

POLICY GUIDE

From Five No's to Referendum: The Making of National Security Policy in Taiwan

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This paper analyzes the development of Taiwan's security policy by exploring the decision-making of the Democratic Progressive Party (DPP) government under the leadership of President Chen Shui-bian from 2000 to 2004. The first part of the paper reviews the development of Taiwan-China relations and theoretical developments related to this subject, as well as the major theoretical approaches adopted by scholars and strategic analysts, to explain the influence of Taiwan-China relations on Taiwan's security. Next the paper attempts to define the structure and process of the security policymaking mechanism during Chen's government to identify the major "players" in the decision-making process and their roles. The last part of the paper examines the development of the referendum issue before the 2004 presidential election in order to show how President Chen's decision-making style affected the decision to hold the controversial referendum in March 2004, and how such a decision-making mechanism makes a foreign policy crisis inevitable. This paper finds that President Chen and his DPP government have a top-down decision-making style in which the president is supreme in deciding foreign policy objectives. Limited numbers of high-ranking officials are consulted or involved in the formulation

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of key policy objectives. This decision-making style often leads to poor communication between different decision-making levels and sometimes misunderstandings among government agencies.

KEYWORDS: Taiwan's security policy; DPP government; Chen Shui-bian; referendum; decision-making.

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Compared to Northeast and Southeast Asia, the Taiwan Strait is still an area where the delicate balance between the conflicting sides is largely determined by military power, and this stalemate is not likely to improve in the near future. Strategic analysts are particularly concerned about the security consequences of Taiwan's pro-independence stance, for a military confrontation between Taiwan and China could well lead to a war between the People's Republic of China (PRC) and the United States. Several articles addressing Taiwan-China relations in recent years have focused on how military conflict between the two sides can be avoided, and what role the United States can play in convincing the leaders on both sides to exercise self-restraint.¹ These analyses, as T. Y. Wang (王德育) and I-chou Liu (劉義周) indicate, share a common call for "double renunciation" by both Beijing and Taipei: Taipei has to renounce its intention of seeking de jure independence in exchange for Beijing's consenting not to use force against Taiwan.² None of these analyses attempts to explain why political leaders in Taipei continue to portray the relationship between Taiwan and China as

¹Kurt Campbell and Derek Mitchell, "Crisis in the Taiwan Strait," *Foreign Affairs* 80, no. 4 (July/August 2001): 14-25; Thomas J. Christensen, "The Contemporary Security Dilemma: Detering a Taiwan Conflict," *The Washington Quarterly* 25, no. 4 (Autumn 2002): 7-21; Michael Swaine, "Trouble in Taiwan," *Foreign Affairs* 83, no. 2 (March/April 2004): 39-49; Kenneth Lieberthal, "Preventing a War over Taiwan," *ibid.* 84, no. 2 (March/April 2005): 53-63; Dennis Van Vranken Hickey, "Continuity and Change: The Administration of George W. Bush and U.S. Policy toward Taiwan," *Journal of Contemporary China* 13, no. 40 (August 2004): 461-78; Chen Qimao, "The Taiwan Conundrum: Heading towards a New War?" *ibid.*, no. 41 (November 2004): 705-15; and Robert Sutter, "The Taiwan Problem in the Second George W. Bush Administration—U.S. Officials' Views and Their Implications for U.S. Policy," *ibid.* 15, no. 48 (August 2006): 417-41.

²T. Y. Wang and I-chou Liu, "Contending Identities in Taiwan: Implications for Cross-Strait Relations," *Asian Survey* 44, no. 4 (July/August 2004): 569.

conflictive by nature, despite the fact that growing economic transactions across the Taiwan Strait have forced the very opposite conclusion on many observers of Taiwan-China relations, who truly believe in the power of economic interdependence to reduce military conflict.³

The above-mentioned studies make substantial contributions to the field of Taiwan-China relations, and, to a large extent, bridge the gap between theory and empirical research. However, are they the only theories available to scholars examining the subject? In fact, Taiwan represents an interesting case of how state leaders in a newly democratized society successfully transform a highly complicated political issue into a security subject, and then manipulate it for domestic political purposes. In an article evaluating the effectiveness of the "democratic peace" thesis, Edward Mansfield and Jack Snyder suggest that democratizing states—those in transition from authoritarianism to democracy—are even more prone to war than authoritarian regimes.⁴ Utilizing this "electing to fight" thesis, one may assume that state leaders in Taiwan, a society that has recently become a democracy, may be deliberately playing the game of "brinkmanship" in relations with China in order to help strengthen their domestic political power. Rather than discussing Taiwan's strategic behavior from a systemic perspective, which assumes strategic interactions between great powers, namely the United States and China, as the critical factor determining the fate of Taiwan, this paper attempts to open the "black box" to examine *who* is involved in the making of security policy and *how* security

³A classical liberal view suggests that by removing trade barriers, individual states can utilize their *comparative advantages* to pursue economic interests from trade. For the liberal theory, see: Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence: World Politics in Transition* (Boston: Little Brown, 1977); and Richard Rosecrance, *The Rise of Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986). For a liberal perspective of cross-Strait relations, see Cal Clark, "Prospects for Taiwan-China Economic Relations under the Chen Shui-bian Administration," *American Asian Review* 19, no. 1 (Spring 2001): 27-53; Morton Abramowitz and Stephen Bosworth, "Adjusting to New Asia," *Foreign Affairs* 82, no. 4 (July/August 2003): 119-31; and Nancy Bernkopf Tucker, "If Taiwan Chooses Unification, Should the U.S. Care?" *The Washington Quarterly* 25, no. 3 (Summer 2002): 15-28.

⁴Edward D. Mansfield and Jack Snyder, "Democratization and the Danger of War," *International Security* 20, no. 1 (Summer 1995): 5-38.

policy is formulated and modified within the decision-making system.⁵ By opening this decision-making black box, one can also narrow research down to a manageable scale, so as to see how decision-making mechanisms and processes in the Taiwan government may affect the making of security policy.

Two major questions will be explored in this paper. First, who are the elites with power to influence security policies and how do they participate in the formulation of security policies? Second, what was the motivation behind President Chen Shui-bian's (陳水扁) initiation of the "peace referendum" during the 2004 presidential election? This action was criticized by both the U.S. and PRC governments as a deliberate move to challenge the status quo across the Taiwan Strait.

This study will concentrate on the first four years of the Democratic Progressive Party (DPP, 民主進步黨) government under the leadership of President Chen Shui-bian. The first part of the paper will review the development of Taiwan-China relations from 2000 to 2004 and academic findings related to this subject. Next the paper will define the structure and process of security policymaking mechanisms during Chen's government to identify the major "players" and their roles in the decision-making process. The last part of the paper will examine the issue of the controversial referendum held in March 2004 in order to examine how President Chen's decision-making style shaped the decision to hold the referendum, and how such a policymaking mechanism makes a foreign-policy crisis inevitable. The author is aware that an analysis of Taiwan's security should

⁵For a comprehensive overview of conventional, "power-based" studies on cross-Strait relations, see Yu-Shan Wu, "Theorizing on Relations across the Taiwan Strait: Nine Contending Approaches," *Journal of Contemporary China* 9, no. 25 (November 2000): 407-28. Democratic peace thesis and integration theory have also been employed to examine cross-Strait relations, but they do not present enough empirical evidence to support the propositions. For the application of democratic peace theory to Taiwan-China relations, see Yuan-kang Wang, "Taiwan's Democratization and Cross-Strait Security," *Orbis* 48, no. 2 (Spring 2004): 293-304. For discussion of integration theory, see Cal Clark, "Does European Integration Provide a Model for Moderating Cross-Strait Relations?" *Asian Affairs: An American Review* 29, no. 4 (Winter 2003): 195-215. Mumin Chen attempts to develop a critical perspective to examine Taiwan's security policy. See Mumin Chen, "Prosperity vs. Security: National Security of Taiwan 2000-2004," *Taiwan International Studies Quarterly* 1, no. 2 (Summer 2005): 123-58.

not be limited to its relations with China. Yet given the fact that the majority of the people on Taiwan today still consider China as the greatest military threat to Taiwan's autonomy, this paper will focus only on the political aspect—the measures adopted by Taiwanese leaders to emphasize China's military threat and to signify Taiwan's independent status—as content for analysis. The reason for choosing the 2004 referendum as a case for analysis is that most of the decisions related to this issue were made within the security policy circles of the DPP government. The analysis is based on a comprehensive review of media reports, statements and reports issued by the Taiwan government between 2000 and 2004, and the author's first-hand observations of the decision-making processes when working in the DPP government from 2002 to 2004. To acquire a more balanced view, the author also conducted interviews with scholars, government officials, and local journalists who either had an influence on the policies related to the referendum decision or were familiar with the policy processes. All interviews were conducted in Taipei between December 2006 and April 2007.

Dispute Heating Up⁶

When Chen Shui-bian was elected president of Taiwan in 2000, what concerned the public was whether the new DPP government would follow in the footsteps of the previous incumbent, Lee Teng-hui (李登輝), and further declare *de jure* independence of the island.⁷ To alleviate these worries, President Chen announced at his inauguration that if the PRC government had no intention of using military force against Taiwan, the DPP government would never declare the island formally independent, never change Taiwan's official name ("Republic of China"), never revise the constitution

⁶For a comprehensive overview of Taiwan-China relations from 2000 to 2004, see Chen, "Prosperity vs. Security," 123-58.

⁷In July 1999 President Lee Teng-hui publicly used the term "special state-to-state" relationship to describe the nature of Taiwan-China relations, a move considered by the public as a break with his former commitment to ultimate unification with the mainland.

to establish a "state-to-state" relationship across the Taiwan Strait, never hold a referendum on Taiwan's independence, and never abolish the National Unification Council and the Guidelines for National Unification. Chen also acknowledged that Taiwan and China share the same "ancestral, cultural, and historical background" and said that the governments of the two sides could discuss a "future one China."⁸ In the next two years Chen made quite a few similar proposals to Beijing, voicing his wish to resume the semi-official talks that had been interrupted by Beijing in July 1999.⁹

On policies concerning economic and social interactions across the Taiwan Strait, however, the decisions made by President Chen have sometimes been self-contradictory. While he pledged to relax the restrictions on Taiwanese private investment in China, his government also decided to restrict Taiwan's two major semiconductor producers—Taiwan Semiconductor Manufacturing Corporation (TSMC, 台積電) and United Microelectronics Corporation (UMC, 聯電)—from moving their investments to China.¹⁰ The outbreak of severe acute respiratory syndrome (SARS) in both Taiwan and China in spring 2003 further diminished the enthusiasm of many DPP leaders for the "three direct links." They believed that cross-Strait contact would place Taiwan in an extremely vulnerable position, as contagious diseases such as SARS could be brought to Taiwan by passengers or commodities from China. In fact, empirical studies do demonstrate that more frequent economic transactions between two countries may not

⁸Office of the President, "President Chen's Inaugural Address" (May 20, 2000), <http://www.president.gov.tw/en/>.

⁹For instance, in January 2001, the Taiwan government lifted the ban on direct traffic between Taiwan-controlled Jinmen (金門) and Mazu (馬祖) islands and China's Fujian Province (福建省). The so-called "mini-three links" allowed the residents of both islands to conduct trade and shipping with the cities of Xiamen (廈門) and Fuzhou (福州) on the PRC side. A month later, Chen proposed that the two sides of the Taiwan Strait could learn from the European Union's experience and seek a peaceful way toward "political integration." Again in May 2002, while celebrating the anniversary of his inauguration on the frontline Dadan Islet (大膽島), Chen formally invited PRC President Jiang Zemin (江澤民) to visit Taiwan. See *Taiwan Headlines*, February 23, 2003, <http://www.taiwanheadlines.gov.tw/20010223/20010223p1.html>; and *Taipei Times*, May 10, 2002, 1.

¹⁰As the two largest contract integrated circuit makers in Taiwan, TSMC and UMC together account for more than one-fifth of the Taiwan stock exchange's market capitalization. See Wei-chin Lee, "The Buck Starts Here: Cross-Strait Economic Transactions and Taiwan's Domestic Politics," *American Asian Review* 21, no. 3 (Fall 2003): 128.

have a conciliatory effect if the issue of national security is involved.¹¹ Applying such a proposition to Taiwan-China relations, some scholars note that the unbalanced economic relationship between the two sides—especially Taiwan's growing economic dependence on China—will likely affect Taiwanese leaders' estimates of Taiwan's vulnerability in the security sphere.¹²

At the same time, more and more people on Taiwan view the island as an independent and separate nation from the Chinese mainland. In a survey conducted by the *United Daily News* (聯合報) in October 2003, 62 percent of respondents said they were "Taiwanese" while only 19 percent identified themselves as "Chinese." A similar survey conducted fifteen years earlier found that only 16 percent of interviewees identified themselves as Taiwanese, whereas 52 percent said they were Chinese.¹³ This new national identity, many scholars believe, is the critical factor that in recent years has driven the DPP government to reject Beijing's call for unification and to take radical steps toward independence.¹⁴ Faced with a rising anti-unification voice within the DPP and from society at large, it is not difficult to understand why President Chen was reluctant to make any

¹¹David M. Rowe, "World Economic Expansion and National Security in Pre-World War I Europe," *International Organization* 53, no. 2 (Spring 1999): 195-231; Dale C. Copeland, "Economic Interdependence and War: Theory of Trade Expectations," *International Organization* 20, no. 4 (Spring 1996): 5-41; Joanne Gowa and Edward D. Mansfield, "Power Politics and International Trade," *American Political Science Review* 87, no. 2 (June 1993): 408-20; and Jean-Marc F. Blanchard, Edward D. Mansfield, and Norrin M. Ripsman, "The Political Economy of National Security: Economic Statecraft, Interdependence, and International Conflict," *Security Studies* 9, no. 1/2 (Autumn 1999-Winter 2000): 1-14.

¹²Lee, "The Buck Starts Here," 145-46; and Chien-min Chao, "National Security vs. Economic Interests: Reassessing Taiwan's Mainland Policy under Chen Shui-bian," *Journal of Contemporary China* 13, no. 41 (November 2004): 687-704.

¹³*Lianhe bao* (United Daily News) (Taipei), October 20, 2003.

¹⁴Chien-min Chao, "Will Economic Integration between Mainland China and Taiwan Lead to a Congenial Political Culture?" *Asian Survey* 43, no. 2 (March/April 2003): 280-304; Melissa J. Brown, *Is Taiwan Chinese? The Impact of Culture, Power, and Migration on Changing Identities* (Berkeley: University of California Press, 2004); John Fuh-sheng Hsieh, "National Identity and Taiwan's Mainland China Policy," *Journal of Contemporary China* 13, no. 40 (August 2004): 479-90; Gunter Schubert, "Taiwan's Political Parties and National Identity," *Asian Survey* 44, no. 4 (July/August 2004): 534-54; Yun-han Chu, "Taiwan's National Identity Politics and the Prospect of Cross-Strait Relations," *ibid.*, 484-512; and Wang and Liu, "Contending Identities in Taiwan," 568-90.

formal commitment to ultimate unification with China, and why he refused to recognize the existence of the 1992 consensus on "one China," which Beijing considered as a premise for resumption of cross-Straits talks.¹⁵ The only thing he intended to do was to regard the "one China" principle as a topic for future negotiations and to accept unification as one of Taiwan's several options.¹⁶

Taiwan-China relations suddenly deteriorated in the second half of 2002, when President Chen began accusing Beijing of deploying more than five hundred short-range ballistic missiles targeted at Taiwan on China's southeast coast, and threatened to hold a referendum on independence to demonstrate Taiwan's courage against the military threat from China. In August 2002, when addressing a pro-independence group in Tokyo by video link, Chen explained Taiwan-China relations as a situation in which "there is one country on each side of the Taiwan Strait." He went on to call for support for "a plebiscite to decide whether the island of Taiwan should declare independence from China."¹⁷ This was the first time that any Taiwan state leader had publicly endorsed the idea of a plebiscite. In May 2003, in reaction to the World Health Organization's (WHO) rejection of Taiwan's membership application, Chen called upon the Taiwanese people to voice their support for WHO membership through a referendum.¹⁸ Again in September 2003, Chen called on the public to support the introduction of a referendum law, and made a referendum one of the top three tasks of the DPP in 2004. "A referendum is the only way the legislature

¹⁵The so-called "1992 consensus" was an understanding shared by delegates from Taipei and Beijing which served as a basis for negotiations in functional areas. Both sides in principle agreed that Taiwan and the mainland belonged to "one China" but gave different interpretations to the meaning of "China": Beijing considered the PRC as the sole legitimate government of China, while the Taiwan side claimed that China was represented by the ROC. When the DPP came to power in 2000, the new government refused to acknowledge the existence of the 1992 consensus, which became a source of dispute between the two sides over the next four years.

¹⁶An interviewee indicated that before 2002 the National Security Council (NSC) had a series of debates about the possibility of accepting the 1992 consensus. Interview with a former NSC staff member in April 2007.

¹⁷*Lianhe bao*, August 4, 2002, A2.

¹⁸*Taipei Times*, May 22, 2003, 1.

can start the constitutional revision mechanism," Chen claimed.¹⁹

None of the above proposals was put into practice until November 27, 2003, when the Legislative Yuan (立法院), under the control of the opposition parties, passed the Referendum Law which allowed the president to initiate a "defensive referendum" on sovereignty issues when Taiwan is in imminent danger. Chen announced immediately that he would hold a national referendum together with the presidential election of 2004, claiming that China's missile deployment was threatening Taiwan's sovereign status, and the people of Taiwan had the legitimate right to demonstrate their will against such a threat.²⁰

Chen's decision was fiercely attacked by Beijing and by opposition leaders at home. The Chinese media condemned Chen for "manipulating democracy to serve his own interests."²¹ In Taiwan, the opposition decided to boycott the referendum as they considered it to be illegal and unnecessary. In early December, local media reported that the U.S. government had sent James Moriarty, director for Asian affairs of the National Security Council, to Taipei to urge President Chen not to take any action that could provoke China. Both Taipei and Washington refused to comment on the visit, but the U.S. State Department spokesman said the U.S. government opposed any referendum designed to change Taiwan's status or move it toward independence.²²

A week later, when U.S. President George W. Bush received PRC Premier Wen Jiabao (溫家寶) at the White House, he surprised Taiwan by publicly announcing that "the U.S. opposes any unilateral decision by either China or Taiwan to change the status quo. And the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose."²³

¹⁹Ibid., September 29, 2003, 1.

²⁰Ibid., November 30, 2003, 1.

²¹*China Daily* (Beijing), December 8, 2003.

²²*Lianhe bao*, December 3, 2003, A3.

²³The White House, "President Bush and Premier Wen Jiabao Remarks to the Press" (December 9, 2003), <http://www.whitehouse.gov/news/releases/2003/12/20031209-2.html>.

This was the first time a U.S. president had delivered a warning message to Taiwan in the presence of the leader of the PRC government. Scholars from the China-watching community in the United States showed little sympathy for Taiwan, for they believed it was Taipei, not Beijing, that was to blame for destabilizing Taiwan-China relations. Yet many in Taiwan still wondered why China's missile buildup and military modernization were not defined as "unilateral steps to change the status quo."²⁴

President Chen responded by claiming that the referendum was aimed at maintaining peace and the status quo in the Taiwan Strait.

The purpose of the "defensive referendum" is to avoid war, to calm people's fears, and to maintain Taiwan's status quo. We have no intention to change Taiwan's status quo and we will not allow it to be changed.... But the status quo we want to maintain is a peaceful and stable Taiwan rather than a situation filled with military threats and missile deployment.²⁵

The referendum, held simultaneously with the presidential election on March 20, attracted only 45 percent of eligible voters, so the results were invalid. In the presidential election, however, Chen and his running mate Annette Lu (呂秀蓮) won 6.47 million votes (50.11 percent), defeating the opposition "pan-Blue" alliance candidates Lien Chan (連戰) and James Soong (宋楚瑜).

As indicated above, some scholars have approached the issue by examining interactions among the major players in the international system. Others have chosen to examine the domestic factors driving the development of Taiwan's policy toward China. Still others consider President Chen's provocative stance in dealing with Beijing as the most destabilizing factor in Taiwan-China relations.²⁶ What has been lacking up to now is a

²⁴Ross Munro, "Blame Taiwan: President Chen Shui-bian Caused the Crisis, Not President Bush," *National Review*, December 18, 2003; Ralph Cossa, "Bush Rightly Responded to Chen's Tactics," *Japan Times*, December 19, 2003; Swaine, "Trouble in Taiwan," 39-49; and Fang Hsu-hsiung, "The Transformation of U.S.-Taiwan Military Relations," *Orbis* 48, no. 3 (Summer 2004): 552-53.

²⁵*Taipei Times*, December 11, 2003.

²⁶Swaine, "Trouble in Taiwan," 39-49; and Robert Ross, "Explaining Taiwan's Revisionist Diplomacy," *Journal of Contemporary China* 15, no. 48 (August 2006): 443-58.

systemic analysis of how key decisions are made within the DPP government in Taiwan. Who are the key players in that government? How is the current policymaking process different from that of the past? What are the motives behind Chen's decision to abandon the policy of seeking reconciliation with Beijing and to initiate the referendum? By adopting the decision-making approach to analyze the structure and process of Taiwan's security policymaking, the author can explore these questions in a more comprehensive way.

The Making of Security Policy: Structure versus Process

Decision-making analysis provides a framework for political scientists to examine the behavior and interactions of executive officials, legislators, and leaders of interest groups when key political issues are decided. As James Dougherty and Robert Pfaltzgraff put it:

Decision-making theory marks a significant shift from traditional political analysis in which writers sometimes have been prone to reify or personify nation-states as the basic actors within the international system. Decision-making theory directs attention not to states as metaphysical abstractions, or to governments, or even to such broadly labeled institutions as the "Executive," but instead seeks to highlight the behavior of the specific human decision-makers who actually shape governmental policy.²⁷

The classical approach to decision-making process assumes the "maximum rationality" of decision-makers. This approach emphasizes how a rational person, who is aware and capable of calculating the outcomes of all the available alternatives, may choose the action that will maximize the attainment of strategic goals and objectives. In 1971, Graham Allison developed three decision-making models in a well-known study of the Cuban Missile Crisis: the rational policy model, the organizational process model, and the bureaucratic model. Allison's three models,

²⁷James E. Dougherty and Robert L. Pfaltzgraff, Jr., *Contending Theories of International Relations* (New York: Harper Collins, 1990), 469.

by suggesting the limits to understanding policy in terms of rationality, have contributed to more complex theoretical frameworks for understanding decision-making in political institutions.²⁸

In the decision-making approach, decision-making process, interaction among policymakers, and the evolution of strategies are all crucial factors shaping the formulation of policies. By opening up the "black box," one is able to see how certain policies or ideas have been formulated and how they affect a state's relations with the domestic society and the outside world. In the following section, two different ways of exploring the formulation of security policy are adopted. The first is to examine the formal structure of the decision-making system by identifying the key players and the organization of the institutions, while the second is to divide these players into different groups, depending on their influence on policy-making, and to examine the interaction among them. By doing this the author is attempting to define the structure and process of security policy-making in the DPP government.

In terms of governmental structure, one finds that during the authoritarian era foreign and defense policymaking was dominated by the supreme leader—first Chiang Kai-shek (蔣介石) and then his son Chiang Ching-kuo (蔣經國)—and directed largely through the Kuomintang (KMT, 國民黨) party apparatus.²⁹ Earlier studies also demonstrate that the Office of the Premier and the General Staff Headquarters sometimes played significant roles in assisting the supreme leader to make decisions concerning security and defense issues. A study by Michael Swaine in 1999, apparently based on observations of the government structure of Taiwan during the Lee Teng-hui era, lists seven key actors in security policymaking: the Office of the President and the Vice President, the Office of the Premier, the National Security Council, the Ministry of Foreign Affairs, the Ministry of National Defense, the General Staff Headquarters, and the National Security Bureau

²⁸Graham T. Allison, *Essence of Decision-making: Explaining the Cuban Missile Crisis* (Boston: Little Brown, 1971), 1-10.

²⁹Michael D. Swaine and James Mulveron, *Taiwan's Foreign and Defense Policies: Features and Determinants* (Santa Monica, Calif.: Rand, 2001), 77.

(NSB).³⁰ After the DPP came to power in 2000, the decision-making power remained concentrated in the presidency, but the relative strength of these institutions was adjusted to fit President Chen's decision-making style. After reviewing local media reports as well as organizational laws concerning the structure and functions of various government agencies, a new arrangement of the power pyramid can be identified, again with seven "key players." Each is discussed in detail below.

The President

According to the Constitution of the Republic of China, the president "shall be the head of the State and shall represent the Republic of China in foreign relations" (Article 35), and "have supreme command of the land, sea, and air forces of the whole country" (Article 36). The president's supreme status in the political system is demonstrated by his power to appoint the premier, the head of the cabinet, without approval from the national legislature, and his right to decide major national security and strategic objectives. Although the premier is responsible for appointing cabinet members, it is believed that the president also has the final word on certain key positions in the cabinet concerning security and defense issues, especially the minister of foreign affairs, the minister of national defense, the chair of the Mainland Affairs Council, and the chief of the General Staff.

In reality, the president exercises his power with the help of several other institutions. The president's staff includes a small group of assistants and secretaries in charge of regular issues such as speech writing and daily schedules. This group is headed by Ma Yong-cheng (馬永成), a special assistant to President Chen and a long-time political ally. Based on past experience, the group is under the direct supervision of the president and has little contact with the outside. It is hard to evaluate the influence of the president's staff on security-related issues, but they are the initial source of information and advice that the president can tap into when a security crisis

³⁰Michael D. Swaine, *Taiwan's National Security, Defense Policy, and Weapons Procurement Processes* (Santa Monica, Calif.: Rand, 1999), 5.

occurs.³¹ According to the ROC Presidential Office Organization Law, the president may appoint one secretary-general and two deputy secretaries-general, one of which is a political appointee and the other a civil servant equivalent to the fourteenth grade of the senior level. In theory, these individuals take overall charge of the affairs of the Office of the President, and direct and supervise all staff members.³² In practice, one deputy secretary-general is often in charge of foreign relations, including the president's overseas visits and special issues concerning security and foreign relations, while the other is in charge of domestic issues; and this informal rule was strictly followed throughout Chen's first term.³³ From 2000 to 2004, Chen Shui-bian appointed two deputy secretaries-general in charge of foreign affairs, Eugene Chien (簡又新, May 2000-February 2002), and Joseph Wu (吳釗燮, February 2002-May 2004). Neither was a trained diplomat, but Eugene Chien served as Taiwan's representative to London before 2000. After leaving the Office of the President in February 2002, he was appointed Minister of Foreign Affairs and served till the end of President Chen's first term. Joseph Wu was formerly an international relations scholar with strong connections to the DPP government. He became chair of the Mainland Affairs Council during President Chen's second term.

National Security Council

The National Security Council (NSC), established in 1967 and chaired by the president, acts as advisor to the president in the determination of national security policies and the planning of security strategy.³⁴ According to the NSC Organization Law, the NSC consists of the following officials: the vice president, the premier, the deputy premier, the minister of the interior, the minister of foreign affairs, the minister of national defense, the minister of finance, the minister of economic affairs, the chair of the Mainland Affairs Council, and the chief of the General Staff. A constitu-

³¹Interview with an official from the Office of the President in January 2007.

³²Office of the President website: <http://www.president.gov.tw>.

³³Interview with an official from the Office of the President in January 2007.

³⁴Swaine and Mulveron, *Taiwan's Foreign and Defense Policies*, 82.

tional amendment in 1991 turned the NSC into a purely advisory body to the president without substantial power. The new law forbids the NSC from giving orders to other government institutions, but it grants the president the power to appoint one secretary-general, three deputy secretaries-general, and five to seven senior advisors. According to Michael Swaine, during President Lee Teng-hui's tenure (1988-2000), the NSC "was not a major actor in the national security policy process and [had] very little influence over defense-related matters."³⁵ Yet the NSC's power was significantly strengthened after 2000, as President Chen became more dependent on the NSC for decisions on security and foreign-policy issues. President Chen appointed four secretaries-general during his first term: Chuang Ming-yao (莊銘耀, May 2000-August 2001); Ting Yu-chou (丁渝洲, August 2001-March 2002); Chiou I-jen (邱義仁, March 2002-January 2003); and Kang Ning-hsiang (康寧祥, January 2003-May 2004). The first two were senior generals with strong links to intelligence circles. Their appointments could be interpreted as evidence of Chen's caution in dealing with this organization. It took Chen almost two years to appoint Chiou I-jen, a senior DPP strategist specializing in election campaigns and party organization, to be the NSC's secretary-general. A more robust but unsuccessful reform was initiated in early 2003, when Kang Ning-hsiang was appointed to supervise the organization.

Ministry of Foreign Affairs

The Ministry of Foreign Affairs (MOFA) is the highest organ in the government in charge of the foreign relations of the state. The MOFA is mainly in charge of the political aspects of foreign affairs and plays a critical role in maintaining official channels of communication with foreign countries, but its activities are usually limited to implementing policies made by political leaders and delivering messages from foreign governments to the president. The foreign minister may demonstrate his influence over security issues through his involvement in meetings of the Executive

³⁵Ibid.

Yuan (行政院) and the NSC, but his influence over security policy is rather indirect, depending on his personal connections with the president. During Chen Shui-bian's first term, he appointed two foreign ministers, Tien Hung-mao (田弘茂, May 2000-February 2002) and Eugene Chien (February 2002-April 2004). Tien Hung-mao is a political scientist with some experience in diplomatic affairs. His role was considered to be "interim," simply assisting the new government to work out a skillful approach to foreign affairs. Eugene Chien's experience as deputy secretary-general of the Office of the President from 2000 to 2002 reveals that he might have been more involved in security policymaking than Tien.

Ministry of National Defense

The Ministry of National Defense (MND) is the supreme government organ responsible for the defense of Taiwan. According to the 2004 ROC White Paper on National Defense, the fundamental objectives of defense policies include: (1) preventing war in the Taiwan Strait; (2) defending the homeland; and (3) countering terrorism and responding to contingencies.³⁶ A more important function of the MND is as a link between the uniformed military and the executive and legislative branches of the government, and as the primary administrative policy channel between the military and the president regarding defense matters.³⁷ From 2000 to 2004, President Chen Shui-bian appointed two defense ministers: Wu Shih-wen (伍世文, May 2000-February 2002) and Tang Yao-ming (湯曜明, February 2002-May 2004). Both are professional military leaders.

Mainland Affairs Council

The Mainland Affairs Council (MAC) was established in 1991 by President Lee Teng-hui to serve as the highest government institution in charge of the formulation and implementation of policies toward China. Soon after the DPP came to power in 2000, the Executive Yuan, under the

³⁶2004 ROC National Defense Report, <http://report.mnd.gov.tw/eng/e-contents.htm>.

³⁷Swaine and Mulveron, *Taiwan's Foreign and Defense Policies*, 84.

leadership of Premier Tang Fei (唐飛), made a decision to turn mainland policy decision-making power over to the president and the National Security Council. Since then, the MAC's role has been limited to the *implementation* rather than the *formulation* of policies concerning Taiwan-China relations. Tsai Ying-wen (蔡英文), a trained international law scholar and former senior advisor to the NSC, served as MAC chair throughout President Chen's first term. Through participation in NSC meetings, she became the main representative of the Executive Yuan in decision-making circles pertaining to Taiwan-China relations and even Taiwan-U.S. relations.³⁸ She is widely believed to be the architect of the "no haste, be patient" (戒急用忍) policy formulated under President Lee Teng-hui to govern Taiwan's economic relations with China. President Chen adopted this policy but renamed it "active opening, effective management" (積極開放、有效管理). Tsai's involvement in security policy-making indicates that connections with the president are more important than official government positions in determining an individual's influence on security policy. Tsai often served as President Chen's special envoy to the United States, where she explained Taiwan's position when misunderstandings between the two sides arose.

Legislative Yuan

Unlike the United States, where the Senate plays an essential role in directing and supervising foreign and security policies, the Legislative Yuan—the national parliament of Taiwan—only performs limited functions in those areas. The only groups that might demonstrate a certain degree of influence over such issues are the Foreign and Overseas Affairs Committee and the National Defense Committee. From 2000 to 2004, the Legislative Yuan was under the control of the opposition parties: the KMT and the People First Party (PFP, 親民黨) formed a "pan-Blue alliance" and controlled more than half of the seats in the legislature. The speaker of the Legislative Yuan was Wang Jin-pyng (王金平), a senior

³⁸*Lianhe wanbao* (聯合晚報, United Evening News) (Taipei), June 10, 2000, 2.

legislator from the opposition KMT.

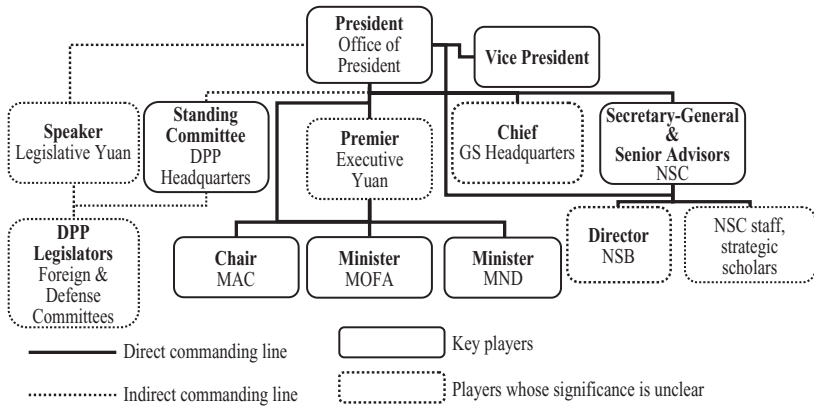
Certain DPP legislators who have long been interested in foreign and defense issues are sometimes allowed to participate in the making of security policies through their personal connections with the president. Examples include Lee Wen-chung (李文忠), a DPP legislator from Taipei County and member of the Legislative Yuan Defense Committee; Parris Chang (張旭成), former DPP representative to the United States and a member of the Legislative Yuan Foreign Affairs Committee; and Bi-khim Hsiao (蕭美琴), the director of the DPP's International Affairs Department. They have demonstrated tremendous interest in security-related issues and have been active and outspoken.

Party Apparatus

Before the party came to power, the DPP headquarters was chiefly responsible for election campaigns and framing the party's future direction and political strategies, and it seldom played a role in foreign and security issues. However, after the DPP became the ruling party in 2000, the relationship between the party and the government became a problem. The president is the supreme leader of the government, while the party chairman and the Standing Committee retain the power to decide the party's directions and policies.³⁹ To solve this problem, DPP chairman Frank Hsieh (謝長廷), then mayor of Kaohsiung City (高雄市), decided to resign and invite President Chen to take the post. Chen agreed and was inaugurated in July 2002—after an election in which he was the sole candidate. This development makes the DPP's decision-making mechanism seem more like that of the KMT during the authoritarian era. In theory, the DPP party apparatus is not allowed to get involved in the making of security policy, but because President Chen is party chairman, the Standing Committee meetings have become a channel of communication between the president and the major party leaders. Of course, the party can never replace the

³⁹In the party, power is concentrated in a small group of senior leaders, called the Standing Committee, chaired by the party chairman.

Figure 1
Key Players in Taiwan's Security Policymaking



Acronyms:

NSC: National Security Council; **MOFA:** Ministry of Foreign Affairs; **MAC:** Mainland Affairs Council; **DPP:** Democratic Progressive Party; **MND:** Ministry of National Defense; **GS Headquarters:** General Staff Headquarters; **NSB:** National Security Bureau

government in the formulating and implementing of security policy, but President Chen has utilized the Standing Committee meetings to announce new policies and to persuade other party leaders to support his decisions.

Figure 1 illustrates the key players and their positions in the decision-making structure. Comparing this figure to the one proposed by Swaine in 1999, one finds that certain individuals, such as members of the president's staff, the MAC chair, and senior DPP leaders, play more significant roles in President Chen's government, while other government institutions considered by outside observers as key players in the decision-making process, such as the office of the premier, the General Staff Headquarters, and the National Security Bureau, may not be *directly* involved in security policymaking. This does not mean that those agencies are not important in this area. One can only say that their involvement in the decision-making process is not as significant as the institutions discussed above. In addition, we can see from figure 1 that the president is likely to give orders to and receive advice from certain figures in the government, namely the MAC

chair, the foreign minister, the defense minister, and the director of the National Security Bureau, even though they are not under the direct command of the president.

Scholars interested in Taiwanese politics are sometimes surprised that Taipei's foreign policymaking process is less known to outsiders than that of Beijing, perhaps because very few scholars have conducted research on this topic in the past. David Shambaugh and Michael Swaine have done research based on interviews with Taiwanese officials in the 1990s when the KMT was in power.⁴⁰ Swaine's analysis elaborates the process of security policymaking under President Lee Teng-hui thus:

The formulation and implementation of ROC national strategic objectives and the major principles guiding both foreign and defense policies are highly concentrated in the hands of a few senior civilian and military leaders, and are strongly influenced at times by the views and personality of the President. However, this process is poorly coordinated, both within the top levels of the senior leadership, and between the civilian and military elite.⁴¹

More recent information can be found in Richard Bush's new book on Taiwan-China relations. As the former chairman of the American Institute in Taiwan (AIT) and a long-time observer of Taiwanese politics, Bush contends:

What is known is that Taiwan's system has more actors than the PRC system, because the legislature and the media are active; that its various agencies are similarly "stove-piped," lacking sufficient horizontal coordination; and that its organization is fairly disjointed, in that different elements do not form a coherent whole.⁴²

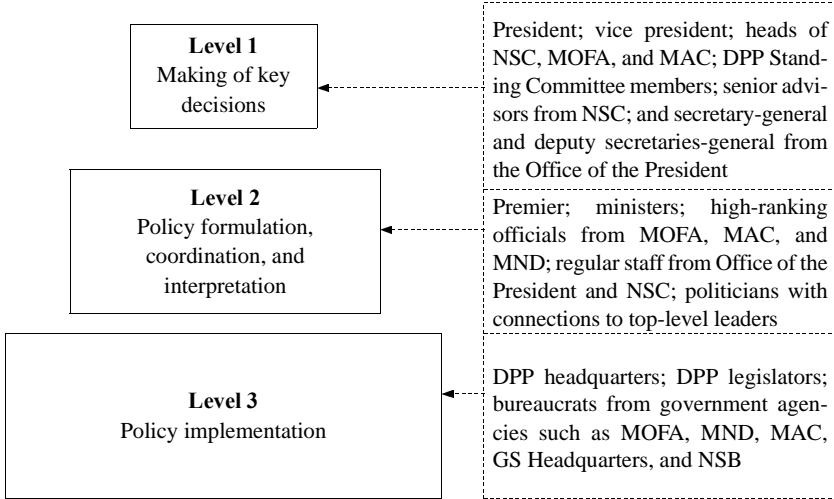
Bush further indicates that President Chen has displayed a similar tendency to restrict participation in decision-making to certain elites within the political circle:

⁴⁰David Shambaugh, "Taiwan's Security: Maintaining Deterrence amid Political Accountability," *The China Quarterly*, no. 148 (December 1996): 1284-1318; and Swaine and Mulveron, *Taiwan's Foreign and Defense Policies*.

⁴¹Swaine and Mulveron, *Taiwan's Foreign and Defense Policies*, 88.

⁴²Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait* (Washington, D.C.: Brookings Institution Press, 2005), 217.

Figure 2
Decision-Making Pyramid in Chen Shui-bian's Government



The Taiwanese president sometimes formulates policy ideas through channels that are separate from regular government agencies; those agencies do not get adequate opportunity to scrutinize those ideas and the president makes decisions on his own. It confirms a picture of a structure that is institutionally weak and that lacks adequate coordination, in which misperception of other actors' intention is fairly common.⁴³

To understand the decision-making process under the leadership of President Chen, this author decided to divide all the relevant players into three groups and observe the interactions among them. The main players and their functions at each of the decision-making levels are shown as a pyramid in figure 2.

The top level is made up of the president, vice president, heads of the NSC, MOFA, and MAC, DPP Standing Committee members, a few senior advisors from the NSC, and both the secretary-general and the deputy secretaries-general from the Office of the President. The high con-

⁴³Ibid., 223.

centration of political power in the executive branch gives the president the ultimate authority to make key decisions without consulting the legislative branch or other government agencies. The decisions made at this level are often broad concepts, policy guidelines, or long-term policy objectives rather than concrete policies.

Forming the second level of the decision-making system are other cabinet members, including the premier, ministers, high-ranking officials from the foreign and defense ministries and the MAC, staff from the Office of the President and the NSC, and certain senior politicians with special connections to the top-level leaders. They are often informed of the decisions made by the president or other individuals at the first level, and are responsible for formulating concrete policies and detailed plans as well as coordinating among the various government agencies. They are also required to "interpret" and to "defend" the policies of the president before the Legislative Yuan when they are subject to criticism from the opposition parties and the public; they also supervise policy implementation.

At the third level, one sees the DPP legislators, party leaders, and bureaucrats from various agencies of the central government, particularly the MOFA, the MND, the MAC, the General Staff Headquarters, and the NSB. As executors of foreign and security policies, they are responsible for gathering public views, reporting them to higher officials, and introducing official policies or guidelines to the public. They may influence policies, though very indirectly, by writing reports and sending them up to the top through regular channels, but their main function in the system is to implement policies rather than to make decisions.

The three-level pyramid also shows how leaders at the top level usually decide major policy guidelines, then transfer them to or consult with leaders at the second level. Those at the third level usually have little or no influence over the making of policies. This top-down decision-making style became the typical way in which President Chen and the DPP government made decisions on foreign and security policies. In addition, one can further identify two problems with this decision-making mechanism. The first is the lack of formal legal arrangements among the Office of the President, key departments of the cabinet, and the party. The second

is the difficulty in identifying the role of the NSC, which, according to the constitution, remains an advisory institution with no substantial power in making foreign- and security-related policies. Through interviews with officials and scholars who are familiar with the decision-making process, the author finds that President Chen and his aides are aware of the problem of poor coordination among government agencies, and have attempted to reform the policymaking mechanism in different ways. The first was to have regular "informal meetings" with party and government leaders to coordinate the views of the Office of the President, the Executive Yuan, and the party. In November 2000, a "nine-person decision-making group" was set up comprising the president, the vice president, the premier, the DPP chairman, the DPP secretary-general, and the leadership of the DPP in the Legislative Yuan. Major policies were submitted by various government agencies to this group for discussion.⁴⁴ This mechanism was originally designed for deciding domestic political issues, but security-related issues were sometimes submitted to meetings of the group. When Chen Shui-bian became DPP chairman in July 2002, the nine-person group was disbanded and replaced with a series of informal meetings involving staff from the Office of the President, various government agencies, and representatives from party headquarters. It is believed that the NSC was responsible for organizing these meetings. Two such meetings—held in Dashi (大溪) and Sanchi (三芝), respectively—were announced to the public, and they set up certain strategic objectives.⁴⁵ It should be noted that not all of the individuals at the top level of the pyramid have taken part in all such security-related meetings. Participation is dependent on the nature of the issue and the individual's connections with the Office of the President.⁴⁶

The other reform President Chen introduced was to strengthen the role of the NSC to enable it to coordinate government agencies on strategic issues and to formulate concrete policy options. In June 2003, the Legis-

⁴⁴*Xin xinwen* (新新聞, The Journalist) (Taipei), no. 513 (January 19, 2006).

⁴⁵*Ziyou shibao* (自由時報, Liberty Times) (Taipei), August 26, 2003, 2.

⁴⁶Interviews with a former NSC staff member and an official from the Office of the President, March and April 2007.

lative Yuan passed a revised version of the NSC Organization Law, turning the advisory institution into a highly institutionalized think-tank under the direct supervision of the president and the NSC secretary-general. Secretary-General Kang Ning-hsiang demonstrated great ambition to reform the organization and successfully convinced legislators to pass the new Organization Law. Under this law, a secretariat was established to deal with daily issues, and the NSC is allowed to recruit fifteen to twenty-one research fellows to perform research and policy analysis. This reform allows the NSC to become not just a private advisory body to the president, but also an independent think-tank with the resources to carry out research and determine security policies. As a result of the development, the NSC has become more active in security policymaking since 2003. A former NSC official also pointed out that not all NSC advisors share similar views on security issues at all times. Debates within the NSC have often focused on how the DPP government should respond to the issue of the "1992 consensus." These debates even forced President Chen to seriously consider the possibility of accepting the existence of the 1992 consensus and to respond positively to PRC Vice Premier Qian Qichen's (錢其琛) call for the resumption of semi-official talks in January 2001.⁴⁷

A related issue is the role of the academic community, namely the scholars and think-tanks specializing in strategic and security analysis who play a role in security policymaking. Unlike his predecessor Lee Teng-hui, who often relied on certain senior scholars and strategic analysts from the academic community to provide policy options, President Chen's government has not utilized such sources. The only agency with substantial contacts with the academic community is the NSC: certain scholars are recruited into the NSC as senior advisors to carry out security-related projects, but it is not known how much influence they have had. Other

⁴⁷On January 23, 2001, Qian Qichen proposed to Taiwan that if the DPP government recognized the "one China" principle, Beijing would be willing to resume cross-Straits talks. The DPP government did not immediately reject Qian's proposal, but simply stated that there should be no preconditions for the resumption of cross-Straits talks. See *Zhongguo shibao* (中國時報, China Times) (Taipei), January 23, 2000. Interview with a former staff member of the National Security Council, April 2007.

government agencies such as the Office of the President, the Executive Yuan, the MOFA, and the MAC also invite scholars to serve as consultants, but their role is usually symbolic, with little impact on security policies.⁴⁸ In the following section, the author will examine the decisions leading up to the controversial "peace referendum" of 2004 as an example of the security policymaking process in the Chen government.

Playing the Game of Brinkmanship: The Referendum Issue

When President Chen first announced that he would hold a national referendum together with the presidential election of 2004, it was believed the move was aimed at mobilizing domestic support for his reelection. In fact the issue of a referendum had been hotly debated in domestic politics since the mid-1990s. One should note that the DPP government, including President Chen himself, did not show much enthusiasm for enacting a referendum law or holding a referendum before mid-2002. What, then, made them change their minds and become referendum advocates in the second half of 2002? How did President Chen's change of mind affect the policy directions that later developed into a domestic political crisis? These questions will be explored in this section.

The referendum issue first rose to the surface in 1994, when the KMT government decided to construct a new nuclear power plant in Gongliao (貢寮), a small village on Taiwan's northeast coast only 35 kilometers from the major metropolitan area of Taipei. The Fourth Nuclear Power Plant was controversial because scientists had discovered that it was to be located near a major fault line, in an area known for earthquakes.⁴⁹ In the face of government opposition, a civilian-initiated referendum was held in Taipei County in 1994. The turnout rate was low, with only 20 percent of the

⁴⁸Based on interviews with scholars from December 2006 to February 2007.

⁴⁹*Zhongguo shibao*, October 19, 2000.

eligible voters (400,000 people) casting ballots. Yet it gave anti-nuclear activists enough encouragement to continue the movement. These activists, under the leadership of Lin Yi-hsiung (林義雄), a former chairman of the DPP and a highly respected politician, initiated a movement calling for a referendum to decide if construction should be halted. Since 1995 Lin and his supporters have successfully organized a series of nationwide marches to promote public awareness of the dangers of nuclear power and to push for a referendum on the controversial nuclear construction project.

In September 2002, Lin launched the third and largest nationwide march for a referendum. One of the most dramatic events in this campaign occurred on March 17, 2003, when hundreds of anti-nuclear activists marched to the Executive Yuan and demanded that the government hold a referendum before the next presidential election. Three months later, Lin launched another protest in front of the Office of the President. Both of these actions put tremendous pressure on President Chen, who had long advocated a nuclear-free policy but was unable to halt construction of the Fourth Nuclear Power Plant because opposition KMT legislators had threatened to impeach him if he did.

A second force advocating a referendum came from within the Taiwan independence movement. In view of the fact that the DPP's Resolution on the Status of Taiwan of 1999 had stipulated that "any change in the independent status quo must be decided by all residents of Taiwan by means of plebiscite," President Chen's announcement at his inauguration that he would never hold a referendum on Taiwan's independence disappointed many DPP supporters. Indeed, certain DPP leaders continued to advocate the idea of a referendum or plebiscite, and attempted to draft a law granting citizens the right to initiate one. In September 2000, DPP chairman Frank Hsieh unexpectedly announced that if the majority of Taiwanese people chose unification with the mainland in a plebiscite, he would be pleased to accept the result. Hsieh's controversial remark on unification triggered a series of debates within the DPP and society about whether a plebiscite could be the ultimate solution to Taiwan's fate. Over the next few months, politicians continued to debate the necessity of enacting a referendum law and whether the law would be utilized to initiate a plebiscite for Taiwan

independence. Legislator Trong Tsai (蔡同榮), a long-time advocate of a referendum law and the first lawmaker to propose a draft law in 1993, became active in the process of enacting a referendum law.

Under pressure from both the anti-nuclear movement and pro-independence politicians, the cabinet approved a draft Initiation and Referendum Law in March 2001, and submitted it to the Legislative Yuan. Although the bill excluded controversial issues dealing with independence, it was boycotted by opposition lawmakers in the legislature, where the opposition "pan-Blue" alliance held the majority. At this time, the referendum controversy was widely considered a domestic issue, with few believing that lawmakers would pass the law quickly. Even President Chen attempted to remain neutral on the subject. The only statement he made on the issue was in February 2001, after a large-scale anti-nuclear protest in Taipei.⁵⁰ Apparently under pressure, President Chen promised to encourage DPP legislators to enact the law soon.

In the next three years, the DPP government made four substantial policy adjustments on the referendum issue, all of which can be considered as examples of President Chen's decision-making style (a comparison of the four adjustments is contained in table 1). The first policy adjustment can be seen from President Chen's declaration that there was "one country on each side of the Taiwan Strait" and that a plebiscite would be held to "decide Taiwan's fate," made during a video-link address to a pro-independence group in Tokyo in August 2002. Very few leaders in policy-making circles—one of whom was Vice President Annette Lu—were informed in advance of this policy change. After Chen's announcement, the NSC immediately called a secret meeting to decide how to reduce the

⁵⁰When the DPP came to power in 2000, President Chen was under tremendous pressure from anti-nuclear activists to keep his promise to halt construction of the Gongliao plant. In October 2000, the new cabinet under Premier Chang Chun-hsiung (張俊雄) decided to halt construction, a decision welcomed by environmentalists and anti-nuclear groups, but severely criticized by the opposition parties and the business community. Opposition parties even threatened to impeach President Chen for changing a policy decided by a former government. This political crisis finally led Premier Chang to announce the resumption of construction in February 2001.

Table 1
Four Major Decisions on the Referendum Issue

| | Occasion | Decision-maker(s) | Consequences |
|---|---|---|---|
| Holding a plebiscite to decide Taiwan's future (August 2002) | President Chen, in a video address to pro-independence group in Japan | President Chen; Presidential Office staff | NSC called a meeting to reduce the negative impact and to create a standard explanation |
| Holding a referendum on WHO bid (May 20, 2003) | After the anti-nuclear groups announced a protest in front of the Presidential Office | President Chen; Presidential Office staff | This triggered a series of debates between DPP and opposition parties over the legitimacy of holding a referendum without a law |
| Holding a defensive referendum along with presidential election (November 30, 2003) | After Legislative Yuan passed the opposition version of the Referendum Law | President Chen; Presidential Office staff; a few DPP leaders; NSC | A crisis management group was formed The United States warned Taiwan not to change the status quo unilaterally |
| Introducing two referendum questions (January 17, 2004) | After the U.S. government warned Taiwan not to change the status quo unilaterally | President Chen; Presidential Office staff; NSC | Taiwan sent envoys to the United States, Japan, and Europe to explain Taiwan's stance |

negative impact of his remarks and to create a standard explanation.⁵¹ Later DPP leaders and government officials were all required to interpret the proposed referendum as "purely defensive," meaning that the Taiwan government would not initiate one unless China attempted to change the status quo of the Taiwan Strait by threatening a military attack.⁵² This development fits the hypothesis that leaders at the top level usually decide major policy guidelines without consulting with the second and third levels. The latter are often responsible only for interpreting, coordinating, and im-

⁵¹Interview with an official from the Office of the President, March 2007.

⁵²*Lianhe bao*, August 6, 2002, A3.

plementing policies. Bureaucrats at lower levels usually have little or no influence over the making of such policies.

The second policy change occurred in May 2003, when President Chen suddenly proposed a national referendum to demonstrate Taiwan's desire to join the WHO. Following Taiwan's failed bid to join the organization at the World Health Assembly, Chen asked government agencies and opposition parties to propose a referendum on the country's entry into the WHO. The next day, cabinet spokesman Lin Chia-lung (林佳龍) declared that the government would hold a non-binding referendum on Taiwan's entry into the WHO the following year. However, certain DPP lawmakers had reservations about a referendum, believing it was not helpful for Taiwan's reentry into the international community.⁵³ Apparently Chen neither consulted with other DPP leaders nor attempted to reach a consensus with the government before announcing his ideas about using the WHO issue as a tool to promote the holding of a referendum.

If one looks at the timing of Chen's linking of Taiwan's WHO bid to a referendum in May 2003, one can see that the decision was made right after Lin Yi-hsiung's anti-nuclear protest in front of the Executive Yuan in March that year, and only a few days before the second protest in front of the Office of the President. One can conclude that Chen's change of mind was a reaction to the anti-nuclear activists' pressure for a referendum on the Fourth Nuclear Power Plant, rather than a well-planned response to Taiwan's failed bid to join the WHO. The Taiwanese media took this view, and claimed that Chen did not take into consideration the consequences of his announcement, especially the responses from the U.S. and PRC governments, both of which saw the referendum as an alteration of the status quo.⁵⁴ Chen's remarks led to a series of fights between the cabinet and the opposition parties. The former insisted on the legitimacy of holding a referendum even without a new law, while the latter accused the DPP government of manipulating the referendum for the benefit of

⁵³Ibid., May 24, 2003, A1.

⁵⁴Ibid., June 23, 2003, A2.

DPP candidates in the 2004 presidential election.

A third change of policy occurred when Chen decided to initiate a "defensive referendum" after the Legislative Yuan passed the Initiation and Referendum Act in November 2003. Because the law that was ultimately passed was based on the version submitted by the opposition parties and did not give the government the right to initiate a referendum, many saw it as a setback for President Chen and the DPP government. On November 30, three days after passage of the law, Chen surprised everyone by claiming that Article 17 grants the president the power to "initiate a referendum on national security issues whenever the country is faced by an external threat that could interfere with national sovereignty." Therefore, he "had the obligation and duty to secure and maintain Taiwan's sovereignty," and he "must exercise a national referendum on March 20, 2004, at the same time as the [presidential] election to defend Taiwan's sovereignty and safety."⁵⁵

President Chen's announcement again caught everyone by surprise because very few leaders in the government or the party were aware of his decision in advance.⁵⁶ Nor did the Taiwan government inform or consult with the United States through diplomatic channels before the decision was announced. Just three months previously, U.S. Deputy Secretary of State Richard Armitage told the media that the U.S. government was convinced that President Chen would make a wise decision when it came to the necessity of holding a referendum on Taiwan's future.⁵⁷ However, this dramatic announcement demonstrated the usual decision-making modus operandi in which very few players were involved in making a key but controversial decision. Although detailed information is still lacking as to who was actually involved in making this decision, media reports claimed that President Chen and his aides in the Office of the President, the leaders of the NSC, and a few senior DPP leaders were the key players.⁵⁸ Other

⁵⁵*Taipei Times*, November 30, 2003.

⁵⁶Interview with an official from the Office of the President in March 2007.

⁵⁷*Lianhe bao*, August 2, 2003, A1.

⁵⁸*Zhongguo shibao*, November 30, 2003, A2.

high-ranking government and party leaders who were usually counted as members of the first level, such as the MAC chair and the foreign and defense ministers, became passive participants and could do little but murmur grudging consent. In the next few months both the DPP and the opposition parties were engaged in strenuous debate about the necessity of a defensive referendum. President Chen and the DPP leaders, instead of the ministers from the related government agencies, became the first-line defenders of the decision. Chen's "inflammatory" policy also met with strong reservations from the international community.⁵⁹ Meanwhile, the PRC government was furious about Chen's move and warned Taiwan not to hold any referendum that implied the possibility of Taiwan's "splitting" from the mainland. As for the U.S. and Japanese governments, they expressed their concern about the situation in the Taiwan Strait, fearing that Chen's pro-independence stance would trigger another military crisis in the region.

The last policy adjustment came to light with President Chen's January 2004 announcement of the content of the questions in the referendum. Just one month previously, President Chen had told DPP supporters that the two referendum questions he planned to propose were "demanding that China dismantle all the missiles targeting Taiwan" and "demanding China declare that it would not use force against Taiwan under any circumstance."⁶⁰ Yet on January 17, 2004, when he formally announced the two referendum questions during a press conference, the questions had become quite moderate:

1. If China refuses to withdraw the missiles it has targeted at Taiwan and to openly renounce the use of force against us, would you agree that the government should acquire more advanced anti-missile

⁵⁹The Taiwan government underestimated the negative responses from the United States and Japan. Prior to PRC Premier Wen Jiabao's visit to the United States, Foreign Minister Eugene Chien even mistakenly predicted that the Wen-Bush meeting would not affect Taiwan-U.S. relations. See *Zhongshi wanbao* (中時晚報, China Times Evening News) (Taipei), December 8, 2003, A2.

⁶⁰*Zhongguo shibao*, December 8, 2003, A1.

weapons to strengthen Taiwan's self-defense capabilities?

2. Would you agree that our government should engage in negotiations with China about the establishment of a "peace and stability" framework for cross-Straits interactions in order to build consensus and for the welfare of the peoples on both sides? ⁶¹

The media commented that Chen had changed the wording of the proposed referendum questions to allay Washington's concern that he might use the referendum to push Taiwan toward independence, because Chen had said earlier that he planned to ask whether Taiwan should demand that China remove the nearly 500 missiles deployed along its southeast coast aimed at the island.⁶² Some even indicated that the referendum questions were designed to ameliorate U.S. suspicions of Taiwan's determination to defend itself.⁶³ The local media also discovered that in the face of largely negative reactions from the United States and Japan, the NSC had strongly suggested that the president send envoys to the United States and to Asian and European countries to explain Taiwan's stance on the referendum, but the U.S. and Japanese governments had declined to receive them.⁶⁴

Analysis of President Chen's four major policy shifts on the referendum from August 2002 to November 2003 indicates that he relied heavily on the NSC, staff from the Office of the President (including the vice president), and certain senior party leaders (DPP Standing Committee members in particular) to make decisions. Before making these decisions, he seldom if ever consulted with other government leaders, especially the heads of the foreign and mainland affairs departments or the military. It should be noted that the military was seldom involved in decisions about the referendum, even though one of the questions concerned strengthening Taiwan's

⁶¹Office of the President, "President Chen's Televised Statement of the Peace Referendum on March 20" (January 16, 2004), <http://www.president.gov.tw/en/>.

⁶²*New York Times*, January 17, 2004.

⁶³*Zhongguo shibao*, January 17, 2004, A3.

⁶⁴*Ziyu shibao*, January 6, 2004, A1.

defense capabilities.⁶⁵ When the president's announcements were criticized by the public or provoked suspicions among foreign governments, he would ask certain members from this decision-making core group or the NSC to call meetings to map out a few policy options. The role of this "crisis management group" became important when regular government agencies such as the MOFA or MAC were unable to deal with the situation. For instance, after U.S. President George W. Bush publicly criticized President Chen's decision to hold a defensive referendum in December 2003, the group—under the direct supervision of the president and the NSC—made several key decisions, including changing the name from "defensive referendum" to "peace referendum," drafting the two referendum questions that President Chen announced on January 17, 2004, and suggesting that high-ranking delegations be sent to the countries that had shown the strongest reservations about Taiwan's initiative. What remains unknown is who was involved in President Chen's decision to propose holding a referendum after the passing of the Initiation and Referendum Act in November.

Leaders from the second level are responsible for interpreting the concepts, policy guidelines, or long-term policy objectives announced by the president and transforming them into concrete policies. The major actors at this level, especially key cabinet ministers, senior party leaders, and government or party spokespersons, were rarely consulted by the top-level decision-makers about the necessity of holding a defensive referendum, although they are the key members of the system in charge of coordinating with other government agencies and supervising the implementation of policies. Members at the third level had little or no influence over the making of key decisions. Their positions in the system did not allow them to influence foreign and security policies directly. Yet they have often been forced to face criticism from the opposition parties and the public, and to explain Taiwan's stance on the issue to foreign governments.

⁶⁵Interview with a senior journalist on military and defense issues, February 2007.

Conclusion

With limited experience of handling foreign and security policy issues before coming to power, President Chen and his aides considered the promotion of Taiwan's independent sovereign status as one of their most important foreign policy objectives. However, this policy—even though it received a certain degree of support from the public—did not take into consideration the response from the international community. At the same time, President Chen created an authoritarian decision-making style in which the president retained supreme power to decide foreign policy objectives while all other government agencies were left with the task of executing the president's orders rather than participating in the making of key decisions. This top-down style has often led to poor communication between actors at different decision-making levels and sometimes to misunderstandings among different government agencies. In brief, the decision-making system under the leadership of Chen Shui-bian demonstrates three characteristics:

The first is limited participation. Analysis of the referendum issue shows that President Chen has seldom consulted with government agencies before he has made key decisions. Very few people, even at the first level, were aware of his thoughts about a referendum before he made his public announcements. An individual's degree of participation depends more on personal connections with the president than on his/her formal political position. One can attribute this unique decision-making style to President Chen's fear that certain government leaders and even his comrades in the party might release information to the media or opposition parties. Yet this has made it difficult for certain government agencies responsible for monitoring international responses to Taiwan's policies, such as the Ministry of Foreign Affairs and the Mainland Affairs Council, to provide their assessments and advice to the president.

Next is poor coordination between government agencies. Decision-making power is highly concentrated in the hands of the president, and there is no single institution under the president with power to command other government agencies or to coordinate different policy preferences

among them. President Chen attempted to change this situation first by holding informal strategic meetings or creating decision-making groups composed of the heads of key government agencies and the party, and then by strengthening the power of the National Security Council. None of these reforms succeeded because the legal bona fides of these meetings and groups were unclear and because the constitution does not grant the National Security Council the power to make key decisions on security policy. The lack of a command center in the government makes poor coordination among government agencies inevitable. When a diplomatic crisis occurs, as happened in November 2003, no single government agency, including the Ministry of Foreign Affairs, is capable of handling the situation. They all have to wait for the president and the members of the top decision-making level to give orders.

Finally, key decisions on foreign and security policies are often made to meet domestic political needs rather than in response to changes in the external security environment. Three of the four key decisions made by President Chen on the referendum—his endorsement of the plebiscite to decide Taiwan's future (August 2003), the decision to use the referendum to boost Taiwan's WHO bid (May 2003), and his announcement of a defensive referendum (November 2003)—were all responses to domestic political crises. When President Chen realized that he needed support from the anti-nuclear or pro-independence activists for his reelection, he had no choice but to endorse a referendum. The hierarchical nature of the decision-making system in Chen's government made it impossible for other leaders to influence the president even if they had a different view on the referendum issue.

By analyzing the structure and process of security policymaking in Taiwan, this paper proposes a new approach to understanding the development of Taiwan's security policy and Taiwan-China relations since the island's democratic power transfer in 2000. This decision-making approach allows us to understand why the Taiwan government tried so hard to challenge the legitimacy of the "one China" principle and the "status quo" before the 2004 presidential election, and why pressure from the international community proved useless in dissuading President Chen

from holding a referendum. An analysis of the structure and process of the DPP government's decisions on the referendum issue provides us with more information about how key players in the decision-making system interact and how such interactions affect the policy outcomes. Moreover, this analysis may help scholars of Taiwanese politics and Taiwan-China relations to better understand the connections between the DPP leaders' decision-making styles and the development of Taiwan's foreign and security policies. As long as the political stalemate between Taiwan and China continues, one may expect Taiwanese political leaders to use the consolidation of democratic rule as an excuse to revise the constitution, to enact new laws to change the official title to Taiwan, or even to hold a plebiscite to decide Taiwan's fate. Perhaps it is the lack of experience of the state leaders plus a poor security policymaking mechanism—rather than democratically elected leaders with bellicose intentions—that makes the Taiwan Strait more dangerous and unpredictable.

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