



A Comparative Survey of  
*DEMOCRACY, GOVERNANCE AND DEVELOPMENT*

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The Blue-Green Divide and  
the Function of Democracy Taiwan

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A Comparative Survey of Democracy, Governance and Development

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# The Blue-Green Divide and the Function of Democracy in Taiwan

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The blue-green divide which has deeper roots in the political soil continue to afflict Taiwan's fragile democracy and erode the political elite's commitment to due process and fundamental democratic values as well as its faith in the openness and fairness of the political game. At a fundamental level, one can trace the sources of the on-going political malaise back to the wrenching structural constraints that Taiwan's young democracy inherited—an unsettled sovereign status in the international system and a polarized conflict over national identity at home, underdevelopment of constitutionalism and serious shortcomings in the existing constitutional and electoral design, holdovers of residual authoritarian practices within the state apparatus, and a widely-shared nostalgia for the seeming efficacy and efficiency of the authoritarian era. This means that it would take some extraordinary political entrepreneurship and major adjustments in popular predispositions and expectations to set the island's democratic system on the right track.

Broadly speaking, the struggle is taken place between the native Taiwanese and Mainlander elite over three issues: statehood choices, political and economic relationships with mainland China, and the redistribution of economic resources significantly monopolized by mainlanders in the authoritarian era. Whether social cleavage based on ethnic division is more difficult for both sides to find common ground than the one based on social class is a debated issue and need to empirically test. The deliberation of any policy issue related to China, however, is often escalated to the level of loving Taiwan or betraying Taiwan. Many high-profile legislation induce the opposition side to launch a campaign that involved all-encompassing social mobilization. For many voters, their emotions were stretched to a near nerve breakdown by this tumultuous, exhausting, sensational and protracted campaign. The whole society became excessively politicized and polarized and partisan acrimony penetrated into every aspect of social life. Many people worried that Taiwan's society might sooner or later fall apart.

The social divide itself does not necessarily result in fierce political antagonism. Social tension needs some organic sources to be able to ferment. The ongoing cross-trait economic integration provides just the sources. If the flammable substance only last a period of time, then probably do not need to worry too much. If the substance will last for an extended period of time, then we should carefully manage it to prevent it from explode and hurt the new democracy. We will look into the issue.

In this article we first include a thorough historical account of the evolution of the social cleavages. The detailed information includes political and historical sources of the cleavage, whether political parties are aligned with the cleavage, the dominant policy issue that divides the parties, and whether social groups are treated equally by

the government. We then investigate the impact of the social divide. This include political gridlock in government decision-making, quality of democracy, winner-loser gap in democratic support, and gap in attitudes about check and balance. Finally, in the conclusion we will briefly touch the issue of institutional arrangements, such as electoral institution or government structure, and other socioeconomic measures, which may moderate the conflicts.

## The main social cleavages

### Political Development

During Taiwan's regime transition, right from the very beginning, the struggles over democratic reform and redistribution of political power between the Mainlander group and native Taiwanese were entangled with the national identity conflict. The conflict over national identity as well as Taiwan's future political relation with mainland China was fought first between the opposition and the Mainlander-controlled KMT. Early on, leaders of the opposition had linked the goal of democratization directly to the issue of Taiwanese identity and the principle of self-determination in their efforts to undermine the legitimating pillar of Kuomintang rule. After Chiang Ching-kuo passed away in January 1988, the main fault line shifted to the power struggle between Lee Teng-hui, a native Taiwanese, and the KMT old guard. The intra-party power struggle inadvertently accelerated the indigenization of the KMT power structure and provided the impetus for abandoning KMT's core commitment to Chinese nationalism. As a *emigre* regime immigrated from Mainland China, the KMT face an the challenge from certain quarter of native scoiety that pursuing Taiwanese identity and independent statehood while denying the Chinese identity. The native Taiwanese emigrated from Mainland China in the Ching Dynasty. After 50 years of Japanese rule, especially the Japanization movement during the Pacific war, native Taiwanese' national identity and, to a lesser extent, culture identity began to shift.

During President Lee's term KMT gradually shift from the one-China principle to the pursuit of de jure independence by launching a concerted diplomatic effort to join the United Nations and promoting the so-called "Republic of China on Taiwan", culminating in his announcement of "special state-to-state" relation in July 1999. Recurring political participation under a democratic regime helped develop a sense of collective consciousness among the people, transforming the term "Taiwan" from a geographic unit to a political community. The shift in KMT's Mainland policies resulted in split within the party and resulting in the forming of the New Party, who endorsed a one China policy. Despite the Taiwanization policy implemented by

President Lee's term, before year 2000, KMT was still a loose coalition of different attitudes on the cross-strait relationship and national identity. Some people expect a closer tie coexist with those who firmly resist such development.

After year 2000, the nativist faction, under the lead of Lee Teng-hui, leave KMT and form the new Taiwan Solidarity party. Since then, two political camps broadly emerged. The main cleavages include attitudes about national identity and cross-strait political and economic arrangements. The DPP and Taiwan Solidarity party are grouped as the pan-green camp, while the KMT and People First party are usually called the pan-blue camp. The formation of two political camps, each with different perspectives on national identity and cross-strait ties, greatly increase the already fierce political rivalry in Taiwan politics. The partisan antagonism between the pan-blue and pan-green camps gradually entrenched. It became the main theme of Taiwan's political development after 2000. It is an inevitable development in an ethnic divided society where the main parties and mass media gradually diverge along the ethnic line.

Under the Chen Shui-bian administration, the government pursued a full-scale "de-Sinification" campaign that was designed to erase the island's Chinese cultural heritage and suppress the Chinese identity. During his first term, Chen Shui-bian made some concessions in face of the mounting pressure from the business community. He decided to replace Lee Teng-hui's "no haste, be patient" policy with "active opening, effective management." The two approaches do not differ significantly, though. In response to this shift, Lien Chan, who succeeded Lee Teng-hui as the chairman of the KMT after the 2000 debacle advocated a cross-Strait policy posture that was demonstrably more moderate and significantly less confrontational. He employed an approach that advocated the normalization of cross-Strait economic exchanges and a resumption of cross-Strait negotiations on the basis of the "1992 Consensus."

For both the so-called "deep Green" and "deep Blue" voters, it was a struggle between two seemingly irreconcilable emotional claims about Taiwan's statehood and the national identity of the people of Taiwan. On the Green side, the Taiwanese nationalists advocated a separate Taiwanese national identity and pushed for *de jure* independence. On the Blue side, the Chinese nationalists opposed movement toward Taiwan independence and favor eventual re-unification with China. Both sides feared that the other side would use the governing power to impose its ideological agenda and introduce irreversible changes to cross-Strait relations and the construction of national identity. The "Deep Green" voters fear that the Pan Blue leaders would undo the state-sponsored cultural program launched by Lee Teng-hui, take measures to accelerate the cross-Strait economic integration beyond the point of no return, and

“sell out” the interest of Taiwan at future cross-Strait political negotiations. The “Deep Blue” voters vowed to stop the political ascendance of the DPP-TSU alliance on the fear that Pan Green leaders would exterminate “Republic of China” and replace it with “Republic of Taiwan, purge the remaining Chinese identity, and sooner or later ignite a deadly military conflict in the Strait with their “reckless” pursuit of Taiwan independence.

At the most fundamental level, the power struggle between the Pan Green and Pan Blue involved the psychological survival of their die-hard supporters. It was about who has the power to decide who we are and what to teach our children in school. In the end, the state became the arena of this ideological struggle. As the zealots of the two camps fiercely competed to gain control of the state apparatus and use its power to steer the cross-Straits relations, erect a cultural hegemony, and impose one’s own vision of nation-building in the direction of either Taiwanization or sinicization, they paid little due respect for civility, compromise, tolerance, due process and rule of law, all essential elements to make a liberal democracy work.

Using the longitudinal survey data we can clearly see the attitude gap of the two camps. The most relevant indicators are unification-independence choice and Chinese-Taiwanese identity. The most commonly-used measure to assess Taiwanese public opinion on the unification-independence issue is a 6-point scale. The respondents are customarily given six choices: (1) Seeking (declaring) independence as soon as possible; (2) Maintaining the status quo now and seeking (declaring) independence later; (3) Maintaining the status quo indefinitely; (4) Maintaining the status quo now and deciding what to do later; (5) Maintaining the status quo now and seeking unification later; and (6) Seeking unification with Mainland China as soon as possible. For the sake of easy presentation, the six categories can easily be compressed into three, namely “Lean Independence,” “Maintain Status Quo,” and “Lean Unification.”

Figure 1 shows that the supporters of the two camps diverged distinctively over the issue of future cross-Straits relations. The proportion of the pan-Green supporters who preferred Taiwan independence slightly decreased from 53.7 per cent in 1996 to 53.1 per cent in 2008 and 48.4 per cent in 2012. The proportion of the pan-Blue supporters who preferred independence, on the other hand, fluctuated between 12 per cent and 7.3 per cent. Additionally, the proportion of the pan-Green supporters who preferred to maintain the status quo increased from 37.7 per cent in 1996 to 40.2 per cent in 2004 to 45.3 per cent in 2012. In contrast, the proportion of the pan-blue supporters who preferred to maintain the status quo increased from 63.8 in 1996 to 68.8 per cent in 2012. Looking at this trend, one would conclude that the political attitudes of Taiwanese are moving toward to the center and the Taiwanese politics

would be less polarized. Although a sizeable portion of the pan-green supporters endorse independence, a roughly equal size of the pan-green supporters preferred to maintain status quo. In both camps, supporters do not converge to one end of the independence-unification spectrum. This, however, does not mean that the two sides converge in their statehood choice. It is just the threat and pressure from China and the United States and the international structure the pan-green supporters learns from the past endeavors.

Table 1 Changes in the Unification-Independence Attitudes (1996, 2004, 2012)

Year	the Unification-Independence Attitudes								
	Independence			Status Quo			Unification		
	1996	2004	2012	1996	2004	2012	1996	2004	2012
Pan-Blue	12.3	7.4	9.2	63.8	61.8	68.8	24.0	30.8	22
Pan-Green	53.7	53.1	48.4	37.7	40.2	45.3	6.1	6.7	6.3

Number denotes %, Data source: NTU 1996, TEDS 2004, TEDS 2012

One important factor which caused the elite-orchestrated construction of separate nationhood to lose some of its steam toward the end of Chen Shui-bian's second term was the growing awareness among the better-informed citizens and opinion leaders, that the grand strategy for a timely substantiation of Taiwan's sovereign status which had been vigorously pursued by Lee Teng-hui as well as by the DPP incumbent had done little to advance Taiwan's national security and international standing. Instead, it had resulted in Taiwan's increasing isolation in the region and caused some visible harm to Taiwan's international credibility and economic vitality.

The most commonly-used measure to assess Taiwanese public opinion on the Chinese-Taiwanese identity is a 3-point scale. The respondents are customarily given three choices: (1) exclusively Chinese; (2) both Chinese and Taiwanese; (3) Exclusively Taiwanese. Figure 2 shows that the supporters of the two camps diverged more distinctively over the issue of national identity. The proportion of the pan-Green supporters who considered themselves as exclusively Taiwanese increased from 70.6 per cent in 1996 to 71.7 per cent in 2008 and 84.3 per cent in 2012. The proportion of the pan-Blue supporters who identifies themselves as Taiwanese also increased from 25.2 per cent in 1996 to 35.4 per cent in 2012. Additionally, the proportion of the pan-Green supporters who considered themselves as exclusively Chinese or both Chinese and Taiwanese decreased significantly from 29.4 per cent in 1996 to 28.3 per cent in 2004 to 15.6 per cent in 2012. In contrast, the proportion of the pan-blue supporters who saw themselves as exclusively Chinese or hold a dual identity is 74.8

per cent in, 80.7 per cent in 2004 and 64.6 per cent in 2012. As seen, a great majority of pan-Green voters and pan-Blue voters hold distinct national identities. In the green camps, supporters converge to Taiwanese end of the Taiwanese-Chinese spectrum while the supporters of the other camp still largely hold Chinese identity. This is the source of the continuing confrontation in Taiwan politics in recent years.

Table 2 Changes in the Taiwanese/Chinese Identity (1996, 2004, 2012)

	the Unification-Independence Attitudes								
	Taiwanese			Both			Chinese		
Year	1996	2004	2012	1996	2004	2012	1996	2004	2012
Pan-Blue	25.2	19.3	35.4	51.9	68.2	58.3	22.9	12.5	6.3
Pan-Green	70.6	71.7	84.3	24.1	25.8	14.5	5.3	2.5	1.1

Number denotes %, Data source: NTU 1996, TEDS 2004, TEDS 2012

In 2008 Ma Ying-ju became the first president mainland Chinese ancestry after two decades. There is strong sense of distrust among the pan-green supporters in the first place. At the same time Taiwan is facing a huge domestic and international pressure to negotiate free trade agreement with China. President Ma is the commander of the cross strait economic integration in the Taiwan side. CCP is the commander the other side. The factors of his original sin as a Mainlander president and the economic policies he pushed, along with the fear associated with the rise of China as a major power all makes the fierce political antagonism in his term doomed to happen.

President Ma sequentially introduced direct air, sea and postal links, opening the door to mainland Chinese tourists, lifting the ban on inbound investment by mainland Chinese firms, loosening the 40 per cent cap on mainland-bound investment by listed companies. As the great majority of the pan-Green supporters tend to identify themselves as Taiwanese, there is a strong sentiment among them that the acceleration of cross-Strait economic integration may compromise Taiwan's political autonomy and the country's sovereign status. The pan-Green camp felt much threatened by the political implications of the acceleration of cross-Strait economic Strait. The pan-Green politicians have tried out all kind of disruptive strategy in the legislature to block KMT government's legislative initiatives in particular over cross-Strait relations.

The pan-Green politicians attributed Taiwan's sluggish economic performance to Taiwan's growing economic dependency on mainland China pointing to the capital flight to mainland China and the exodus of export-oriented manufacturing activities. Behind this hostile attack is the growing anxiety and frustration among the pan-Green

camp over the fast closing-off of the option of Taiwan independence and their unpleasant but unavoidable daily encounter with mainland Chinese tourists and visitors who have arrived on the island in large number and quickly replaced Japan as Taiwan's number one source of tourist income. At the end of the day, the pan-Green crowd always harbored a deep worry that MYJ could sell out Taiwan by opening the door for CCP's political infiltration and undermining Taiwan's sovereign claim under the so-called "one-China" principle. The acceleration of cross-Strait economic exchanges was deemed detrimental to Taiwan's political independence because these would aggravate Taiwan's economic vulnerability, facilitate Beijing's political infiltration of Taiwanese society, and lead to the erosion of a separate Taiwanese identity.

### Assessment of ECFA

The issue of the cross-strait economic integration is the most salient issue in recent years that aggravate the already contentious blue-green competition. Despite the tension in the parliament and the election, the polls of the Taiwanese may tell a slightly different story which shows some silver lining for the moderation of the tension. As seen from the Table 3 and 4, the assessment of the impact of ECFA on Taiwan's economy and on family economic conditions diverges significantly across different party identification. First of all, the pan-Blue supporters are most optimistic about the impact of economic agreement on Taiwan's economy. About 76 per cent of this group expects a positive outcome, comparing to 17 percent in the pan-Green camp. In contrast, 8 per cent of the pan-blue supporters expect a negative outcome, comparing to 61 per cent in the pan-Green camp. When it comes to personal economic situation, it is a rather different story, their assessment is more conservative. Although there is still significant partisan difference, a higher percent of people in both camps expect that ECFA will not effectively affect their family economic life.

Table 3 Party Identification and Economic Conditions (society, prospective) after ECFA (2008)

	Party Identification			All
	NO	Pan-Blue	Pan-Green	
Worse	31.25(140)	8.44(52)	60.65(299)	31.54(491)
The same	32.14(144)	15.91(98)	22.52(111)	22.67(353)
Better	36.61(164)	75.65(466)	16.84(83)	45.79(713)
All	100.00(448)	100.00(616)	100.00(493)	100.00(1557)

Data source: TEDS2008p.

Note: %, number of observations in parenthesis ° Pearson's chi-squared = 485.7861, P value =0.0.

Table 4 Party Identification and Economic Conditions (family, prospective) after ECFA (2008)

	Party Identification			All
	NO	Pan-Blue	Pan-Green	
Worse	23.38(112)	6.75(43)	40.56(204)	22.17(359)
The same	67.22(322)	66.88(426)	54.08(272)	63.00(1020)
Better	9.39(45)	26.37(168)	5.37(27)	14.82(290)
All	100.00(479)	100.00(637)	100.00(503)	100.00(1619)

Data source: TEDS2008p.

Note: %, number of observations in parenthesis ° Pearson's chi-squared = 251.7293, P value =0.0.

A follow-up survey done in 2012, when ECFA has been ratified by the parliament, capture changes in the attitudes of Taiwanese. As seen from Table 5 and 6, in 2012 the pan-Blue supporters become less optimistic while the pan-Green supporters no longer hold a dismal view of the impact of ECFA. The pan-Blue supporters are still most optimistic about the impact of economic agreement on Taiwan's economy. The percentage of pan-Green supporters who believe that Taiwan's economy become worse as a result of ECFA shrinks to 18.9. When it comes to personal economic situation, it is a rather different story, regardless of their party identification, 80 per cent or higher of respondents think that their family economic conditions have not change after the signing of ECFA. Not that even among the pan-Green supporters, about 72.4 per cent of respondents does not think ECFA damaged Taiwan's economy but until now they do not share the benefits of the cross-strait economic integration either. The evidence so far pretty much shows that cross-strait economic integration is neither a poison nor a panacea. On the one hand, contrary to President's promise, Taiwan's economy does jump out of the flat-growth trap that existed for the last decade. The middle class' salary still does not quiet catch up with the inflation rate. On the other hand, contrary to the gloomy expectation from the pan-Green camp, Taiwan does not witness a big increase in China-bound capital and personnel outflow and huge inflow of Chinese capital. Nothing significantly changed.

Table 5 Party Identification and Economic Conditions (society, retrospective) after ECFA (2012)

	Party Identification			All
	NO	Pan-Blue	Pan-Green	
Worse	15.46(60)	3.40(23)	25.72(131)	13.90(212)
The same	53.87(209)	26.04(176)	57.77(275)	42.86(643)
Better	30.67(119)	70.56(477)	14.71(70)	43.25(658)
All	100.00(388)	100.00(676)	100.00(461)	100.00(1513)

Data source : TEDS2012 °

Note: %, number of observations in parenthesis ◦ Pearson's chi-squared = 418.6384, P value =0.0 ◦

Table 6 Party Identification and Economic Conditions (family, retrospective) after ECFA (2012)

	Party Identification			All
	NO	Pan-Blue	Pan-Green	
Worse	12.93(57)	2.96(21)	18.84(94)	10.42(172)
The same	83.22(367)	85.35(606)	79.96(399)	83.15(1372)
Better	3.85(17)	11.69(83)	1.20(6)	6.42(106)
All	100.00(441)	100.00(710)	100.00(499)	100.00(1650)

Data source: TEDS2012.

Note: %, number of observations in parenthesis ◦ Pearson's chi-squared = 418.6384, P value =0.0.

There appears to be a pattern in the cross-strait economic integration. Before the signing of the agreement, many Taiwanese, especially the pan-green supporters, are suspicious about the benefits of the process and worry about that the process may endanger the sovereignty of Taiwan. It generates a rising tension between the KMT government and DPP and their supporters. In many cases, this tension is conducive to protests and confrontation. The DPP leaders exploit the fear of China sentiment among the Pan-green supporters. The opponents who feel increasingly marginalized and frustrated are prone to take radical and disruptive action to unleash their anxiety and fears. Two years down the road after the policies was implemented, people gradually realize that nothing that are really terrible happen. In some cases, of course, the outcome failed to live up to the government's expectation. The same pattern can be seen from several other cross-strait policies. Recruiting student from Mainland China to Taiwan's universities, Chinese mainland tourists, and the Three Links are some of the high-profile cases. There were always warning and alarms in the beginning of the policy debates. The initial predictions, however, mostly do not come true. In several cases, many Taiwanese begin to enjoy the tangible benefits that the Mainland tourists and students bring. It is almost impossible to abolish these policies even when DPP resume the office.

Actually, if we compare the attitudes distribution of ECFA assessment and national identity, one interesting difference can be found. People's attitudes on national identity are relatively fixed over time but people's attitudes on the economic integration can change between elections. It denotes that parties can exploit the national identity difference because it was always there, but they are not able to manipulate economic prospects if the economic results turn out to be different from their original predictions.

The process of the economic integration negotiation gradually moves from the swallow water area to the deep water area. The most important agreements would be

the Cross-Strait Agreement on Trade in Services and commodities. The ratification in the parliament is definitely doomed to create serious tension and antagonism. The Sunflower student movement in 2014 was the most eminent case. The tension is most likely to be highest in the Service agreement because it appears to affect many small shops, allowing the anti-China sentiment to ferment. Once Taiwan's main competitor in trade—South Korea—sign free trade agreement with China, Taiwan will face enormous amount of pressure to follow suit. Once again, it is very likely that neither disaster nor miracle about Taiwan's economy will happen.<sup>1</sup> At that stage, politicians are less able to arouse sentiment against the negotiation and reviewing process. As indicated, although people have different view of national identity, they do not differ greatly in terms of statehood choice. In other words, once Taiwan pass the stage of free-trade agreement negotiation, signature, and ratification, the tension the between the two political camps definitely will continue but are likely to reduce significantly.

We expect that the winner and loser from the free-trade agreement will then become the dominant issue. On the other hand, the negotiation between the two sides is not equal. In many cases, China unilaterally opens its market to Taiwan. The result is that there is no clear losers in Taiwan resulted from the free trade. As long as China is still willing to keep the policies of benefiting Taiwan, the issue of class in political competition may not emerge so quickly.

## Class Issue

The ideological clash was exacerbated by a growing tension on the island between the potential losers, namely the blue-collar workers, farmers and people who are employed in the non-tradable sector at large, and the potential winners, namely people with transportable skills and capital and people who are employed in sectors competing in the global market, in the process of cross-Strait economic integration. The former group, disproportionately concentrating in the Southern and Central part of Taiwan, provided the Pan Green with a solid political base and a perceptive audience for its Taiwanese nationalist persuasion. The later group, which concentrate in the Northern part of Taiwan and accounted for the bulk of Taiwan's economy, on the other hand, was receptive to the Pan Blue view that the DPP's confrontational approach to cross-Strait relations would only accelerate the capital flight and brain drain and suffocate Taiwan's economic vitality.

Figure 1 shows that before 2000, the class division between parties is not very clear. The blue-collar workers and the farmers are more likely to endorse the DPP candidate than the managers and professional. After 2000, the attitudes of the manager

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<sup>1</sup> Take the service agreement as an example. More than sixty per cent of the Free Trade Agreement on Service under review has already opened.

and professional began to shift. They are more likely to endorse the KMT presidential candidates. The supporters of KMT comprise mainly the managers and professional. In contrast, the blue-collar workers and the farmers become the firm supporters of the DPP. This pattern suggests that in recent years the supporters of the two main parties began to divide along the class line. The reason that the upper middle class do not support KMT is likely because of the reason that the prevalence of black and gold politics during the KMT's rule before the first party turnover in 2000. The money politics alienate many middle class. In addition, when a country is experiencing rapid economic development, class is usually not a salience issue. Because fast economic development is associated with wage increase and low unemployment rate, income redistribution is usually not an imminent issue. Once the country passes the zenith of fast growth, the issue of redistribution tends to emerge. Taiwan's economic growth slowed down after 2000, inducing the emergence of the class issue and redistribution demand.

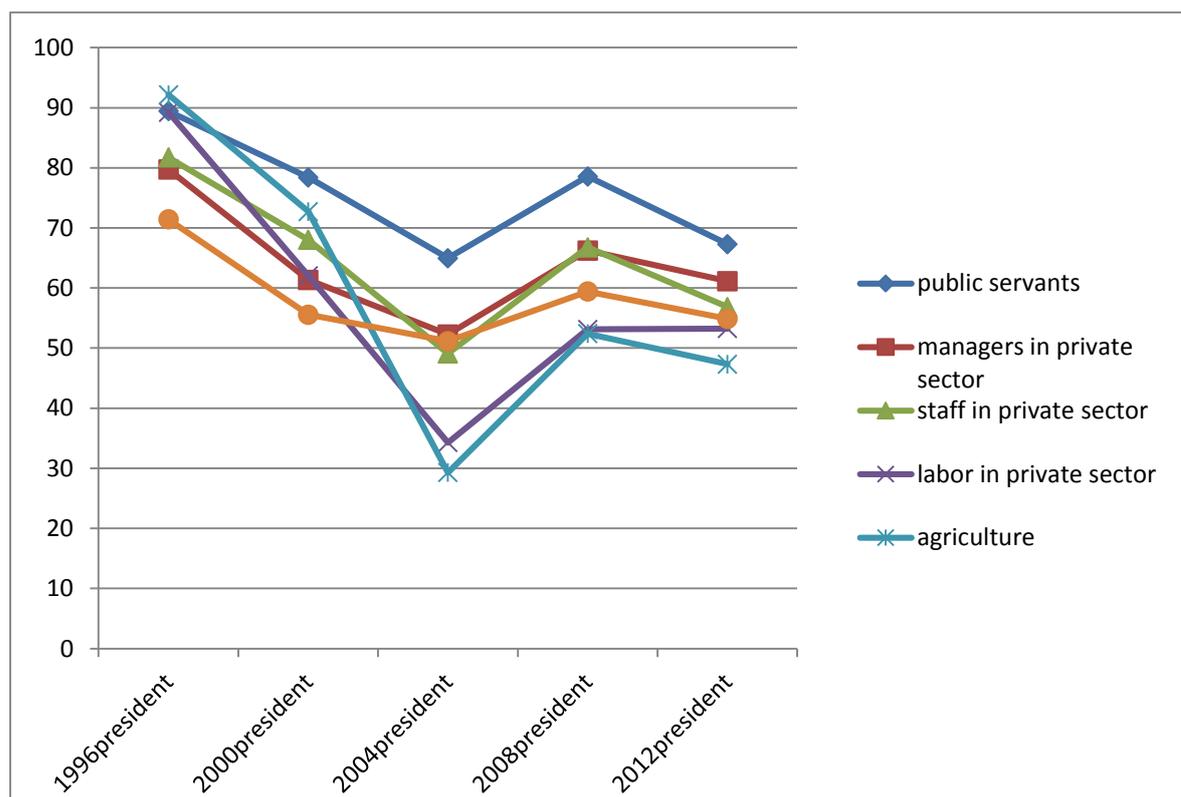


Figure 1: the percentage of vote obtained by Pan-Blue candidates by Occupation

Sources TEDS, various years

Once Taiwan pass the stage of free-trade agreement negotiation, signature, and ratification, the current tension the between the two political camps are likely to reduced. The issue of winner and loser from the free-trade agreement is likely then

become the dominant issue. On the other hand, the negotiation between the two sides is not equal. In many cases, China unilaterally opens its market to Taiwan. The result is that there is no clear losers in Taiwan resulted from the free trade. As long as China is still willing to keep the policies of benefiting Taiwan, the impact of cross-strait integration on class politics may not be so significant.

### Economic Grievance

For decades, the KMT government successfully implements the export-led policy that promoted Taiwan’s economic growth and increase citizens’ wages. It also established institutions of the college entrance exams and civil servant exam that was basic equal to different ethnic and income groups. There are, however, several policies that do favor certain ethnic and political groups, especially the pan-Blue supporters. These policies to some extent help freezing the economic gap between different ethnic groups. Figure 2 show the percentage of respondents who hold the public servants jobs and manager and professionals jobs. We compare the group of Taiwanese whose fathers are either Holo or Hakka and the group of respondents whose fathers are Mainlander. As seen from this figure, the percentage of respondents who hold a white-collar job is 15 to 20 per cent higher in Mainlander group than in the Taiwanese group. Moreover, the gap between the mainlander and Taiwanese largely is largely stable, with some fluctuation, over the course of the last twenty years.

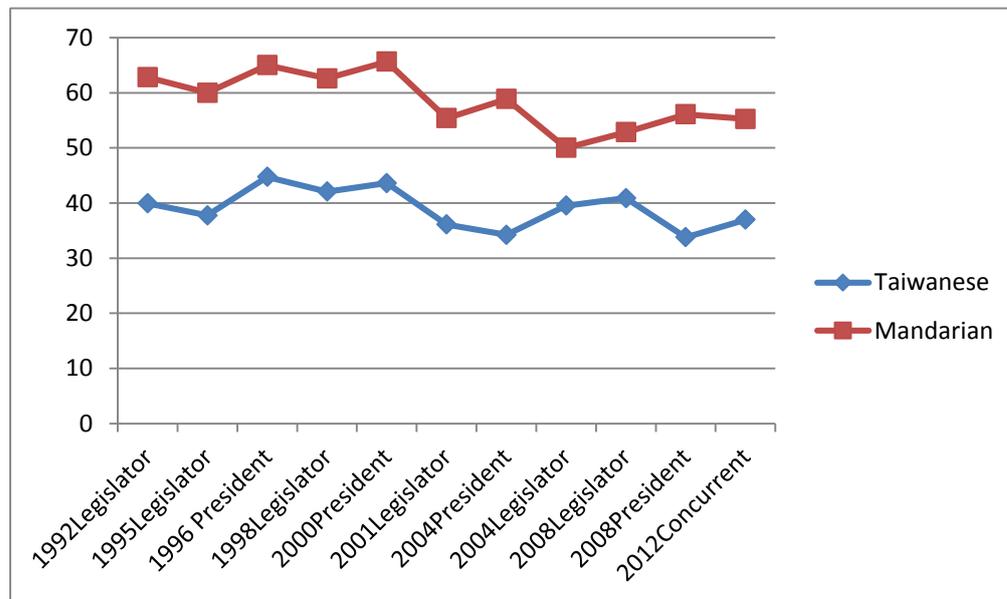
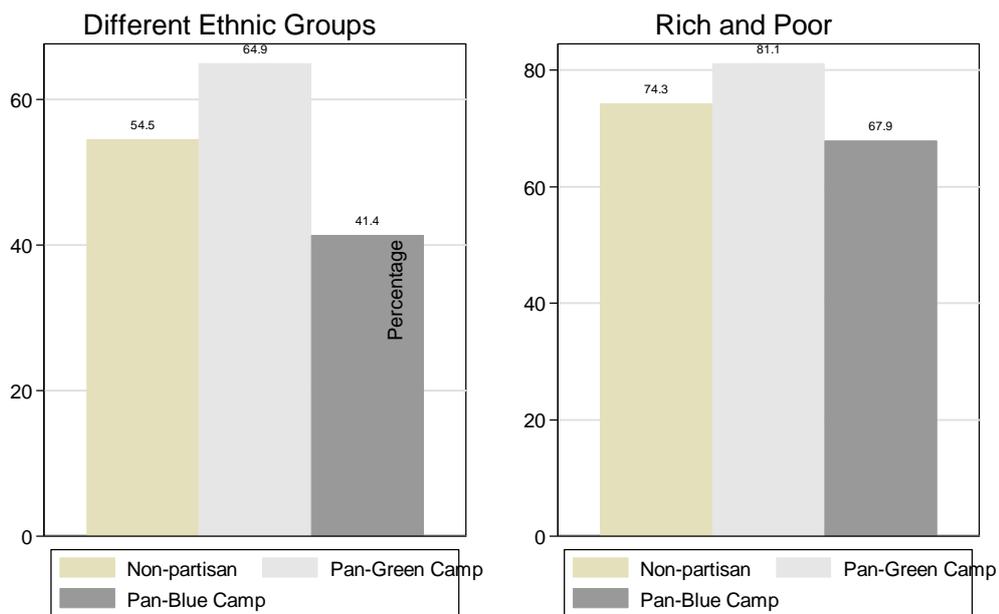


Figure 2: the percentage of public servants and managers

Sources TEDS, various years

We can also look into the question based on the perceived equality between ethnic groups and between rich and the poor. Figure 3 shows the 64.9 per cent of pan-Green supporters think that all citizens from different ethnic communities are treated unequally by the government. In contrast, only 41.4 per cent of pan-Blue supporters think that all citizens from different ethnic communities are treated unequally by the government. The attitude gap is much smaller when we ask whether the rich and the poor are treated equally by the government. The figure shows the 81.1 per cent of pan-Green supporters think that rich and poor people are treated equally by the government. There is also 68 per cent of pan-Blue supporters think that rich and poor people are treated equally by the government. Although there is still an attitude gap between the two camps regarding the rich-and-poor dimension, it is much smaller compared to the dimension of ethnic group.

“Figure 3 Whether People Are Treated Equally“



Unit: percentage; Data Source: Asian Barometer Wave 3

Economic inequality between the subethnicity is a lingering issue. Subethnicity is closely associated with party support. Mainlander and public servants and military officials are the core supporters of the pan-Blue camp. Farmers, especially in southern Taiwan, and blue-collar workers are the core supporters of the pan-Green camp. Several economic measures aggravated or had contributed to the frozen of the economic gap between ethnic groups.

### **Housing for Military Personnel and their Dependents**

During the civil war, many military personnel fled to Taiwan along with the KMT government. Most of them and their dependents live in the veterans' villages across the island. Because the buildings of in these villages are gradually rotten, in 1996 the KMT government passed a law to reconstruct the old military villages. The government uses its budget to build many new apartments in the same sites. With the subsidy from the government, these residents can purchase the new apartments with roughly 30 per cent of regular housing price. In one sense, this may be seen as an affirmative action in terms of land use. It, however, induces a deep sense of unfairness among the Taiwanese, especially the farmers and the blue-collar workers whose living conditions are more worse but do not receive housing subsidies.

### **Pension Scheme**

Taiwan has a very generous public servant pension system that covers military personnel, public servants and teachers. They are eligible to retire at the age 55 after working for 30 years and get the monthly pension that is nearly 100 percent of their original salary. In addition, many of the retirees are allowed to deposit a certain amount of money to a special account that pay 18% preferential interest rate. The bill of the 18% interests split between the central government and the local government. Increasingly the subsidy on the interest payment becomes a heavy burden on the already poor local governments. In response, DPP provide its own version of occupational class pension subsidies. They focus on the elder farmers. Eventually, it forced the KMT to pass the pension scheme for the elder farmers. In each election, there are proposals to raise the payment of the elder farmers.

### **Housing price**

Housing price is not directly related to subethnicity but is also related. After 2003, the housing price increase in Taiwan dramatically, partly due to the low interest rates environment and more importantly out of the expectation that the Chinese from Mainland will come to Taiwan to buy houses. In addition, the low tax for holding houses and selling houses that encourage speculative transaction are another contributing factor for the high prices. The neighborhoods in the Taipei city normally provide better education and safety. In Taipei city, the average housing prices are 15 times average household incomes and is beyond the reach of most wage earners, especially young generation and people who newly move to the Taipei metropolitan area cannot afford to buy a house. Government are forced to implement the luxury tax but do not effectively curb the price and the building of affordable housing is slow. The housing problem creates the discontent among the young generation and among

the people who relocate to the Taipei area from the other part of Taiwan. There is a great deal of resentment toward the top one per cent who can afford the luxury apartments. The housing problem also becomes an issue closely related to the cross-strait economic integration.

### **Party-owned enterprise**

The other two issues do not directly related to economic inequality but it help to strengthen the advantage of the KMT that representing the interests of the Mainlander, civil servants, and upper-middle income earners. After 2000 KMT cease to run enterprises directly. However, the huge assets that KMT entrust and the huge earning it receive each year still disproportionably give KMT an upper hand in each elections. The high earning gives KMT an upper hand in election. KMT's assets accumulate because of monopolies and special privileges that are granted by the ruling KMT government before and after the democratic transition. In the 2012 election, the DPP candidate receives a higher amount of personal campaign donations then the KMT candidate. But the KMT camp is able to outspend the DPP camp because of the profits from KMT assets. This violate the promise that president Ma made before the 2008 election that the KMT will not use the money for campaign purpose. The huge profits the KMT earn each year also give them an edge in helping their nominees who then have more money to spend during the campaign, including vote buying. Party-owned enterprises and vote-buying essentially undermine the legitimacy of the KMT government and the decisions it made.

### **Economic influence of China-based Enterprises**

A related issue is the influence of the Mainland-based Taiwanese businessmen on elections and mass media. Mainland-based Taiwanese businessmen began to dump their money back to Taiwan to purchase mass media, telecommunication services, real estate, and companies. To some people, especially the green camp supporters, this new force poses a threat to the freedom of speech and the fairness of the electoral competition. It makes some people uneasy about the influence of money coming from the other side of the strait. They believe that the election will not be a level playing field if the pan-blue camp receives the help from many gigantic China-based Taiwanese enterprises.

The perceived economic inequality between ethnic groups and the parties they support is essentially the cause that a great majority of pan-Green supporters perceive that they are not treated equally by the government. Although one cannot entirely attribute the inequality in economic status to the economic policies, these policies do

help to freeze the economic gap between different ethnic groups. More importantly, those policies continue to provide the best source for the ethnic issue to ferment in each election.

## The Impact of the Social Divide

### Political Stalemate

After the first party turnover in 2000, political stalemate has become frequent. During president Chen's tenures, the coalition of the KMT and FPF blocked virtually all the major legislative bills introduced by the DPP government. The coalition questioned the hidden political agenda of government bills and replaced these bills with their own versions. The most disparaging aspect of this political saga was the recognition that the existing institution arrangements were not equipped to produce definitive resolution of the conflict intrinsic to a semi-presidential system. After six rounds of constitutional amendments, Taiwan's semi-presidentialism failed to be a well-balanced and coherent constitutional design. To begin with, the Constitution does not erect a threshold for electing the president. In a multi-candidate race, no candidate can get a convincing victory. Next, although the Constitution stipulates that the Cabinet be held accountable to the Legislative Yuan, the president can appoint the premier, formally the head of the government, without a parliamentary confirmation, making possible that a minority president can get away with the imperative of the French-style "cohabitation" at the cost of political gridlock.

Once the syndrome of "divided government" deteriorates into political immobilism, the Constitution offers little timely remedy. Unlike the French system which empowers the cabinet to steer the legislative agenda, the ROC Constitution does not privilege government bills. The legislature controls its own agenda. Neither the president nor the premier possesses the constitutional weapon of "executive veto" to check legislative assertiveness. The cabinet can send back objectionable legislation and resolutions to the parliament for re-consideration. But the parliament has the final say if the same bill is passed again with an absolute majority, i.e., half of the total seats plus one. In addition, the president cannot dissolve the assembly on his own initiative. On the other hand, while the Constitution empowers the parliament to unseat the sitting cabinet with vote of no confidence, it also gives the president the option to dissolve the parliament under such circumstances. In practical terms, the competitive logic as well as the high campaign cost of the parliament election makes the use of the no-confidence vote very unlikely, rendering this device of accountability virtually useless.

The problem of political stalemate did not end after 2008 when the KMT

resumed the power. Although KMT has enjoyed a majority of seats in the parliament, it in many cases failed to push forward its own agenda. Ma's high-profile legislations encountered filibuster by the opposition party. The use of filibuster was not restricted to the cross-strait domain, these issues are the main target, though. Issues related to the Three links, US. beef import, college students from Mainland China, ECFA, free trade agreement on service sector are some of the salient examples during President Ma's tenures. Most of the legislations are related to the cross-strait issues. The DPP may endorse quite a few of these bills if they are in power, such as the US beef issue. The inter-camp antagonism and the pressure from the fundamentalist side of the pan-green parties force the DPP to block the aforementioned government bills in the parliament.

Unlike the filibuster in U.S., where only continuing, non-stop speech is allowed and recognized, the methods of filibuster that are allowed in Taiwan parliament are quite extensive. Physical clashes and wresting control of the rostrum are all permitted. More importantly there is no clear rule to end the filibuster. There is no closure rule in Taiwan that is similar to the 3/5 requirement in the U.S. senate. A filibuster in Taiwan ends not because of a vote of motion but because of a closed-door agreement between the pan-blue and the pan-green camps moderated by the speaker. The benefit of the closed door meetings is that there is no record of them. Party supporters are not able to tell individual MP's position. Individual MP is not held accountable to the decision of ending block. The closed-door negotiation is redundant of course if the opposition is willing to observe the decision rule in the parliament unless the quorum needed to end filibuster in the future exceeds the pan-blue seat share. In contrast, if a roll-call vote holds, instead of closed-door meetings, few MPS dare to make compromises that may irritate their constituencies, especially the fundamental group. The negative side of the closed-door negotiation is that it bestows the few party members the manipulative power. In many cases, these representatives can amend and violate the committee resolutions. More importantly, the current system fails to encourage the formation of an accepted quorum. When a minimum number of members of the legislature, say 3/5 or 2/3, support the government bills in question, the opposition must stop the filibuster. In other words, there is a rule of the game governing the resolution of the high-profile legislation that the both sides of the political forces are explicitly agree on and be willing to follow. This is particular critical for the formation of democratic values that acknowledge the rule of the game among the public in general and the party fundamentalists in particular.

In many cases, the actions of filibuster also involve the participation of civil society groups. Politicians are usually more pragmatic than civil society groups. The DPP members block the bills to meet the demand from constituencies. After several

days in the drama when they feel it is enough to answer to their constituencies they may quickly make compromise. The US beef cases, Three Links, and Mainland students are some of the examples. The closed door bargaining may sometimes get out of control. The Sunflower movement in March 2014 is a salient example. It is a cross-strait trade agreement and is managed by a Mainlander president. Many pan-green supporters deeply distrust a Hong-Kong born Mainlander president. After the filibuster by DPP in the committee for a month, the KMT committee chair suspended the review in the committee and sent the bill to the floor for a vote for ratification. This spark a massive student protests that occupy the floor of the Legislative Yuan. One reason that the students groups took actions is because that they believe that DPP members may finally make compromise in the reviewing process. Actually a few days before the movement, the DPP release a polls show that a majority of Taiwanese that DPP is “against China in every issue”. This is a sign that DPP may shift its policy stance to be more pragmatic in order to win presidential election. With the popularity of social media, the supervision and mobilization power of civil society groups increase. This trend increases civil organizations’ ability to force the DPP to stick to its original positions. The review of the Cross-Strait Agreement Supervisory Act is another example. The DPP whip told the KMT whip that they cannot let the bill pass quickly because in that case they were not able to answer to the students.

## Democratic Attitudes

A striking commonality is that pan-Blue voters in 2006 and pan-Green voters in 2010 both exhibited much greater denial attitudes toward the evaluation of democratic governance comparing to those whose supporting party was in power. Most of the items which show significant partisan-laden divergence are centering on the president (CSB in 2006 and MYJ in 2010) and the government output people believed the two presidents should deliver, such as better economic condition, political transparency, and government responsiveness.

The efficacy and ultimately the survival of democratic regimes can be seriously threatened if the losers do not consent to their loss. Christopher Anderson (2005) find that there is a gap in support for the political system between winners and losers. The gaps are shaped by the political environment. They found that losers in systems that are more consensual display higher levels of satisfaction with the way democracy works than do losers in systems with majoritarian characteristics. National identity division and the winner-take-all nature of Taiwan’s political system aggravate the gap between the losing camp and the winning camp in their attitudes toward the political system and the due process of decision-making.

First, the first institution that encourages winner-take-all is the semi-presidentialism in Taiwan. As the practice of Taiwan's semi-presidentialism approaches the presidential system, the winner of the presidential election is take the office for four years. There is little hope for power sharing and dismissing the ill-suited president. Since 2008 the legislature and presidential elections are held in the same day or very closed, this definitely will reduce the probability of divided government. This arrangement, however, will most likely strengthen the winner-take-all nature of the system as the winner of president is very much likely to secure majority in the parliament. In addition, since 2008 Taiwan adopt the single member district in legislature elections for most of its MPs seats. In 2008 and 2013, while the vote share of DPP does not change significantly from the previous election, the winner-take all nature of the electoral system helps KMT secure 3/4 and nearly 2/3 of seats. The share of seats the KMT earn significantly exceeds the share of their votes in the elections.

Partly because of the winner-take-all nature of the system and partly because of the national identity division, there is a significant democratic-value gap. The social cleavage induces people to distrust political actors representing other ethnic groups, while easily trust political actors of ones' own group. Voters of the opposition party want to restrain the power of the ruling party so they emphasize values like check and balance and strong legislative supervision. In contrast, supporters of ruling party are not particularly enthusiastic about the idea of accountability and check and balance. Moreover, people who prefer declaring independence as soon as possible and those who prefer seeking unification instantly tend to have greater differences on the check and balance attitudes.

The idea of check and balance has its limit as well. The due process of democratic decision-making should be respected. Taiwan's democracy proudly passed the two-turnover test suggested by Huntington (1990) in 2008 as both parties are willing to handover the power the opposition when they lose the elections. The smooth transition of the executive power covers the truth that both sides do not sincerely give up their power in decision-making, especially in the law-making process. During President Chen' two terms the KMT MPs blocked all major government bills use their majority advantage in the parliament even when the bills or policy ideas are actually drafted under the President Lee's terms. DPP do the same thing during President Ma's two terms but upgrade the practice to a new level. DPP as a minority in the parliament can still block or delay several high-profile bills through filibuster. Moreover, the Sunflower movement's occupation of the parliament in 2014, despite non-violent when they occupied the floor and the contentious nature of the trade agreement with China, virtually is a use of force

which disrupted the democratic procedure of legislative review.

The attitude gap do not restrict to the decision-making process, it also extends to people's attitudes about the due process of rule of law. In 2014 the parliamentary speaker called the minister of justice to stop prosecuting a case, President Ma asked the speaker to resign. Speaker Wang refused to do so and successfully win the judicial rules later on. Despite all the conspiracies and political calculation that President Ma involved, the event was in essence an act of string pulling. People's attitude toward this event was also highly divided along the party line. The pan-Blue and their supporters believe that as the Chair of KMT, President Ma should have the right to dismiss a party member for his inappropriate behaviors. The pan-Green and their supporters on the other hand believe that as the head of the executive power President Ma should not trespass the domain of legislative power. A clear attitude gap that demonstrates the due process of rule of law has not been well recognized and observed.

## Conclusion

The social divide itself does not necessarily result in fierce political antagonism. Social tension needs some organic sources to be able to ferment. Cross-strait economic integration is the source but it may reduce in to smaller scale after a few years. Once Taiwan pass the stage of free-trade agreement negotiation, signature, and ratification, the tension between the two political camps are very likely to be less intense as the situation in the past few years.

No institution can solve all the problems with no cost. In an ethnic divided society, it is often preferable to avoid winner-take-all and encourage power-sharing. But power-sharing also come with its own problem in that it delay the decision-making. In a high competitive international economic structure, delay may put the country in great disadvantage. It is important to set up clear rule of power sharing and decision-making. Most importantly, both sides must agree on quorum that once the number of MPs passes the threshold, the debate and filibuster stop.

The goal of institutional design in a divided society is to award the politicians whose position is closer the middle ground. The role of electoral system can also be discussed. It is often argued that FPTP is a better option for it induces legislators to move toward median voter's position. Whoever, when ethnic groups are spatially concentrated, like the case of Taiwan, FPTP is no longer preferable because it not only reduces legislators' incentives to move toward the median position, but also increases the levels of geographic concentration of party seats, and, hence, the antagonism between rival parties. Given the concentrated distributions of ethnic groups, it may be

preferable to shift the electoral system from the current Single-Member Constituency Parallel System to a mixed-member system of Germany's type. The latter system ensures perfect proportionality within each region, avoiding the concentration of seats of parties in specific geographic region.

Tolerance is more important than freedom, but no equal opportunity no tolerance. Taiwan needs to address the inequality between ethnic groups. Issues related to housing for Military Personnel and their Dependents, pension scheme, housing price, party-owned enterprises, and economic influence of China-based Enterprises should be timely and carefully addressed. In addition, eliminate party-owned enterprises and attacking the vote-buying help restore the legitimacy of the KMT government and the decisions it made. DPP also have increasing number of candidates involve in vote-buying but is still in comparatively smaller scale.