republic of Taiwan” 臺灣共和國. The DPP’s attempts to promote Taiwan’s independence irritated both the United States (US), favourable to the maintenance of the status quo, and the PRC, opposed to Taiwan’s independence. In retaliation, the PRC promulgated the “Anti-Secession Law” 反分裂國家法 in 2005, which “authorized” Peking to use “non-pacific methods” 非和平方式 if Taiwan chose to declare independence.

Cross-strait relations were completely altered with the election of Ma Ying-jeou 馬英九 as president of the ROC in 2008, marking the return of the KMT to power. During Ma’s administration, all pro-independence policies were suspended, and several cross-strait economic agreements were signed. Ma’s mainland-“friendly” policy was promptly accused by the opposition of “selling out Taiwan” to the PRC. Due the emergence of the PRC as a global power, several US scholars, including Murray Scott Tanner (2007), Bruce Gilley (2010) and John Mearsheimer (2014), predicted that the PRC’s economic influence over Taiwan would end in political control. Meanwhile Paul V. Kane (2011) suggested the US “ditch Taiwan” in order to save the American economy. However, during Ma’s administration (2008-2016), no political talks were held, and the PRC’s expectations were frustrated when the KMT suffered a landslide defeat in the ROC’s presidential and legislative elections of 2016, resulting in the return of the DPP to power in Taiwan, once again destabilizing cross-strait relations.

Since 1949, the Taiwan sovereignty issue has been the central question of cross-strait relations between Taiwan and China. After the Chinese Communist Party (CCP) victory in mainland China, and the transference of the central government of the ROC to Taiwan, the PRC claimed itself to be the only government of all of China, including Taiwan, and insisted on unification under the “one country, two systems” 一國兩制 formula as the only solution. In addition, Peking insisted on downgrading the cross-strait issue to the “Taiwan question” 臺灣問題, arguing that Taiwan is a “domestic issue”, and compelling the international community to recognize the “one China principle” 一個中國原則, in which Taiwan is recognized as part of the PRC. This was part of Peking’s efforts to isolate the ROC from the international community in order to prevent the internationalization of the “Taiwan question” and
foreign intervention in Taiwan. On several occasions, the PRC threatened to invade Taiwan if it chose
to declare independence or refused to unify indefinitely.

The purpose of the article is to analyze the Ma administration’s policy toward the PRC. The
article is divided into eight parts: the first part analyzes the formation of the strategic alliance between
KMT and CCP prior to 2008. The second part examines the pacification of cross-strait relations. The
third part considers the “revival” of the ROC, while the fourth discusses Taiwan’s participation in the
international community during this period. The fifth part looks at the cross-strait economic
integration, and the sixth part looks at the reaffirmation of “two Chinas”. The seventh part analyzes
the Ma administration’s crisis and collapse. Finally, the article concludes with some considerations
regarding Ma’s strategy toward the PRC and the future prospects of cross-strait relations.

1. The Strategic Alliance KMT-CCP

The presidential election campaigns of 2004, at the end of which Chen Sui-bian was reelected,
centered on the issue of Taiwanese national identity, revealing just how central this issue is. The DPP’s
campaign focused on the promotion of Taiwanese nationalism, constitutional reform, and accusing
the opposition of corruption and being “pro-China”. The KMT, on the other hand, based their campaign
strategy on the issues of the economy and cross-strait stability. Even through Chen’s first term (2000-
2004) showed a poor economic performance, the Taiwanese nationalism strategy was decisive for the
DPP’s victory (Cheng, 2007; Tsai et al., 2005, p. 125-126). The national identity question also played an
important role in the 1996 and 2000 elections, a fact that compelled KMT policy makers to reevaluate
their political strategy in order to return to power.

The DPP’s new victory in 2004 also forced the PRC to reevaluate their Taiwan policy. Until the
Jiang Zemin 江澤民 administration (1993-2003), the PRC sought short-term unification and resorted
to coercive policies and military threats to intimidate Taiwanese public opinion, resulting in
Jintao 胡錦濤 assumed the PRC’s leadership, Peking formulated a new foreign policy known as
“peaceful development” 和平發展 that also impacted the PRC’s Taiwan policy. In order to flexibilize
and adopt a more pragmatic approach toward Taiwan, Peking adopted a “cross-strait peaceful
development” 兩岸和平發展 strategy in 2004, in which the RPC prioritized the stabilization of cross-
strait relations, the neutralization of the pro-independence political force in Taiwan, and cross-strait
22-25).

The necessity to readjust their political strategies led the KMT and the CCP to join forces
against the DPP. Until 2004, the KMT refused to conduct any political talk with Peking, due the CCP’s
insistence on claiming itself to be the only legitimate government of China and its attempts to reduce
the ROC’s government in Taiwan to a simple “provincial” government, which was unacceptable for the KMT. In order to establish a common ground before any talks, both parties rescued the old conception of the “1992 consensus” 兩岸公識, in which both parties agreed on the existence of only “one China”, to which both mainland and Taiwan belong, giving equal political footing to both the ROC and the PRC. Nevertheless, the consensus was interpreted differently by each party. For the KMT, “one China” refers to the ROC, while for the CCP, “one China” refers to the PRC. The consensus is also known in Taiwan as “one China, each side with his respective interpretation” 一個中國,各自表述 (一中,各表) (Tseng, 2016; Shih 2013, p. 45; Yan, 2010, p. 76-77; Wang W., 2016, p. 26-27). The consensus neutralized the sovereignty issue temporarily, which was necessary for both sides to begin cooperation talks (Yan, 2010, p. 83-85).

In May of 2004, three days prior the start of Chen’s second term, the Taiwan Affairs Office (TAO)² issued a statement condemning the DPP’s pro-independence activities. Nevertheless, in the same statement, for the first time the PRC used the expression “there exists only one China, both the mainland and Taiwan belong to one China” 世界上只有一個中國,大陸和臺灣同屬一個中國, instead of explicitly referring to the PRC. In addition, it also called for the elimination of barriers, the enhancement of mutual trust, and the improvement of the cross-strait exchanges (economic, trade, currency exchange, and tourism), aiming to achieve the long-term goal of peaceful unification (Lin G., 2016, p. 3; TAO, 2004; Wang W., 2016, p. 22). The TAO’s statement in 2004 highlighted that Peking’s new priority was to prevent the Taiwan de jure independence, not rush political talks, and instead prioritize economic and cultural integration (Huang, 2017, p. 240).

Facing the PRC’s friendly stance, in 2005 the KMT’s chairman Lien Chan 連戰 made a historical visit to mainland China, where he met the CCP’s general secretary Hu Jintao³ in Peking, the highest level of contacts between both parties since 1945. During Lien’s visit, both parties reached several agreements, such as the recognition of the “1992 consensus”, opposition to Taiwan de jure independence, and the promotion of peace and stability in the Taiwan Strait. Additionally, both parties compromised to promote economic cooperation and expansion of Taiwan’s space in the international community, and they also agreed to establish a platform of communication and cooperation. Since then, the KMT and the CCP hold annually the “KMT-CCP forum” 國共論壇, at which both parties promote cross-strait economic, trade and cultural exchanges (XHN, 2005). The establishment of the KMT-CCP alliance soon after the promulgation of the “Anti-Secession Law” in 2005 was a signal to the

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¹ In 1992, the representatives of the ROC and PRC met in Hong Kong, and reached a consensus that the mainland and Taiwan belong to “one China”, without specify which China.
² TAO is a ministry level agency of the PRC’s State Council.
³ Since both the KMT and the RPC didn’t reach any consensus on sovereignty, the exchanges between KMT-CCP were made as party exchanges. For example, when Hu met Lien in 2005, he was introduced as the CCP’s general secretary, instead the PRC’s president.
Taiwanese electorate that Peking was only willing to negotiate with the KMT, initiating a long-term cooperation between both parties. Both sides sought divergent objectives: while the KMT sought to secure themselves in power through economic growth and cross-strait political stability, the PRC sought cross-strait economic integration as a strategy to absolve Taiwan economically.

During Chen’s second term (2004-2008), the KMT benefited immensely from a series of corruption scandals that hit the Chen family in 2006, eroding the popularity of his government, which was only aggravated by the Chen administration’s poor economic and political performance. In the midst of the DPP crisis, the KMT emerged as a solution for all of the DPP’s failures, basing its political propaganda on fighting corruption, reviving the economy through economic integration with the mainland, and maintaining stable relations with the US and the PRC, which was greatly supported by both the US and the PRC (Matsuda, 2015, p. 6). In March 2008, the KMT’s candidate Ma Ying-jeou was elected president of the ROC, securing an absolute majority in the congress, and marking the return of the KMT to power.

2. The Stabilization of Cross-Strait Relations

In order to diminish cross-strait tensions and build a friendly political environment, Ma’s administration adopted several goodwill gestures toward the PRC, without raising sensitive issues like sovereignty, in order to prioritize economic and diplomatic agreements. Ma’s policy toward the PRC during his first term was designated by his government as “easy tasks first, difficult ones later” 先易後難, or “economics first, politics later” 先經後政 policy (Matsuda, 2015, p. 23; Yan, 2009, p. 4; Yan, 2010, p. 70).

During his first term inaugural speech in May 2008, Ma adopted a conservative posture toward Peking, promising the “three no’s” 三不 policy (no unification 不統, no independence 不獨, and no use of force 不武), in order to maintain the cross-strait “status quo” 現狀. However, Ma also adopted a conciliatory approach, as evidenced by his referring to the people of mainland as “compatriots” 同胞, stating that “both sides of the strait belong to the Chunghua Minchu" 兩岸人民同屬中華民族, affirming that cross-strait exchanges would be conducted according the “92 consensus” and “one China, each side with his respective interpretation”, and calling for cross-strait economic, trade and cultural cooperation (Ma, 2008a; Matsuda, 2015, p. 8; Shih, 2013, p. 59). Four months later, during an interview with El Sol de Mexico, Ma declared that both sides have “special relation, but not state-to-state relations” 特別的關係, 但不是國與國的關係, because the “constitution doesn’t allow another

4 The term Chunghua Minchu, often translated as “Chinese nation” or “Chinese races”, was a national ideology coined by Liang Chi-chao 梁啟超 in the late 19th century, which was later incorporated by the KMT and the CCP, where the Chinese nation is a single and indivisible nation, that claims rule over the territories and ethnic groups ruled by the Manchu empire (Ching Dynasty).
country to exist in our territory” 憲法無法容許在我們的領土上還有另外一個國家 (Ma, 2008b; Yan, 2010, p. 68-69).

In addition, cross-strait negotiations increased during Ma’s administration. Soon after assuming office, Ma reestablished the Strait Exchange Foundation (SEF) and Association for Relations Across the Taiwan Straits (ARATS) meetings, which had been suspended since 1999. Between 2008-2016, both institutions held 11 high-level talks. During this period, Ma also increased informal exchanges with Peking; besides the maintenance of the KMT-CCP forum, Ma frequently sent KMT representatives to meet with the CCP’s leadership in international events, such as in the Bo’ao Forum and APEC annual meetings. From 2013-2015, for the first time in history, the PRC’s TAO and the ROC’s Mainland Affairs Council (MAC)—both ministry level agencies—exchanged high talks directly and regularly (Lin G., 2016, p. 6; Matsuda, 2015, p. 28-29; Yan, 2011, p. 41).

In order to reduce cross-strait tensions, Ma’s administration adopted several measures to demonstrate to Peking his administration’s goodwill. In the first year, Ma froze arms purchases from the US (Yan, 2010, p. 85). In December of 2008, the ROC’s Ministry of Defense announced that it would gradually abolish the military conscription and replace it with voluntary military service, under the justification of better allocation of resources, focusing on military modernization (Yan, 2009, p. 6-8). In 2010, during an interview with CNN, Ma declared, “we will never ask the Americans to fight for Taiwan” (Evans, 2010). During Ma’s administration, defense expenditure (as a percentage of GDP) declined from 2.16% in 2009, to just 1.75% in 2016 (DGBAS, 2016). Ma also refused to issue visas for pro-separatist Chinese dissidents Dalai Lama (2008) and Rebiya Kadeer (2009) (Yan, 2010, p. 85).

With the improvement of cross-strait relations, in December 2008 Hu Jintao reaffirmed the proposal offered to Lien Chan in 2005, in which he called for the maintenance of the “one China” principle, enhancement of cross-strait economic cooperation, people-to-people exchange, the promotion of Chinese culture, and negotiation of Taiwan’s participation in the international community. Hu also suggested that both sides “start discussion about political relations under special conditions before unification in a pragmatic manner” (Hu, 2008, Lin G., 2016, p. 4).

3. The “Revival” of the Republic of China

Since the political liberalization reforms of the late 1980s, the Taiwanese national identity question has played a decisive role in Taiwanese politics. It is the main point of divergence between the KMT and the DPP. During the DPP’s administration, Chen Shui-bian tried to forge an independent Taiwanese national identity as part of a nation-building process, in order to create political support for

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5 SEF and ARATS were NGOs established in the early of 90s, officially “informal” and “semi-official”. Both are delegated by their respective governments to negotiate with each other on technical and business issues.
his *de jure* independence campaign, which generated fierce opposition from the PRC and the KMT. However, since Ma assumed office in 2008, his administration promoted several measures to revert these policies.

The Taiwanese national identity question emerged soon after World War II. After ceding to China in 1945, Taiwan suffered a process of “re-sinicization” 中國化, as part of the Chinese effort to eradicate the influence of fifty years of Japanese rule, which was intensified after the emergence of the Taiwanese independence movement, and the transference of the ROC’s central government to Taiwan in the late 1940’s. During the martial law period (1949-1988), as part of a national campaign effort to “recover the mainland” 光復大陸, the KMT suppressed the Taiwanese cultural identity and languages in order to replace it with the Chinese cultural identity and Mandarin language. It also promoted anti-communist and party indoctrination, with the purpose of legitimizing and boosting the support of the ROC/KMT regime and building the Chinese national consciousness in Taiwan (Li C.H., 2017, p. 137-139).

Nevertheless, since the 1990s, after the end of martial law, Taiwan gradually moved towards a “nativization movement” 本土化運動, in which the Taiwanese cultural identity was gradually promoted. During the DPP’s administration (2000-2008), Chen promoted the acceleration of this process, along with a radical and aggressive campaign of “de-sinicization” 去中國化, as part of his pro-independence campaign. During this period, several policies were promoted, such as the promotion of Taiwanese languages in schools, the introduction of a Taiwanese-centric curriculum, legitimation of Japanese rule, de-legitimation of the ROC (portrayed as “Chinese colonial rule”), and the promotion of the “name rectification” campaign 正名運動 (Li C.H., 2017, p. 139-141; Liu W.B., 2010, p. 32-37).

Nevertheless, after Ma assumed office in 2008, his administration introduced several measures to reverse the “de-sinicization” of the ROC. Under the KMT’s ideological point of view, the ROC’s national identity is based on the *Chunghua Minchu* ideology, where both Taiwan and mainland belong to one China. The KMT also claimed that unification between both sides should be done under a democratic China and under the ROC constitution. Although the KMT does not seek to overthrow the CCP regime in mainland anymore, the purpose of Ma’s national identity policy was to “re-sinicize” the ROC again and eradicate the DPP legacy through the restoration of the Chinese identity and re-legitimation of the ROC government in Taiwan, consequently weakening the DPP’s political platform and reinforcing support for the KMT (Chen D.P., 2017, p. 109-111; Li C.H., 2017, p. 141-143; Yan, 2010, p. 70-71).

During the DPP’s administration, Chen promoted the “rectification name” campaign in order to emphasize that Taiwan is independent and separate from China. The campaign called for the use of the term “China” 中國 to designate the PRC, instead the term “mainland” 大陸, as well as the informal
use of the term “Taiwan” to designate the government, instead of calling it “the ROC”. In addition, several state-owned enterprises, public areas, and departments had the term “China” removed from their names; for example, the “Chinese Petroleum Corporation” became “CPC Corporation, Taiwan”, “Chunghwa Post” became “Taiwan Post”, and “Overseas Chinese Affairs Commission” became “Overseas Compatriots Affairs Commission”. Nevertheless, after Ma took office, most changes made by the DPP were reverted (Liu W.B., 2011, p. 27-28).

Ma’s administration also endeavored to revert the school curriculum reform made by the DPP’s administration, with the purpose of reinforcing Chinese identity and re-legitimating the ROC among the population, especially among the younger generations. Among the reforms made by Ma were the reintroduction of a Chinese-centric curriculum, the teaching of Confucian classics, the reassertion of the ROC as a Chinese state, de-legitimation of Japanese rule and legitimization of ROC rule in Taiwan, and emphasis on KMT’s legacy, such as economic improvements and the Chiang Kai-shek efforts to “protect” Taiwan against the communists (Chen D.P., 2017, p. 114-117).

4. **Diplomatic Truce**

During previous administrations (1988-2000), the ROC unsuccessfully tried to expand their international space through an aggressive foreign policy known as “pragmatic diplomacy” 務實外交, in which the ROC used financial incentives to “buy” international recognition, due the ROC’s inability to confront the PRC’s rise as a global power.\(^6\) In order to overcome the diplomatic isolation imposed by the PRC, after assuming office in 2008, Ma proposed to Peking a new foreign policy known as “diplomatic truce” 外交休兵 (also known as *Modus Vivendi* or “Viable Diplomacy” 活路外交), in which the ROC would avoid diplomatic confrontation with Peking, and in exchange, Peking would show goodwill and offer Taiwan some international space (Liao, 2015; Shih, 2013, p. 45-46).

During the “pragmatic diplomacy” period, the ROC’s main foreign policy was based on “checkbook diplomacy”, in which Taipei offered financial support to “buy” diplomatic recognition from undeveloped countries, which in most cases ended in bid wars between Taipei and Peking. Nevertheless, due to the rise of the PRC as a global power, this strategy grew unsustainable, since Peking was able to counterattack Taipei’s attempts. Ma abandoned “checkbook diplomacy”. In response, the PRC suspended all diplomatic offensives against the ROC’s diplomatic allies. As a result, several ROC allies, including Paraguay, Panama, Nicaragua, and Honduras, tried to switch diplomatic recognition from Taipei to Peking. Their attempts were rejected by Peking itself\(^7\), and Ma was also able

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\(^6\) After the ROC was replaced by the PRC in the UN in 1971, the PRC started to exert political pressure over the international community to accept the “one China principle” and not recognize Taiwan (ROC). Since then, the ROC has been diplomatically isolated. Nevertheless, since the 1990s, the ROC tried to re-join the international community through its “pragmatic diplomacy” strategy.

\(^7\) The only country that severed diplomatic relations with the ROC during Ma’s administration was Gambia in 2013, but the severance was done without Peking’s influence (Liao, 2015, p. 187).
to reduce the government budget usually used to finance the maintenance of diplomatic allies (Lee M., 2011, p. 199; Liao, 2015, p. 186; Lin G., 2016, p. 3; Tsai G.W., 2011, p. 127).

Furthermore, Ma announced in 2009 that the ROC would drop the annual United Nations (UN) membership bid, after 16 years of consecutive failed attempts to join the UN. In exchange, the PRC made some concessions regarding “Taiwan international space”, allowing Taiwan to join some international organizations where statehood is not a pre-condition. The ROC was allowed to participate in the World Health Assembly (WHA) from 2009 to 2016, and in the International Civil Aviation Organization (ICAO) in 2013, both as an observer member under the name of “Chinese Taipei”中華台北 (Lee M., 2011, p. 202; Liao, 2015, p. 188; Tsai, 2011, p. 128).

In addition, on several occasions the PRC did not make any objection against Taiwan’s small visibility in the international community. In 2009, Ma attended the opening ceremony of the World Games in Kaohsiung (Taiwan) and had a brief exchange with the US secretary of state Hillary Clinton in Panama (Tsai G.W., 2011, p. 129-130). Ma also made several visits to the US while visiting diplomatic allies in Latin America, where he met several American politicians, and he was also able to send Lien Chan and Siew Wan-chang 蕭萬長, both former ROC’s vice-presidents, as Taiwan’s special envoy to the APEC annual submit8 (Lee, 2011, p. 201). During this period, the PRC made no objection to several countries’ offering visa-free status to the ROC’s citizens, which increased the number of visa exemptions from 54 countries in 2008 to 164 in 2016 (Liao, 2015, p. 185).

Nevertheless, all of the PRC’s concessions were limited, and Peking de facto still maintained Taiwan isolated from the international community. During Ma’s administration, Peking pressured the international community to abide by the “one China principle”, resulting in several incidents, such as the refusal of several countries to receive ROC representative offices, the deportation of ROC citizens to the mainland instead of Taiwan, and Peking’s pressure on governments, non-governmental organizations, and multinational companies to change the designation of Taiwan (ROC) to “Taiwan, China” or “Taiwan, Province of China” (Liao, 2015, p. 189-193). The PRC also increased its influence over the ROC’s diplomatic allies, through soft power, financial aid, and infrastructural investments (Hornby and Cohen, 2013).

In 2013, the ROC aimed to join the UN Framework Convention on Climate Change and International Meteorological Organization, but the attempt was frustrated by PRC’s objections (Liao, 2015, p. 189-193). In 2005, Ma attempted to join the PRC’s Asian Infrastructure Investment Bank (AIIB), but due to the sovereignty issue, the application was dropped9 (Cheng, 2016). In 2014, Ma requested

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8 The ROC cannot be represented by the president in the APEC annual submit due Peking’s objection. It can send only a special envoy who must be previously approved by Peking, usually non high ranking representatives.

9 Ma was willing to apply for membership under the name “Chinese Taipei”; nevertheless, Peking rejected this move, alleging that Taiwan is not a sovereign state, and if wanted to join, it must be designated as PRC’s territory.
to Peking to be the first ROC president to attend the APEC annual summit to make an historic meeting with the PRC’s president Xi Jinping 習近平, but Peking declined Ma’s request, alleging there was “no need to be in an international arena” 不需借助國際場合 (Liu C.Y. and Liu J., 2014).

5. The Cross-Strait Common Market

During the presidential campaign of 2008, Ma aimed to revert the ROC’s economic decline and stagnation of salaries by announcing the “633” 六三三 goals, in which his government would pursue 6 percent annual GDP growth, 30,000 GDP per capita, and a 3 percent unemployment rate, promising to improve the living standard of the population. With the purpose of achieving those goals, Ma adopted an economic platform based on cross-strait economic integration, hoping it could increase the ROC’s exports and create more employment opportunities in Taiwan, especially industrial jobs.

The first measure adopted by Ma’s administration was the end of all prohibitions over cross-strait exchanges. During the first year of his administration, Ma announced the establishment of the “three links” 三通 with the mainland, and for the first time in history since 1949, cross-strait exchanges could be conducted directly. In addition, Ma ended most restrictions on mainlander tourists traveling to Taiwan, drastically increasing the arrival of tourists from the mainland from 288,000 in 2008 to 4,14 million (5,65 million including tourists from Hong Kong and Macau) in 2015, or 54 percent of Taiwan’s total visitors that year (MAC, 2016).

Furthermore, in order to extract advantageous economic agreements, the cross-strait exchanges through SEF-ARATS talks were intensified. In 2010, after five rounds of SEF-ARATS talks, both sides signed a Free Trade Agreement (FTA) known as “Economic Cooperation Framework Agreement” (EFCA), that exempted 539 Taiwanese goods and 267 mainland goods from import tariffs (Tsai T.C. and Liu T.T.T., 2017, p. 19). Between 2009-2013, Ma’s administration ended the ban on some of the PRC’s investments in Taiwan, opening 176 sectors to PRC investment, ranging from banking and insurance sectors to high technology sectors such as semiconductors and LCD panels (Lee and Yin, 2017).

**Graphic 1: The Percentage and Total Exports of the ROC to the PRC (2008-2015)**

In response, Ma withdrew the application, alleging that the procedure would undermine national sovereignty (Cheng, 2016).

10 The “three links” (postal, transportation, and trade) was a proposal made by the PRC in 1979 to enhance cross-strait exchange. From 1949 to 2008, all exchanges were done indirectly through a third country, usually Hong Kong.
Nevertheless, the effectiveness of the political stabilization and the signing of the ECFA did not increase Taiwanese exports. Due to weak demand resulting from the 2008 global economic crisis, the lack of innovation in Taiwanese high-tech industries, and the market worsening due to increased competition in the electronics industry (especially as a consequence of the PRC’s technological catch-up), Taiwanese exports remained stagnant during Ma’s administration. As can be seen in the graphic 1, after exports shrunk in 2009, they made a quick recovery in 2010, before stagnating between 2011 and 2014 and declining in 2015 (Chiang, 2016).

**Graphic 2: The ROC’s Outward and Inward Foreign Direct Investment (2000-2015)**

The liberalization of the mainland’s investments in Taiwan did not contribute to the reduction of the cross-strait investment imbalance. According to Lee (2017), the lack of interest from mainland
investors in investing in Taiwan was due to the following factors: the visa bureaucracy for mainland entrepreneurs, the small size of the Taiwanese consumer market, the lack of innovation capacities within the high-tech industry, and the restrictions against mainland investments in the core high-tech sectors, such as semiconductors (Lee 2017, p. 39-40, 49-52). According to the graphic 2, although Ma’s made efforts to lure mainland investments, in 2015 the PRC’s investments in Taiwan were only 244 million dollars, representing only 5 percent of Foreign Direct Investment (FDI) in Taiwan. Meanwhile, Taiwan invested around 10 billion dollars in the mainland during the same period.

After the establishment of the diplomatic truce with Peking in 2008, Ma’s administration hoped that Peking would not obstruct Taipei’s attempts to diversify the ROC’s trade partners through the signature of FTA, such as with ASEAN, and to join multilateral trade agreements, such as Trans Pacific Partnership (TPP). Nevertheless Ma’s attempts were frustrated by Peking, a strategic move to keep Taiwan economically dependent on the mainland (Tsai T.C. and Liu T.T.T., 2017, p. 20-25). During this period, the PRC only “allowed” Taipei to sign FTA with New Zealand and Singapore in 2013, which did not benefit Taiwanese exports to these countries (Wang, 2012, p. 147). On several occasions, Ma publicly complained about the PRC’s blockage (Chen, 2014).

6. “Two Chinas”

During Ma’s first term (2008-2012), his administration adopted a conciliatory stance toward Peking in order to prioritize economic agreements. Controversial issues like sovereignty were avoided in order to preserve the stability of cross-strait relations. Having achieved economic goals in his first term, Ma tried to establish a common political ground in his second term (2012-2016), under acceptable conditions for Taipei, as a base for cross-strait peace talks. However, due the irreconcilable political divergence between the KMT and the CCP, cross-strait relations remained stagnant.

Soon after being reelected president in March of 2012, Ma sent the KMT’s honorable chairman Wu Po-hsiung 吳伯雄 to meet Hu Jintao, in the KMT-CCP forum in Peking. During the meeting, besides highlighting the importance of the “92 consensus”, Wu stated that “the current promotion of cross-strait relations is based on the [ROC’s] Cross-strait People’s Relations Ordinance”, which is based on the concept of “one country, two areas”, as a legal basis.

11 As both maintained diplomatic relations with Peking, the FTA was signed using the alternative names “New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation” and “Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership”

12 In order to end officially martial law in Taiwan, then president Lee Teng-hui 李登輝 promulgated the ordinance that divided the ROC’s territory in two areas: “Taiwan area” 臺灣地區, that covered the territories ruled by the ROC, and “Mainland area” 大陸地區, that covered the territories claimed by the ROC, including Mainland China and Mongolia, and also some disputed territories in Russia, India, and the South China and East China Sea.
條例，這是以一國兩區的概念，作為法理基礎. On that occasion, Hu did not express any reaction (Chuang, 2012).

Three months later, during the second term inaugural speech in May 2012, in addition to reaffirming the “three noes” policy, “92 consensus” and “one China, each side respective interpretation” concept, Ma reasserted Wu’s statement:

The ROC’s constitution is the government’s supreme guiding principle that handles the cross-strait relations, the cross-strait policy must be under the framework of the ROC’s constitution... and what we call “one China”, is of course the ROC. According to the constitution, the territorial sovereignty of the ROC covers Taiwan and mainland... over the past 20 years, the constitutional position is “one ROC, two areas”... both sides should face this reality, seek common ground while reserving differences, and establish the “mutual non recognition of sovereignty, and mutual non denial of authority to rule” consensus, so both side can rest assured and move forward. 中華民國憲法是政府處理兩岸關係的最高指導原則；兩岸政策必須在中華民國憲法架構下...而我們所說的「一中」，當然就是中華民國。依據憲法，中華民國領土主權涵蓋臺灣與大陸...二十年來兩岸的憲法定位就是「一個中華民國，兩個地區」...兩岸之間應該要正視這個現實，求同存異，建立「互不承認主權、互不否認治權」的共識，雙方才能放心向前走 (MA, 2012).

Four days later, Ma explained his definition of “mutual non recognition of sovereignty, and mutual non denial of authority to rule”, inspired by the “Basic Treaty” of 1972 between East and West Germany. The treaty replaced the term “sovereignty” 主權 with the term “supreme power” 統治高權 or, in other words, authority to rule, separating both concepts, and it suggested the “mutual non-denial” 互不互認 model for cross-strait relations (Chang, 2012). For the first time since assuming office in 2008, Ma explicitly reaffirmed the ROC’s sovereignty and called on Peking to normalize the relations as de facto “state to state”.

The political position adopted by Ma after his reelection was received with disappointment by Peking, which had high expectations for starting political negotiations (Wang, 2012, p. 139). In July 2012, the Chairman of the Chinese People’s Political Consultative Conference, Jia Qinglin 賈慶林 reasserted “cross-strait relations are not the relations between countries” 兩岸關係不是國與國的關

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13 The first time that the term was mentioned was in May 2011, when Ma used the example of the Basic Treaty to describe the cross-strait status quo, where governments can sign agreements and at same time have overlapping sovereignty claims (OPROC, 2011).
係 and urged Ma to put aside and tolerate each other’s “differences” 擱置並包容彼此的“異” (Jia, 2012; Matsuda, 2015, p. 26; Shih, 2013, p. 58-59). In April 2013, Xi Jinping expressed a similar opinion and wished to “work together and hard for the Chinese dream of the great rejuvenation of the Chunghua Minchu” 共同為實現中華民族偉大復興的中國夢而努力奮鬥 (Xi, 2013a).

Facing Ma’s lack of response, in October 2013, Xi warned that “the longstanding political differences between the both sides will have to be eventually solved step-by-step, we should not let it be passed on generation after generation” 兩岸長期存在的政治分歧問題終歸要逐步解決，總不能將這些問題一代一代傳下去 (Huang, 2017, p. 243; XHN, 2013b). Five days later, TAO’s Director Zhang Zhijun 張志軍 declared: “Although some political disputes may be temporarily suspended, it will not be possible to evade completely and avoid it for a long time. The practice of ‘only economics, no politics’ cannot be sustained” 一些政治爭議儘管可以暫時擱置，但不可能完全和長期迴避，“只經不政”的做法無法持續 (Zhang, 2013).

Beside the divergence regarding the sovereignty issue, the ideological divergence also became a barrier for cross-strait exchange. In 2011, during preparations for the centennial of the Hsinhai Revolution 辛亥革命, Ma refused to celebrate jointly with the PRC, due to Peking’s refusal to recognize the symbolism of the foundation of the ROC, instead just emphasizing the overthrow of the Ching dynasty (XHN, 2010). In the same way, in 2015, Peking invited Taiwan to celebrate jointly the 70-year anniversary of the Japanese surrender. Ma’s administration not only declined, but also accused the CCP of trying to “steal” the KMT’s credit for the victory in the war, calling for the CCP to “face the history honestly” 誠實面對歷史 (BBC, 2015; XHN, 2015).

In March 2012, the Fujian provincial government, backed by the State Council, proposed the “Pingtan Comprehensive Experimental Zone” 平潭綜合實驗區, which was designed to attract investment and skilled labor from Taiwan. It also proposed “joint-developing and management” as a pilot project for cross-strait cooperation. Nevertheless, the MAC accused Peking of trying to frame Taiwan according to “one country, two systems”, and it did not support the project and discouraged Taiwanese investments in the zone (Fan, 2012). Ma’s administration also adopted several independent political positions that confronted Peking, such as the allowance of the Dalai Lama (2009) and the Chinese political dissident Chen Guangcheng 陳光誠 (2013) to visit Taiwan, and the maintenance of weapons purchases from the US.

Amid rising tensions in the Asia Pacific region due the PRC’s territorial disputes in the South and East China Sea, Peking urged for Taipei’s cooperation to jointly protect “Chinese territory”; nevertheless, Ma’s administration not only declined to cooperate in sovereignty matters, but it also
seized the opportunity to try to expand the ROC’s international space. During Ma’s second term, his administration proposed the “East China Sea Peace Initiative” (2012), and “Southeast China Sea Peace Initiative” (2015) to mediate territorial disputes, but the proposals were ignored by Peking (Lan, 2014; Taylor, 2016, p. 95-100). Ma also articulated an independent bilateral agreement to solve the fisheries disputes without Peking mediation, as had occurred with Japan in 2013 and the Philippines in 2015 (Chase, 2016, p. 90-93). In 2016, Ma reasserted the ROC’s claims over the South China Sea and Tiaoyutai Islands 釣魚臺 (also known as Diaoyu 釣魚島, Senkaku 尖閣群島 or Pinnacles Islands) by visiting the nearby islands of Taiping 太平島 (Itu Aba) and Pengchia 彭佳嶼 islands (BBC, 2016).

7. The Crisis and Collapse

Although Ma’s administration achieved some satisfactory economic agreements and a few diplomatic concessions, domestically Ma’s popularity eroded steadily from 2008. The three main reasons that contributed to this were: first, income inequality and wage stagnation; second, the growth of the Taiwanese identity among the population; and third, the PRC’s excessive economic and political influence in Taiwan. All three factors contributed decisively to Ma’s decline in popularity, leading to the KMT 2016 election defeat.

**Graphic 3: Labor Productivity, Real Wage Growth and Gini Coefficient in Taiwan (1990-2016)**


The main factor for the Ma administration’s unpopularity is the ineffectiveness of its economic policies to solve wage stagnation and income inequality. As can be seen in the graphic 3, although labor productivity increased considerably from the 1990s, the real wage remained stagnate, and the Gini coefficient raised from 0.31 to 0.34. Wage stagnation resulted from the gradual transference of industrial jobs to the mainland since the 1990s, pushing excessive labor to low productivity industries such as the service sector. The adoption of neoliberal reforms, such as free movement of capital and
tax cuts, benefited speculative capital and real estate investments. In addition to lobbies from the industrial sector against minimum-wage hikes, and the absence of welfare policies, these trends resulted in the stagnation of real wages (Chang et al., 2014). During the 8 years of the Ma’ administration’s rule, real wage growth reached just 3.08% (DGBAS, 2016).


Source: National Chengchi University, Election Study Center (ESC).

Another key question that contributed to the decline of the Ma administration’s popularity was the issue of Taiwanese national identity. Since the late 1990s, national self-identity shifted swiftly in Taiwan. According to the graphic 4, the percentage of the population that self-identified as Taiwanese grew steadily from 17.6% in 1994 to 60.6% in 2015. Meanwhile, the percentage of the population that self-identified as Chinese and Chinese/Taiwanese reduced from 26.2% and 44.6% in 1994, to just 3.3% and 33.3% in 2015, respectively. The growth of the Taiwanese identity among the population, especially among the younger generation, increased rejection of the “Chunghua Minchu identity” agenda proposed by the KMT as well as mainland-“friendly” policies adopted by Ma.

The PRC’s growing economic influence in Taiwan also influenced public opinion. Due to the growing importance of the mainland market, since 2000, several Taishang 臺商, or Taiwanese businessmen from the mainland, started to publicly support the “1992 consensus”. These included Kuo Tai-ming 郭台銘 (Hon Hai Precision), Wang Hsueh-hung 王雪紅 (HTC), and even former pro-DPP sympathizers Chang Rong-fa 張榮發 (Evergreen) (Wang C., 2012, p. 145). The PRC used the pro-Peking Taishang to politically influence Taiwanese public opinion. For example, Tsai Eng-meng 蔡衍明 (Want Want Holdings) acquired the China Times Group in 2008, thenceforth embedding Peking’s political propaganda in Taiwan (Wu, 2015, p. 12-25). In 2005, Peking harassed pro-DPP Taishang Hsu Wen-lung 許文龍 (of the Chimei Corporation), forcing him to interrupt political and financial support for the DPP.
Chiu, 2005). These factors influenced Taiwanese public perception that an excess of Peking’s influence could jeopardize Taiwan’s national sovereignty.

In the middle of the government’s unpopularity, Ma’s administration signed the “Cross-Strait Service Trade Agreement” (CSSTA) with the PRC in 2013, in which Taiwan would liberalize 64 sectors for mainland investment, and the mainland would liberalize 80 for Taiwanese investment (Lee, 2017, p. 41). The agreement was publicly criticized for benefiting only big finance and business groups at the expense of small and medium enterprises, worsening job opportunities by exposing local companies to mainland competition, and threatening national security by exposing the media and telecommunication sector to mainland investments (Chang and Yen, 2013; Chen and Ku, 2014). In March 2014, KMT brought the CSSTA to congress. KMT held the majority in congress and tried to approve the agreement unilaterally, without a proper debate with the civil society. In reaction to the KMT’s attempt, student organizations occupied congress headquarters, requesting a clause by clause review, a mobilization was known as the “Sunflower Student Movement” 太陽花學運. After three weeks of occupation, the KMT halted the vote indefinitely in congress (Lu, 2016).

The incident had a huge impact on cross-strait relations and the KMT’s popularity. In June 2014, the TAO’s Director Zhang Zhijun 張志軍 visited Taiwan and was received with large-scale protests in Taiwan’s major cities (Lin, 2016, p. 10-11). In September 2014, Xi Jinping reacted by declaring that pro-independence Taiwanese were “still trying to incite hostility across the Taiwan Strait and blocking cross-strait cooperation… It is still the greatest realistic threat to the peaceful development of cross-Strait relations… We will never tolerate any act of dividing the country” 仍在竭力煽動兩岸敵意和對立，阻撓兩岸交流合作… 仍然是兩岸關係和平發展的最大現實威脅… 對於任何分裂國家的行徑，我們絕不會容忍 (Huang, 2017, p. 244). As a reflection of Ma’s unpopularity, the KMT suffered a landslide defeat by the DPP in the ROC’s local elections of 2014, losing their seats in most major municipal governments, including Taipei, Taoyuan, and Taichung, and forcing Ma to resign from his position as KMT’s chairman (Matsuda, 2015, p. 31).

As a last attempt by the KMT and the PRC to boost the Ma administration’s popularity and save the KMT from imminent defeat in the 2016 presidential election, Ma Ying-jeou and Xi Jinping held a historical meeting in Singapore in November 2015, the first time that the heads of state of both sides met since the foundation of the PRC in 1949. No political negotiations resulted from the meeting, and both parties still did not reach any consensus regarding sovereignty15 (Wang S.C., 2015). The historic

15 Since Ma was not the KMT’s chairman anymore, during the meeting, both Ma and Xi were introduced as “leaders” 領導人 instead heads of state, and they referred to each other simply as “Mr.” 先生 instead of president 總統/主席.
Ma-Xi summit did not hold enough positive influence to revert the KMT’s unpopularity. In March 2016, Tsai Ing-wen (DPP) was elected president of the ROC with 56.1% of the vote, while Chu Li-lun (KMT) received just 31%. The DPP also won, for the first time in history, the legislative majority (68/113), securing control over the executive and legislative branches (Li W., 2016).

8. Conclusion

Is undeniable that the KMT-CCP historical alliance successfully increased cross-strait exchanges and considerably reduced tensions. However, ideologically, both parties still were not able to overcome their political differences. Although the policies adopted by the Ma administration were strategically designed, given Taiwan’s political condition at the time, the Ma era produced few contributions for the development of cross-strait peace or for the end of Taiwan’s international isolation.

The Ma administration’s political legacy was extremely limited. This failure resulted from Peking’s capacity to “neutralize” Ma’s China policy strategy, by conceding Ma’s demands, maintaining Taipei isolated from the international community, and preventing Taiwan from diversifying its trade partners in order to deepen cross-strait economic integration. When Ma assumed office in 2008, his administration was aware that it was impossible to join the international community or integrate Taiwan into the global economy without dealing with Peking first. Aware of this necessity, the Ma administration adopted a strategy to “neutralize” the sovereignty issue temporarily, in order to explore Peking’s goodwill and extract as many economic and diplomatic concessions as possible.

Nevertheless, Ma’s China policy did not increase Taiwanese exports, which remained extremely dependent on China, and this deteriorated the Ma administration’s popularity, Diplomatic concessions made by Peking were also extremely fragile. After the DPP’s victory in 2016, Peking “expelled” Taiwan from the WHA and ICAO and reinitiated diplomatic offensives against Taiwan’s diplomatic allies. Since the DPP assumed office in May 2016, and until July 2018, Taipei lost four diplomatic allies to Peking, leaving Taiwan with only 18 diplomatic allies. Ma’s China policy failure was decisive for KMT’s electoral defeat in 2016.

During this period, public opinion played an important role in maintaining the status quo. According to a survey made by the Election Study Center in 2017, 85.7% of the population preferred maintenance of the status quo temporally and indefinitely, and only a small percentage of the population preferred unification (2.2%) or independence (5%) as soon as possible, reflecting that the status quo was preferable among public opinion concerning concern over a possible conflict in the Taiwan Strait. Although Ma’s administration did not pursue unification with the PRC, its attempts to deepen cross-strait economic integration resulted in a strong rejection by the public opinion, especially
the younger electorate, resulting in the student movement protests in 2014 and the collapse of Ma’s popularity.

Like his predecessors, Ma also failed to find a solution to the Taiwan issue. Although the KMT and the CCP shared some common grounds, such as cultural and ethnical identity, the alliance established between both parties had a single purpose: to combat the DPP and the Taiwanese Independence Movement. The KMT’s official position was the maintenance of ROC’s sovereignty in Taiwan. However Ma failed to persuade Peking to conduct cross-strait talks under Taipei’s terms. After securing economic concessions and his reelection in 2012, Ma unsuccessfully tried to conduct cross-strait talks as de facto “state to state”, but these proposals were snubbed by Peking. The PRC was still irreducible about Taiwan sovereignty and insisted that the “one country, two system” model was the only solution, conditions that were unacceptable for Taipei, and so, cross-strait political talks stagnated. During 8 years of Ma’s administration, Ma did not pursue unification with the PRC nor de jure independence, but de facto Ma sought unsuccessfully to consolidate the status quo in the Taiwan Strait.

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