

ASIAN  BAROMETER

A Comparative Survey of

*DEMOCRACY, GOVERNANCE AND DEVELOPMENT*

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Coping with the Challenge of  
Democratic Governance under Ma Ying-jeou

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## **Coping with the Challenge of Democratic Governance under Ma Ying-jeou**

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### Abstract:

This paper offers a retrospective analysis of Ma Ying-jeou's sluggish record in coping with the challenge of democratic governance during his eight-year presidency, and it provides a cogent account for why his administration was not able to restore effective governance despite of his convincing popular mandate. While deficiency in his political capability and leadership style has clearly been partially responsible for the disappointing record, there are many intractable factors -- structural, institutional and ideological -- that are beyond the grip of the island's democratically elected leaders and that pose formidable obstacles to the restoration of effective democratic governance in Taiwan. In a way, the capacity of the political system has been so severely damaged that it is simply not up to the task of responding to the increasingly severe international and domestic policy challenges it faces.

Keywords: Taiwan, Ma Ying-jeou, democratic governance, KMT, DPP, democratization, Tsai Yin-wen

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## **Coping with the Challenge of Democratic Governance under Ma Ying-jeou**

When Ma Ying-jeou was inaugurated on May 20, 2008 as the 12th President of the Republic of China (and the 6th since the introduction of popular vote in 1996), he was entrusted with a strong popular mandate and a unified government. He delivered a convincing win over his DPP opponent in the March election with 58.5% of the popular votes, while the KMT and its political allies grabbed almost a three-quarters majority of the Legislative Yuan in the LY election two month earlier.<sup>1</sup>

In theory, the KMT's electoral landslide in 2008 should have brought a conclusive end to the crippling experiences of divided government during Chen Shui-bian's eight-year presidency and put the island back on the track of effective governance.<sup>2</sup> However, this reasonable expectation was unfortunately never fulfilled. In reality, Ma Ying-jeou has encountered mounting obstacles whenever he pushed forward major policy initiatives, and he has increasingly found himself entrapped in a quagmire of political deadlock. His public approval ratings suffered a nosedive less than six months into his presidency and remained depressingly low throughout his the remaining seven and half years as president. When he left the office in 2016 his party suffered from a crushing defeat surrendering the control of both the executive and legislative branches for the first time to the DPP, the opposition.

This does not suggest that Ma accomplished very few things during his eight-year term. He should be given the credit for laying a solid foundation for cross-Strait peace by deescalating the military tension, resuming the official dialogues and negotiations interrupted during the previous DPP administration, and concluding 16 bilateral pacts with Beijing, covering a wide range of subjects such as civil aviation, investment protection and food safety protection.<sup>3</sup> In particular, the signing of the Economic Cooperation Framework Agreement (ECFA) in June 2010 was widely regarded as a milestone in cross-Strait relations. The ECFA set in motion negotiations on a full-fledged cross-Strait free trade agreement. The ECFA enabled the island to unleash its full potential in exploiting expanding business opportunities in mainland China, which has suddenly emerged as the new buyer of last resort after the 2008-09 global financial crisis.<sup>4</sup> The agreement also helped put Taiwan back on the map of foreign multinationals, which suddenly found new possibilities for incorporating the island into their Greater China strategy. Another path-breaking agreement was the 2012 Memorandum of Understanding on Cross-Strait Currency Settlement, which created the necessary mechanism for the two sides to settle their bilateral trade in *Renminbi* (RMB), jumpstart cooperation in the financial industry across the Strait, and open up the possibility of developing Taiwan into another

offshore RMB center after Hong Kong.<sup>5</sup>

President Ma should also be given credit for restoring trust and friendship with Taiwan's major allies and trade partners, raising Taiwan's profile in the international arena, and building a connecting path to the regional free-trade blocs. Between 2010 and 2011, Taiwan launched free trade agreement negotiations with Singapore and New Zealand, respectively. By the end of 2015, 153 countries and territories, including the United Kingdom, Japan, Canada, the European Union and the US, had offered Taiwan citizens visa-free travel status. In 2009, Taiwan was invited by the World Health Organization (WHO) to become an observer (under the name Chinese Taipei) at its assembly. For the first time since the Republic of China was forced out of the UN in 1971, a cabinet-level public health official from Taiwan was given the official podium at a UN agency.<sup>6</sup> In 2013, the International Civil Aviation Organization made an unprecedented gesture by inviting Taiwan's head of civil aviation authority to be a special guest of its bi-annual assembly.

Ma's administration should also be recognized for its resolve to push two monumental bills for government reorganization through the LY in 2010. The first bill, which was initiated in 1987 but had been shelved for 23 years, extensively reorganized the Executive Yuan by eliminating a dozen or so ministry-level agencies and consolidating overlapping governing responsibility in a few super-ministries. The second bill paved the way for elevating some populous county-level cities to municipalities, typically by annexing their neighboring counties. Under the new bill, three more municipalities, Shinbei (formerly Taipei County), Taichung and Tainan, were allowed to join the ranks of Taipei and Kaoshiung. These three new municipalities together account for almost a quarter of Taiwan's population and they will be entitled to a larger share of the fiscal transfer from the central government and thus enjoy better basic infrastructure and quality of public service.

Ma probably also deserves some credit for steering Taiwan's economy steadily through the worst global economic crisis since the Great Depression.<sup>7</sup> Like all other export-oriented East Asian economies, Taiwan's dependence on trade through global production networks and export-led growth strategies made the island highly vulnerable to the sharp contraction of demand from the North American and European economies. Taiwan's economy slumped into recession in the second half of 2008. Its real GDP, following a growth rate of 5.7% in 2007, registered a meager 0.7% growth in 2008 and contracted by 1.9% in 2009 primarily due to a record 19% drop in the total exports. By the first quarter of 2010, not only did Taiwan exit the recession, it recovered the entire loss in output during the so-called "Great Recession." Taiwan registered an astonishing 13.6 percent (annualized) growth in the first quarter of 2010 and a remarkable 10.8 percent for the year. This made Taiwan's recovery

trajectory superior to that of South Korea, which managed to bounce back only at a 6.1 percent growth rate in 2010.<sup>8</sup>

These accomplishments were enough to carry President Ma through his re-election bid in 2012. But they still fell far short of what his campaign platform had promised, trailing far behind the high expectation of the great majority of Taiwan's populace. And they were far from being nearly adequate to reverse many of the worrisome long-term trends that threaten the island's economic future.

This paper offers a retrospective analysis of Ma Ying-jeou's sluggish record in coping with the challenge of democratic governance during his eight-year presidency, and it explains why his administration was not able to restore effective governance. While deficiency in his political capability and leadership style has clearly been partially responsible for the disappointing record, there are many intractable factors -- structural, institutional and ideological -- that are now beyond the grip of its political leaders and that pose formidable obstacles to the restoration of effective democratic governance in Taiwan. In a way, the capacity of the political system has been so severely damaged that it is simply not up to the task of responding to the increasingly severe international and domestic policy challenges it faces.

#### *Unfavorable Structural Conditions*

Three structural forces -- deteriorating international competitiveness, an aging population and dwindling fiscal resources -- cast a dark cloud over Taiwan's future. Together they severely constrain—and figure to increasingly constrain—the scope of any democratically elected government to deliver satisfying socioeconomic outcomes.

To begin with, Taiwan has encountered major bottlenecks in its economic growth path in the last decade and has been unable to overcome them. Taiwan's economy, built on an export-oriented manufacturing sector, was once a powerhouse of Asia's emerging economies. But over the past decade or so, growth in personal income has slowed considerably and the Taiwanese economic miracle has begun to fade. Its per capita income reached US\$8,339 (at current prices) in 1990, and by 2000 it had risen to \$14,906, a benchmark for a middle-income country. Since then, the pace of economic growth has slowed. Despite its declining birth rate, Taiwan only managed by 2012 to bring its per capita income to \$20,995, nominally the lowest among the four so-called Asian Tigers (which also include Korea, Singapore, and Hong Kong).<sup>9</sup>

Over the last decade, the government did very little to help Taiwan's private sector to retool its business model. Most Taiwan's export sectors continue to position themselves as low-cost manufacturers in the global production networks.

Furthermore, Taiwan's exports have become excessively concentrated in electronics and information technology products. This also means that the lion's share of these exports was suffering from commoditization pressures, with their profit margins shrinking over time. South Korea, on the other hand, has transformed itself into an innovative high-tech country with well-established global brands such as Samsung, LG and Hyundai, and both Singapore and Hong Kong have become leading global services providers.<sup>10</sup>

Clinging to this business model anchored on low-cost manufacturing had two dire consequences for Taiwan's income distribution. First, it suppressed wage levels, since Taiwan had to compete the lower-cost, lower-wage countries entering this space in the global production chain. Most middle and lower-income families have actually experienced a slow decline in their living standards since the late 1990s. At the same time, the business community has always exerted tremendous pressure on the government for lower tax rates and more generous tax codes for stock options or R&D write-offs. In the end, the tax codes have become so skewed that they aggravated (rather than ameliorated) the problem of widening income and wealth disparity that inevitably comes with globalization.

The rapid rise in the costs of labor and land in mainland China over the last decade has posed a dual challenge to Taiwan. First, it squeezed the profit margins of Taiwanese firms, as a large proportion of Taiwan's manufacturing activities have already been relocated to mainland China. Second, it compelled mainland Chinese exporters to climb rapidly up the ladder of higher-value-added manufacturing and become fierce competitors of Taiwanese firms. In a nutshell, Taiwan has run its course in using mainland China as an export platform to sustain its contract manufacturing business model. Now it faces the daunting challenge of carving out an alternative path of sustainable growth.

Second, Taiwan faces a huge social challenge brought about by a rapidly aging population and swiftly declining fertility. According to the official projection, a majority of Taiwan's postwar baby boomers will turn 65 in 2016, leading to a wave of retirements, with seniors exceeding more than three million. By 2017 the elderly population (over 65) will outnumber the juvenile population (under 15). The culprit behind Taiwan's aging population is its low birthrate. In 2012 the number of newborns in Taiwan was one-third less than that of 15 years ago, and in 2011 the fertility rate sank to 1.0, one of the lowest in the world. At this pace it is estimated that in less than ten years there won't be enough young people to replenish the labor force, and one-third of the current universities will be forced to close. This implies that the financial burden of Taiwan's universal health insurance will soon become increasingly unbearable and the retirement benefits for public-sector

employees will soon bankrupt the government—unless they are trimmed back, and soon. Furthermore, the Ma Ying-jeou administration was called upon to deal with these thorny issues in the context of global financial turmoil, slower economic growth and deteriorating fiscal health. So most of the necessary "reforms" involving sacrifices, hard choices or bleeding trade-offs are intrinsically unpopular. In a sense, Ma Ying-jeou is the first elected president since Taiwan's democratization to confront the politics of belt-tightening.

Third, Taiwan's economy is suffering from a chronic skills mismatch in the labor market, especially for the younger generation. During the 1990s, the government's education policy had been driven by both the populist pressure from below for setting up four-year colleges or universities in every conceivable local community and the overtly simplistic idea of college education for all advocated by some idealistic policy elite from the above. In the end, the island became infested with 160-plus colleges and universities and most of them were underfunded and inadequately equipped and manned while the vocational education has substantially shrunk. There has been a chronic short supply of manual and semi-skilled labor while the labor market is flooded with jobseekers with college and post-graduate degrees. This chronic mismatch has suppressed the salary of entry-level white-collar jobs for almost two decades and generated a huge army of underemployed and unemployed young graduates. An increasingly grim career prospect coupled with rising living expenses in the urban areas has pushed many frustrated youngsters into anti-globalization and anti-free trade camp.

Fourth, after years of sluggish economic growth and a series of sweeping tax cuts under DPP rule, the government's fiscal health has steadily deteriorated. By the end of 2008, tax revenue made up only 13% of the GDP and the government had to raise additional income equivalent to 10% of GDP through borrowing, collecting fees and fines and selling off state-owned assets. When the DPP assumed power in 2000, the central government's total outstanding debt (a narrow definition of accumulated national debt) was less than 24% of GDP. By the time Chen Shui-bian left office, the ratio had jumped to 35%. If one takes into account the government's legal liabilities for the three public-sector pension schemes—civil servants, military personnel and teachers—the broad definition of national debt has already approached 72% of GDP. Thus, Ma Ying-jeou inherited a government with very little spare capacity to borrow and spend. Furthermore, the Ma administration also inherited quite a few headaches that had been swept under the rug for too long. For example, the Universal Health Insurance had run a deficit for many years due to a politically expedient freeze on monthly fees. The government-owned Taiwan Power had suffered a huge loss over several years due to a freeze on electricity rates, despite the rising cost of imported

oil and natural gas. In a sense, the DPP government handed over not just one but many hot potatoes for Ma Ying-jeou to wrestle with.

When the Ma Ying-jeou government took over in 2008, his economic team was initially hoping that it could refurbish Taiwan's fiscal health over time by revitalizing the economy through measures such as restoring business confidence, liberalizing trade, normalizing cross-Strait economic exchange, and opening the door to mainland Chinese tourists. But the onslaught of global financial crisis in late 2008 seriously disrupted if not derailed these efforts to rejuvenate the economy. Instead, the Ma government was forced to adopt a series of short-term emergency measures and a large stimulus package to stabilize the economy and safeguard the banking sector. Most of these measures further damaged fiscal health at least in the short run. The business community was successful in free-riding two controversial tax cuts on the tail of the overall economic stabilization package: cutting down the corporate income tax rate from 25% to 17%, making Taiwan's rate the lowest in East Asia, and drastically reducing the top bracket of inheritance and gift tax from 40% to 10%.

Two other major decisions announced during Ma's first term are also expected to drain the government's fiscal resources over the long run. The first is the decision to end conscription and turn the military into an all-volunteer force by 2016. The second extends compulsory and free basic education from 9 to 12 years. These two major decisions, which could be justified on other grounds, promise to make the politics of belt-tightening even harsher. Last if not least, the Ma administration also put off many painful decisions until his second term, such as price hikes for electricity, an increase in health insurance fees, and cutbacks in retirement benefits for public-sector employees and military personnel. As a consequence, even before his second inauguration, Ma Ying-jeou seemed doomed to become a very unpopular second-term president because his administration will have to bring many pieces of bad news to the public, not least to his key constituencies.

### *Institutional Constraints*

Throughout his two terms, Ma Ying-jeou's presidency was handicapped by three sets of institutional arrangements. The first set empowered the DPP to wield considerable bargaining power (much larger than its nominal share of the LY seats might suggest) over the legislative agenda and to enjoy a lot of leeway in exercising obstructive tactics to strangle the KMT government's major initiatives during the legislative process. In the end, as explained below, the Blue Camp's nominal three-quarters majority in the LY turned out to be a mockery. The second set empowered the Speaker of the LY, the KMT LY Caucus and maverick KMT LY members to pigeon-hole or tinker with all major legislative proposals proposed by the Cabinet

at will. The pendulum of political power has swung so decisively toward the legislative branch that it has rendered the so-called "unified government" (with Ma Ying-jeou's concurrent occupation of both the presidency and the KMT chairmanship) largely an illusion. The third set discouraged the bureaucrats from being proactive, stopping the bucks and taking up responsibilities while strangling civil servants with cumbersome accounting rules and personnel regulations as well as multiple layers of horizontal accountability.

Being the minority in the LY throughout Ma's tenure, the DPP developed over the years a rather effective strategy to maximize its influence over the legislative agenda. First, they have successfully pushed for a peculiar mechanism of so-called "party caucus negotiation system" (PCNS), which was formally built into the parliamentary procedures since 1999. Any political party or coalition with three or more seats in the LY can form a party caucus.<sup>11</sup> Each party caucus can send two representatives to the "closed-door" negotiation meeting convened by the Speaker.<sup>12</sup> Any party caucus can make a request to send any pending bills or amendments to this negotiation process and take them out of the committee stage. Any party caucus attending the negotiation process can delay any bills for at least one month. In most cases, the Speaker will seek consensus among representatives of party caucuses rather than declaring "a breakdown" of the bill under negotiation. All party caucuses are obligated to make sure that the legislative proposals and amendments coming out of negotiation meetings have a smooth second and third reading on the floor. Only the bills and amendments that were declared "a breakdown" will then be transferred back to the full assembly for a showdown along party lines. The Speaker customarily cajoled the KMT caucus to seek compromises with the DPP caucus and other minor parties to avoid a showdown on the floor. This enabled the DPP to have a substantial voice in crafting of most of the legislative bills and amendments to the budget bills passing through the LY even though it controlled less than a quarter of the LY seats.

Many political observers found it very curious that the KMT caucus was willing to restrain itself from seeking "the tyranny of majority" that is so common in most parliamentary systems. This is largely because the DPP always threatens to use disruptive tactics to strangle bills that it vehemently opposes.<sup>13</sup> Yet the Speaker always refuses to take disciplinary measures against the opposition members for using mischievous and unlawful tactics to paralyze the legislative process. This passivity makes the DPP's threat a rather credible deterrence. Unless the great majority of the KMT caucus is willing to pick a fight—a real fist-fighting match on the floor of parliament—the KMT can't have the final say on any controversial bill. In most cases, the KMT LY members are reluctant to go down this unpleasant and ugly

route. On a few occasions when both the KMT government and the KMT caucus were desperate to have some bills passed, the Speaker would ask the KMT caucus to form a human shield guarding the podium from attack by the opposition and strike down the gavel in the midst of a tumultuous shouting match.

It is also a big puzzle to many outsiders why a speaker elected by the KMT majority would simply forego his disciplinary authority, thus shifting the power balance in the LY decisively in favor of the opposition while preventing his own party from implementing that they judge to be in the best interest of the majority of Taiwan's electorate. Further puzzling is why most KMT LY members chose to re-elect this speaker repeatedly and why Ma Ying-jeou as the chairman the party kept putting up with him for so long. This puzzle calls our attention to the pivotal role that Mr. Wang -Jyng-Ping, who was first elected as the Speaker in 1999, has played during the post Lee Teng-hui era and his complicated relationship with Ma Ying-jeou.

Wang Jyng-Ping has been Ma Ying-jeou's longtime political rival within the KMT. He ran against Ma during the open-field contest for party chairman in 2005 and suffered a humiliating defeat. However, he has emerged as the second most influential political figure next to the president by significantly shifting decision-making power to the legislative arena and maximizing the power of the LY speaker. Most of the peculiar parliamentary rules and conventions that were introduced since 1999 were tailor-made for him and his followers in the LY. He was the key driver behind the adoption of the "party caucus negotiation system", which gives the speaker enormous power in setting the legislative agenda and schedule as well as in crafting the final version of each piece of legislation. Every premier and most members of the cabinet feel compelled to flock to his office for help whenever they have an important bill held up in the LY. He invented the convention allowing the LY members to attach a ridiculous number of strings and free-riders to the budget bills. Another new convention that was designed to empower individual legislators has been the rampant and indiscriminate use of the motion to impound (instead of slashing) a substantial part of the budget of a given ministry by an LY standing committee (usually initiated by two or three LY members). Under LY-imposed impoundment, the targeted ministry can only use a portion of the approved budget to sustain the essential functions until the responsible LY committee lifts the impoundment, which often means by the time the private demand of some unruly LY members are partially satisfied. These conventions give every member of the LY, KMT and non-KMT alike, a potent weapon to blackmail individual ministries. Speaker Wang has also helped foster a highly questionable convention that empowers the LY standing committees to pass binding resolutions (without going through the full chamber) to tie the hands of the ministries under

their respective purview. This implies that it takes only three or four strong-minded LY members to dictate to a ministry. Over the years, it has become a common practice for individual LY members to play the role of power broker by summoning senior officials to their LY office at will. Ma Ying-jeou and his premier were politically too timid and feeble to either draw the line or challenge these unconstitutional conventions in the Constitutional Court.

At the same time, the speaker has steadily consolidated his own political base among the LY members to ward off any potential challenger. The DPP has been grateful to him for his leniency toward its mischievous tactics and for his skills in brokering political compromises. He has been overtly responsive to any member of the LY who knocks on his door and asks for a favor, either legal or otherwise, and he has thus collected numerous IOUs from both sides of the aisle. His power has become increasingly entrenched as he gingerly uses the enormous discretionary power and indispensable mediating role of the speaker to exchange favors with business elites, academic elites influential mass media commentators and all weighty political figures and prominent political families across party lines.

Speaker Wang has show a remarkable, prolonged ability to exercise delicate balancing acts between colliding interests among all stake-holders. From the beginning, he never made life easy for the Ma Ying-jeou administration, yet he also never pushed the envelope of his independence too far. While President Ma and his cabinet were very frustrated by Speaker Wang's ambiguous and unhelpful role, they never mustered the nerve to confront him with a political showdown, probably out of fear of an open split in the KMT. As a result, steering the legislative agenda has become a daunting challenge for the Ma Ying-jeou administration. At the end of the day, it has become impossible to predict what kind of final decision would come out of this bizarre legislative grinding machine, as there are too many chefs with different hidden agendas and decision-making power has become much too dispersed.

Last not but not the least, the steering wheel of the state bureaucracy has also become too slippery to handle. By the time Ma Ying-jeou took office, his administration inherited an economic bureaucracy that had lost much of its prestige, forward-looking vision, interventionist propensity, and steering capability. Long gone was the day when the government was equipped with a full array of policy instruments and able to chart the course of industrial upgrading. Instead, after witnessing two rounds of power rotation and endless political bickering between the Pan-Blue and Pan-Green camps, most senior and middle-ranking civil servants have quickly learned to stay passive and cautious. The political calculation of their appointed superior is always beyond their grasp. They protect themselves with rigid interpretations of relevant statues and regulations and whenever in doubt they pass

the buck to other agencies or the superior asking for written clarification or instruction. At the same time, their morale has become extremely low as they have been overburdened by one layer of internal control mechanism after another.

During the tumultuous years of polarized conflict between the KMT and the DPP, each camp has tried to upstage the other, imposing ever more stringent rules and regulations to show off their resolve to fight corruption and abuse of power. Each camp initiated one after another set of new standard operating procedures or restrictions after each incidence of embezzlement, falsified documents, or bribe taking. At any given ministry today there are numerous internal and external oversight agents watching over the shoulders of the civil servants – the ministry's own internal accounting department, the civil service ethics department, the Justice Ministry's Agency Against Corruption, the Bureau of Investigation (also under the Justice Ministry), inspectors from the National Audit Office, members of the Control Yuan, and LY members. These overlapping agents of external supervision and tedious regulations for internal control propelled most civil servants to develop a new survival instinct – the resolve that one cannot be overcautious. Consequently, it has become the case that to advance any major policy objective most ministers or vice-ministers had to pull off the show themselves, like a solo juggernaut keeping so many balls in the air, with little spontaneous support and help from senior civil servants.

### *The Poisoned Social and Political Soil*

The most difficult challenge for the Ma administration is how to navigate through a highly turbulent, volatile and polarized social and political climate. Over the last decade or so, Taiwan has acquired all the elements of an ungovernable society. First there is a total breakdown of trust and mutual respect between the two contending political blocs, the so-called Blue and Green camps. Their mutual hostility has burned down all the bridges and ruined even a facade of civility and courtesy. Now, the rules of political engagement amount to nothing but mutual strangling and annihilation. Democratic norms and legal procedures are easily twisted or ignored for the sake of partisan gain].

Second, the steady ascendance of the legislative power over the executive branch has fed on the individual lawmakers' growing appetite for propelling their own legislative agenda and extorting various government agencies for political gravy. The two mutually reinforcing trends have created a fertile soil for the mushrooming of fat cat political lobbyists and single-issue interest groups. Business tycoons and trade associations have been keen on "adopting" their own LY members through political donations to safeguard their interests and whenever possible engineer

tailor-made tax loopholes or favorable regulatory clauses. Rarely can a government-sponsored bill stay largely intact going through this grinding machine. Thus, the political system has become infested with veto-players and the decision-making process have become highly fragmented. At the same time, leaders of social movements and NGOs have become increasingly frustrated as they are largely locked out of this horse-trading process behind closed doors. These developments have in turn driven socially and economically disadvantaged groups to take their grievances and demands to the street, with their mobilizing capability enhanced by the social media.

Third, most print and electronic media are either blatantly partisan or excessively sensational. Especially after the Hong Kong-based *Apple Daily* entered the local media market and carved out a big share about twelve years ago, all media has become addicted to tabloid journalism, or become more or less Apple-like. Under the suffocating pressure of a shrinking advertising market and saturated competition among eight 24-hour cable news channels (on an island of 23 million people), all TV channels now try to outcompete one another with vulgarized, sensational, and irresponsible "news" reporting and commentary based on half-truths, speculation and rumors in order to grab the viewers' eyeballs for a few minutes. The most cost-effective programs, due to their low costs, are political talk shows. Each of these retains a few pundits, the so-called "famous mouths" in Chinese expression, who pretend to be jacks-of-all-trade, able to comment on any subject matter at any time. These "famous mouths" are prone to dramatize the political news, blow things out of proportion, and even make up imaginary "conspiracy theories".

Meanwhile, the explosion of social media turns out to be a double-edged sword. On the one hand, it has expanded and enriched the public space, undermining the power of traditional mass media driven largely by commercial interests or media tycoons' personal political agenda. On the other hand, it has opened the floodgates to all kinds of anti-democratic, chauvinist, or racist viewpoints and hate messages from a vast array of irresponsible bloggers hidden behind the veil of anonymity. With these "famous mouths" and irresponsible bloggers dominating the media space, there is little room for rational public discourse and sober evaluation of expert opinions. These media dynamics have also helped to drive a deeper wedge between political camps as they have been acting like the shouting audiences with an insatiable appetite for blood in an arena of death worthy of the Roman Empire.

Last, but by no means the least, in the beginning of Ma's second term there emerged a corps of young rebels who has steadily amassed a tremendous mobilizing capacity and social credential to organize large-scale anti-government demonstration

or stage protracted social resistance movements. Their mobilizing capacity and confrontational strategy rapidly eroded Ma administration's steering capacity and eventually undermined its legitimacy to govern. His government became haplessly disoriented acting like over-exhausted fire fighters being called up to put out arsons in so many places and around the clock.

These young rebels are mostly graduate students or junior college professors with close ties with DPP politicians, especially with Tsai Ying-wen,<sup>14</sup> the DPP presidential candidate in 2012 and the winner of the 2016 presidential race. Most of them were nurtured under the nation-building cultural project of the Lee Teng-hui and Chen Shui-bian eras and became ardent believers in Taiwanese nationalism. Most of them are intellectually equipped with a full array of social theories ranging from social justice, anarchism, anti-globalization, environmentalism to variants of leftist ideology. They actively recruited students and out-of-school youngsters who do not hold steady jobs but have the propensity to become political activists and cultivated them into social movement cadres. They armed their young cadres with a strong sense of the moral justification of confronting the public authority with tactics of civil disobedience and social resistance and equipped them with the know-how to turn social media into a potent weapon of mobilization and the necessary skill to stage-manage the political agenda in the cyberspace and conventional news media. They gingerly picked the issues, forged alliance with like-minded groups, and seize the moment to prop up sympathetic voices, fanfare popular outrage, galvanize their followers and willing volunteers and stage one wave of social protest after another until their or their allies' demands were met. They almost always targeted the KMT incumbents, central or local, and stayed away from the local governments controlled by DPP incumbents. Over time, they have accumulated a vast reservoir of social support and were surrounded by an extensive web of backers including financial donors, allies in the mass media and the academic, DPP law-makers, human-right attorneys, rock stars, Falung Gong followers, mainland Chinese dissidents in exile, and even activists of Hong Kong's Occupy the Centre Movement.

The young rebels have learned quickly that Ma's personal weakness and especially his depressingly low approval rate made him prone to cave in and succumb to the demands of a large marching crowd and/or determined activists. Also they seldom had to worry about legal consequences because in most cases the law-enforcing agencies were too timid to arrest them or duly press criminal charges against them. So they pressed on their agenda with ever more aggressive form of social protests. At the same time, whenever Ma caved in over their demands, the President simply alienated his own key constituency and emboldened the social movement leaders and their DPP allies.

For instance, around July and August of 2012, the corps of young rebels seized on a popular outrage over a dubious case of a young corpora's sudden death a few days before his decommission allegedly due to the abuse of disciplinary power by a few low-ranking officers. They successfully launched the so-called White-Shirt movement culminating in two large-scale demonstrations. The movement organizers steadily bid up their demand eventually to include the total abolishment of the system of court martial and transferring all the judicial power from the military prosecutors and military judges to the civilian judicial system. To quell the popular outrage Ma eventually sacked the Defense Minister and accepted all White-Shirt movement's demands. In so doing, he dealt a humiliating and demoralizing blow to the armed services and especially the professional officer corps. Worst of all, his weakness simply invited more disgruntled single-issue groups, ranging from anti-nuclear power to the compensation for layoff labors, to stage ever more aggressive and violent form of street politics. Step-by-step Ma was entrapped in a vicious cycle of yielding more and more veto power to the unruly and unpredictable street politics while burning down more and more bridges to the KMT's key constituencies and alienating more and more the silent majority.

#### *A Perfect Political Storm*

In this turbulent and volatile sociopolitical environment, and under the prevailing institutional constraints, the politics of polarization, of free trade and of belt tightening have eventually come together and created a perfect political storm with devastating and almost tragic consequences for Ma's presidency in the second year of his second term. Ma's agenda for speeding up the free-trade agreement negotiations with mainland China and neighboring countries has encountered many roadblocks and moved forward at frustratingly slow pace. His government was not able to foster a cohesive pro-free-trade coalition, nor could it placate the potential losers with material side-payments or moral persuasion. Instead the government has been vulnerable to and even taken hostage by the various and often conflicting demands from all sorts of sector-based interest groups and their surrogates in the LY. In the end, the government can only settle for low-quality free trade agreements that cover only a limited range of products and sectors. This approach of seeking after the lowest common denominator has so far allowed Taiwan to pick up the low-hanging fruit, such as the FTA negotiations with mainland China, which is willing to make unilateral concessions out of political calculation, and Singapore and New Zealand, which do not exert much competitive pressure on most Taiwanese producers. But this approach will certainly not get Taiwan through the much tougher negotiations under the Transpacific Parntership (TPP), the RCEP , or these with much more

demanding trading partners such as India, Indonesia or Malaysia. As the movement to create super trading blocs gathered momentum on both shores of the Pacific, Taiwan's economic future is threatened increasingly by the risk of being marginalized and excluded. .

Facing a looming fiscal crisis, an alarming demographic trend and growing frustration among the younger generation, the Ma administration has also been unable to foster a social consensus over tax reform and burden sharing. Instead, the politics of belt tightening has played out like a race to the bottom. The first move to extend the retirement age of hired labor triggered a strong backlash and provoked a popular demand to strip military personnel of many long-running fringe benefits. Then the axe fell on the retirement benefits of public-sector employees. In no time the politics of cutting-back snowballed like a whirlpool drawing every major category of middle and lower-income groups, who were seemingly relatively less worse-off than others. Ironically, at the end of the day the groups who get the lion's share of the economic fruit, such as big business, professionals, executives and engineers in the high-tech industry, real estate developers and speculators, were left paying meager tax on their incomes and virtually no tax on their capital gains. This unfortunate turn of Taiwan's politics of belt-tightening has made Ma Ying-jeuo the most unpopular president since Taiwan's democratic transition.

The most menacing challenge remained the deep-seated polarization over national identity. No matter how hard has Ma's administration tried to placate the fears and anxiety among the Green camp with multi-faceted built-in safe-guard mechanisms that came with each step of opening up toward mainland Chinese tourists and investors, the DPP supporters became increasingly distressed with the steady removal of man-made barriers while being very suspicious of Ma's hidden agenda and questioning his "loyalty" to Taiwan. No matter how sensible and incremental his administration's road-map for re-plugging Taiwan into the regional economic integration and super trade blocs was, the pro-independence constituency stubbornly refused to accept the chilling reality that Taiwan simply does not have an option of a globalization and regional integration strategy bypassing China.

At the start of his second-term, Ma and his advisors did not have any clue that the intensity of the anxiety and frustration among pro-independence constituency over the steady acceleration of cross-Strait integration was fast approaching the boiling point and that the DPP hardliners were waiting on the sideline for the opportunity to launch an all-out attack on Ma's mainland policy. Despite of the efforts by a few DPP presidential aspirants trying to steer the party's platform on cross-Strait relations closer to the center, their followers remained hysterically suspicious of the frequent high-level contacts and dialogues between the PRC top

leaders and the KMT senior politicians, were alarmed by the takeover of some cable television stations by some tycoons with huge commercial interests in mainland China, and deeply worried about the dire political consequences of Taiwan's creeping economic dependency on mainland Chinese and an expanding web of cross-Strait social ties. In the meantime, the intensification of strategic competition between Beijing and Washington under Obama's "Pivot to Asia" policy and the rapid deterioration of Sino-Japanese relations under Prime Minister Abe also revived the hope of some pro-independence zealot that the international environment might turn one more time conducive to a hawkish approach toward China.

Ma and his supporters, on the other hand, operated on a very different wave length. Ma held a strong belief that the progress that his administration has made in the area of cross-Strait relations shall become the hallmark of his legacy. When he was re-elected in 2012 he threw his remaining political capital behind three policy aims: concluding the free-trade agreements with mainland China, amending the existing statutes regulating the cross-Strait exchanges to reflect the new realities, and establishing quasi-official representative offices on each side of the Taiwan Strait. At that time, most pundits had little doubt about the political feasibility of this modest policy agenda. As a matter of fact, he was criticized by Blue Camp loyalists as being too conservative and cautious because his agenda evidently left out the option of opening up official dialogue over political issues or kicking off the negotiation over a peace accord.

At the same time, the business community repeatedly voiced their worry that Taiwan's quest for membership in super free trade pacts had inched forward at a snail pace. In contrast, South Korea, Taiwan's major economic rival, had not only successfully concluded FTAs with the United States and the EU but also jumped start its FTA negotiation with the PRC in 2012. They warned that if Taiwan were locked out of RCEP, which account for 58% of Taiwan total exports, the country's competitive position in international trade could be severely undermined and many industries might be forced to move out. The business community pinned much hope on the signing of the two post-ECFA trade pacts with mainland China, the trade-in-service agreement and the trade in merchandize agreement. They expected that these two trade pacts would not only help Taiwanese manufacturers defend their market position in the mainland and enable Taiwan's service providers (especially banking, insurance, brokerage, creativity, logistics, and e-commerce) to expand into mainland market but also serve as a stepping stone for Taiwan's entry into RCEP and possibly TPP.

The tension between the two political inclinations, one who could not wait for any longer and the other who could not put up any more gate-opening toward

mainland China, finally came to a head-on collision over the signing of the Cross Strait Trade-in-service Agreement (CTSA) in 2013. This pact, which on surface carries very insignificant economic consequences as it is very limited in scope,<sup>15</sup> ignited a political storm far beyond the imagination of Ma administration. Like any other controversies surrounding the cross-Strait relations, facts do not matter and symbolism is everything. DPP politicians and pro-independence political activists, commentators and bloggers simply blew the risk of political infiltration or adverse social impact that might come with the CTSA out of proportion. However, their sensational messages easily overpowered Ma and his government's ability to straighten the record. With his approval rate approaching single digit, a majority of the public lost interest entirely in listening to what Ma and his government have to say and Ma-bashing simply became an in-thing to do among TV commentators, artists and writers, bloggers and student activists.

Two factors compelled the DPP leaders to throw all their ammunition behind the battle to stop CTSA. First, all the DPP heavy weights were competing for the support of the party's diehard supporters in a forthcoming race of party chair due in June 2014, of which outcomes would decisively shape the party's presidential nomination in 2015. Next, they were alarmed by Ma's recent political overturn toward Beijing's new paramount leader, Xi Jinping. In February, 2014 Ma sent his Mainland Affairs Council's head to Nanjing to meet with his counterpart in their government capacities. This was the first time such formal meeting was held since the end of the civil war in 1949 formalized the division. Many media pundits speculated that a next step would be a summit between Ma and Xi especially if the CTSA is ratified in a timely manner.

A prospect of Ma-Xi meeting was a nightmare for the DPP leaders. They were loathed to prevent that simply out of the grave apprehension that a historical summit as such will take the cross-Strait relations to a higher plateau that way beyond their reach. A meeting as such will also surely rejuvenate Ma's failed presidency. They decided to undo their recent efforts of projecting a more moderate image and launch an all-out war on CTSA in the hope that derailing this trade pact would deal a fatal blow to Ma's teetering governing capability and deprive him of any possibility of getting anything done during his remaining two years.

With the helping hand of Speaker Wang the DPP Caucus had already succeeded in keeping this trade bill pigeonholed for six months since August 2013. By early March of 2014, the bill finally proceeded to the committee stage. This time the DPP threw out all their disruptive tactics and paralyzed the committee session for several days. The KMT Caucus which was determined to push this bill through the parliament during the current session ambushed the DPP by introducing a motion of skipping

the committee stage and sending the bill to the LY's plenary session at lightning speed. This time the DPP Caucus was caught by surprise because their long-time implicit ally, Speaker Wang, was also kept in the dark as he had been suspended by the KMT of his party membership and no longer had a seat at the party's top decision-making circle.<sup>16</sup>

The KMT's legislative ambush immediately sparked an outrage among the green-camp constituency and prompted the corps of young rebels to fight back with a dramatic and most disruptive act of civil disobedience in the history of Taiwan's democracy . They organized hundreds of their cadres and students to break into the LY compound on the evening of March 18 and occupied the main chamber of the Parliament in the name of "defending Taiwan's democracy." They outnumbered the police force guarding the LY compound and successfully resisted initial attempts by the police to evict them. Immediately DPP LY members arrived on the scene to block the entrances and stop the riot police from approaching the students. Virtually simultaneously three DPP legislators started 70-hour hunger-strikes on the ground that KMT broke its promise to subject the trade bill to clause-by-clause review.<sup>17</sup> Speaker Wang refused to endorse a plan to evict the student demonstrators by the reinforced police force overnight. Ma and his Cabinet fearful of the ugly headlines of using force against students would attract was hesitant to bear the sole of responsibility of ordering a forced eviction. Next morning, young rebels established themselves as the leaders of "Sunflower Students Movement" and mobilized thousands of students to surround the LY compound. Since then a stand-off persisted.<sup>18</sup>

The leaders of the movement immediately launched a blizzard of media campaign, including launching movement website on Facebook and a full-page paid ad in New York Times, and effectively dominated the market of public opinions for quite a while. They mobilized many splinter student groups, even among Taiwanese students studying abroad, to organize sit-ins on various campuses. Initially, the young rebels claimed that they would occupy the LY for 120 hours but they extended the protest much longer on the ground that Ma failed to meet their three-point demand including asking Mr. Ma to come to the chamber himself to apologize for the way in which his party pushed the trade pack and sending the CTSA back to the committee for clause-by-clause review.

Witnessing a wellspring of sympathetic voice from commentators, professors, artists, writers and rock singers, the young rebels kept raising their demands from sending CTSA back to the committee stage, to enacting a special law to institutionalize parliamentary supervision over the negotiation of cross-Strait agreement, and to convening a People Constitutional Conference to reform the

constitution. After a splinter group broke into and ransacked the near-by Premier Office on March 23 and was later expelled by the riot police, the public opinion shifted somewhat as the general public was appalled by the level of lawlessness. On the 18th day of the occupation, Speaker Wang after disappearing from public view for many days finally showed up at the chamber and offered his personal promises as well as the political pretext sufficient for the young rebels to declare a victory and pledge to withdraw and end the occupation on April 10. Under the terms that Speaker Wang offered to the demonstrators, the CTSA will never able to see the light at the end of the tunnel before Ma's second term expires.

However, Ma Ying-jeou's nightmare did not end on here. Three weeks later his government was confronted with another political turmoil. This time a former Democratic Progressive Party Chairman Lin Yi-hsiung began a fast to press his demand that Taiwan's fourth nuclear power plant be scrapped. Since Mr. Lin is saint-like figure in the eyes of the diehard DPP supporters, he almost single-handedly twisted the arms of the entirely DPP leadership stratum to come to his side as no DPP politicians dares to test his resolve to commit a suicide with a hunger strike. To exert pressure on Mr. Ma, followers of Mr. Lin staged another large-scale demonstration demanding holding an referendum on the fate of the 4th nuclear power plant by the end 2014. This time Ma felt compelled to consult all the KMT presidential aspirants for the 2016 and reached an unanimous decision to mothball the first reactor of 4th nuclear power plant and suspend the on-going construction of the second reactor and subject the future of this controversial nuclear plant for a referendum in the future (without a specific deadline). This swift decision defused the time bomb of Mr. Lin's suicidal attempt but at the same time overnight it virtually wiped out more than US\$10 billion from the balance sheet of the state-owned Taiwan Power (which would have become technically insolvent had the government scrapped the 4th nuclear power plant officially) and set the island's economy on a treacherous path of looking for how to replace that 10% of power supply.

### *Sailing in a Raging Sea without a Captain*

The way the "Sunflow Students Movement" erupted and ended carried enormous implications for Ma's remaining presidency and the future of Taiwan's democracy.

First, the torrential furor of pro-independence constituency manifested through this movement was so powerful that it virtually dashed Ma's hope for moving his agenda of cross-Strait relation forward. The island has been drifting like a ship sailing in a raging sea without a steering authority for Ma's remaining presidency. Being a weak, isolated and bad wounded president, Ma could do no more than

following the whim of popular opinion which has been capriciously volatile and unpredictable in a society prone to overact to the moment.

The velocity of this political turmoil has also startlingly demonstrated just how volatile and unpredictable Taiwanese populist politics can become. Within less six weeks, the government's bow to street demonstrators has dealt two severe blows to Taiwan's economic competitiveness. By derailing the CTSA and wiping out a power plant that is expected to provide up to 10% of the island's total power supply, street politics has left Taiwan with a rather grim economic future.<sup>19</sup> During that turbulent six weeks many business decision-makers who hold Taiwan's economic future in their hands have simply turned their back to the island and have done so quietly.<sup>20</sup>

This movement also revealed how easily polarized conflict over cross-Strait relation could trigger a partial breakdown of democratic norms and procedures. By occupying symbolically the most important building in a representative democracy, the young rebels has set a dangerous precedent, in which demonstrators simply transgressed a forbidden red-line almost with impunity. Instead, they have earned instant fame with so many well-wishing supporters cheering on. The movement brought the level of lawlessness of Taiwan's street politics to a higher and more precarious plateau with many ominous implications. The degree of excessive political intolerance revealed by many reported incidences during the political turmoil, such as angry demonstrators chasing after journalists whose report casting the movement in a less favorable light, annoyed students harassing any passer-bys who uttered dissenting voices, fuming bloggers using abusive languages to attack highly respectable business leaders who openly urged the students to go home and call for a speedy ratification of TCSA, furious movement cadres applying explicitly racist slogans to demonize Mr. Ma and the mainlander minority,<sup>21</sup> incensed mob smashing the car window of recognizable KMT lawmakers, make many observers wonder what kind of citizens this movement has baptized. It is difficult to tell if Taiwan's young democracy can weather through another disputed and inclusive presidential election like the one we witnessed in 2004.

### *The Challenges Ahead*

When Tsai Ying-wen was inaugurated in May 2016, she inherited a highly fractured society in which democratically elected government system can no longer foster social consensus over any agenda of national priorities. The old social consensus anchored on the goal of economic development and shared vision of catching-up had been long gone. The political system was paralyzed by a total breakdown of mutual trust among all key stakeholders due to the nasty political struggle between the Blue and the Green camps, the lopsided distribution of the

benefits and risks of economic openness and cross-Strait economic integration, and more fundamentally no shared vision about Taiwan's long-term future. She inherited a state economic bureaucracy that was very much demoralized as by its sheer failure in steering Taiwan's manufacturing sector away from its addictive dependence on the supply of cheap water and electricity, subsidized industrial land, low wage and low tax. She also found herself being squeezed between conflicting demands with little middle ground in many policy domains.

In the economic domain, on the one hand, she was under pressure to address the major complains by the business leaders over the imminent power shortage, severe under-supply of skilled labors, brain drains, the lengthy and unpredictable environmental assessment procedures, and the prevailing businessmen-bashing sentiments.<sup>22</sup> On the other hand, she felt obliged to fulfill the campaign promises to alleviate the grievances of the socio-economically disadvantaged groups over wage stagnation, run-away housing price, long working hours, widening income gap, and inadequate social safety net. To effectively address any of these redistributed issues would almost certainly dampen the business confidence which was rather fragile already, something she learned the hard way as here government stumbled over the political tug-of-war between labor movement leaders and business owners over the implementation of the system of five working days.

For cross-Strait relations, she was caught between Xi Jing-ping's tough stance on demanding the DPP government to accept unambiguously the "One China Principle" and the pressure exerted by the DPP's younger-generation supporters and its pro-independence political ally, the ultra-nationalistic New Power Party evolving from the "Sun Flower Movement", to bolster Taiwan's independent statehood. The inevitable outcome is a protracted political stand-off, something Taiwan can hardly afford economically and diplomatically. As Beijing was upset by her inauguration speech which did not embrace the so-called "1992 Consensus", the PRC government not only abruptly sustained all channels of official and semi-official communication, but also steadily tighten its economic and diplomatic screw on the island while making ever more laudable voice in its warning message about its inclination to impose its unification scheme with coercive means. Unfortunately, she found no exit to this dilemma because if Tsai bow to Beijing's political pre-condition for carrying out the semi-official relationship the DPP government will have to be prepared to endure the devastating backlash from the diehard Taiwanese nationalists and surrender their electoral strongholds to the young rebels and their followers coming from on the polar end of the independence-unification spectrum.

Sitting on top of an increasingly ungovernable society, Tsai Ying-wen has quickly discovered how tough it is for her government to provide steering authority just as

the island is wrestling with so many acute short-term and long-term challenges -- an alarming demographic trend, a looming fiscal crisis, a coming clash over inter-generational justice and the rising threat of economic marginalization. In less than six months in office, her approval rate sunk below 44% with more than 51% of the electorate disapproving her performance.<sup>23</sup> This is a strong sign indicating that a pattern of declining effectiveness in democratic governance observed during Ma Ying-jeou's eight years is being repeated under Tsai Ing-wen despite of her party's landslide victory in the 2016 election and the DPP's firm grip of the parliamentary majority.

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<sup>1</sup> For an detailed analysis of the outcomes of the 2008 election, see Shelley Rigger, "Taiwan's Presidential and Legislative Elections," *Orbis*, Volume 52, Issue 4 (2008): pp. 689–700

<sup>2</sup> Yu-shan Wu, Appointing the prime minister under incongruence: Taiwan in comparison with France and Russia, *Taiwan Journal of Democracy*, Vol. 1, No. 2 (2005): pp. 103-132

<sup>3</sup> Yun-han Chu, "The Political Implications Of Taiwan-Mainland Economic Integration." *Global Asia*, Vol. 7, No. 1 (Spring 2012)

<sup>4</sup> Wei Hao Chen Zheng, "ECFA:Its Impact on the Economy of Taiwan and Mainland China and Development Outlook," *Asia-pacific Economic Review*, 4, (2010): 1-25.

<sup>5</sup> Faith Hung, "Taiwan-China economic ties to deepen with yuan pact," Reuters, Sept. 7, 2013, <http://in.reuters.com/article/2012/09/07/taiwan-china-idINL4E8K52AE20120907>

<sup>6</sup> Te-Yu Wang, Wei-Chin Lee, and Ching-Hsin Yu. "Taiwan's Expansion of International Space: opportunities and challenges." *Journal of Contemporary China* 20.69 (2011): 249-267.

<sup>7</sup> Yun-Han Chu, "Coping with the Global Financial Crises: institutional and ideational sources of Taiwan's economic resiliency," *Journal of Contemporary China*, Volume 22, Issue 82 (2013): pp. 649-668.

<sup>8</sup> Yun-han Chu, "Unraveling the Enigma of East Asian Economic Resiliency: The Case of Taiwan," in T. J. Pempel and Ken'ichi Tsunekawa, eds. *Two Crises, Two Outcomes*, Cornell University Press, 2015: 64-89.

<sup>9</sup> It is worth noting, however, according to the IMF, Taiwan's GDP *per capita* based on purchasing power parity (PPP) reaches US\$ 39,767 in 2013, which is higher than that of South Korea (at US\$33,189).

<sup>10</sup> Chen Tain-Jy, "Taiwan's Middle-Income Trap: No Escaping Without Services," *Global Asia*, Vol. 7, No. 1 (Spring 2012).

<sup>11</sup> Before 2005 the threshold was six members and it was reduced to three after the size of the LY was cut down by half to only 113 seats.

<sup>12</sup> The negotiation is required by the law to be tape-recorded and subject to public scrutiny. But this requirement has been completely ignored and blatantly violated under the reign of Speaker Wang.

<sup>13</sup> The familiar repertoire include using human chain to block the entrance, locking up the Speaker in his private chamber, or tearing down the Speaker's microphone and taking away his gavel. These disruptive tactics have made Taiwan's parliament infamously well-known in the world.

<sup>14</sup> The two most visible student leaders, Chen Weiting and Lin Feifan, were active members of the so-called "Youth Corps" of Tsai Ying-wen's 2012 presidential campaign. Both of them were also invited by DPP LY members to a public hearing at the Committee on Culture and Education of LY in December 2012. At that public hearing, Chen Wei-ting verbally attacked the Minister of Education in front of live TV broadcast. See, <http://udn.com/NEWS/BREAKINGNEWS/BREAKINGNEWS1/8575874.shtml>

<sup>15</sup> According to the estimate of Taiwan leading economic think tank, Chung-Hwa Institute of Economic Research, CTSA will bring extra export of service from Taiwan to mainland China about US\$400 million a year and only about US\$92 million net increase for mainland China's export of

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service to Taiwan. Please refer to: <http://www.cier.edu.tw/ct.asp?xItem=20300&ctNode=52&mp=1>

<sup>16</sup> Ma and Wang came to a final showdown around early September of 2013 when Attorney General Huang Shi-min unveiled some revealing evidences implicating that Speaker Wang had exerted pressure on senior prosecutors and Minister of Justice to acquit Ke Jian-min, the DPP party whip, over a criminal charge of embezzlement. The Special Prosecutor Office under the Attorney General had sought court approval to bug the phone conversation of Ke Jian-min during an investigation of bribery case. The wire-taping operation accidentally uncovered the stunning and revealing conversation between Ke and Speaker Wang with regard to arm-twisting the Justice Minister. This allegedly case of "obstruction of justice" prompted Ma to unseat Wang by kicking him out of the KMT and supposedly also automatically stripped him of the LY seat as he was elected on the party slate. But Wang fought back by securing a district court's temporary injunction to nullify the KMT's disciplinary decision. While it is very unlikely that the district court's injunction will be upheld by the Council of Grand Justice, Ma in the end made a compromise as he was under tremendous pressure from Speaker Wang's numerous complacent allies within the party and throughout mass media. Ma decided to continue the law suit in the time-consuming civil procedure but not to file a parallel suit through the Court of Administrative Law, which might render a faster and more conclusive verdict. Nevertheless, Ma excluded Wang from all KMT formal gathering and decision-making mechanism and his standoff with Wang lingered on.

<sup>17</sup> Many insiders viewed the debate over whether the LY should take a block vote on CTSA as one package or review and vote on individual clause was essentially a fictitious issue because it takes only one alteration to any clause of the CTSA to kill the whole pact and send the negotiation back to the starting line. The KMT Caucus had agreed on a clause-by-clause review just as a token gesture to address the criticism for lack of parliamentary supervision.

<sup>18</sup> During the standoff, the DPP LY members brokered a deal with the police. The policy imposed only a quota of the total number of protestors can stay in the Main Chamber at any point in time but allowed the students to rotate among themselves and to receive all kinds of supplies, such as food, water, sleeping bags, i-Pads, and air cleaners. DPP LY members took eight-hour shifts in the parliament to afford the protestors extra protection. During the occupation, the LY Main Chambers was well-stocked with all kinds of goodies, virtually anything the protestors requested on the social media. For this reason, some cynical commentators dubbed the "Sunflower Students Movement" as the "Students Movement of the Strawberry Generation."

<sup>19</sup> "Fukushima's Taiwan Fallout " *Asian Wall Street Journal*, May 6, 2014, <http://online.wsj.com/news/articles/SB10001424052702304831304579541052029956512>

<sup>20</sup> Based on personal communication, one of Taiwan's largest high-tech giants decided to change its recent decision overnight and move its next R&D center to Singapore instead after witnessing the radical students ransacking the Premier's Office.

<sup>21</sup> For instance, one billboard handheld by movement cadres reads "Crawling back home you China Beast Bastard!"

<sup>22</sup> The National Federation of Industry, which represents the entire manufacturing sector, issued a stern warning in its white paper at the end of 2015 that Taiwan's economy is suffering from five shortages: power, land, water, labor and talents. President Tsai acknowledged publicly that she took note of the issues identified by the white paper. See <http://www.storm.mg/article/91282>

<sup>23</sup> See <http://www.storm.mg/article/192903>