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Taiwan After Chiang Ching-kuo: A Speculative Analysis

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An Intelligence Assessment

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EA 82-10102
September 1982

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An Intelligence Assessment

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This assessment was prepared by
Office of East Asian Analysis. Comments and queries are welcome and may be directed to the Chief, Foreign Affairs Branch, OEA,

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This paper was coordinated with the National Intelligence Council.

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Key Judgments

Information available as of 15 September 1982 was used in this report.

The death of Chiang Ching-kuo is likely to usher in a collegial, technocratic leadership, a less authoritarian government style, and a more openly competitive and pluralistic political life in Taiwan. On balance, we believe that Premier Sun Yun-hsuan has the best chance to succeed Chiang, in large part because the powerful members of the party's standing committee, who will broker the arrangements, would then have someone who would depend on them for his power.

The immediate succession probably will be relatively smooth. Differences over internal and foreign policy issues appear insufficiently contentious to prompt a challenge to Taiwan's tradition of orderly leadership. Any combination of Chiang's death with dramatically heightened external threats or unforeseen internal disorder could, however, prompt the military or security services to attempt a takeover.

We believe that the new leaders, who will lack the power base and historic image of Chiang and his father, initially will seek strong expressions of continuing US support to demonstrate that they can manage relations with Washington. They will probably continue Taiwan's incremental steps toward some sort of *modus vivendi* with China, but they will not accept reunification on Beijing's terms. In our view, their effort will be coupled with an attempt to ensure the island's independent political status, in part by reducing Taiwan's heavy dependence on the United States in the economic and, over the longer run, in the security area.

The succession will cause problems for Beijing, which has aimed its reunification initiatives at Chiang and his immediate coterie. We do not believe that Beijing has fully developed its options for dealing with Chiang's successors and the recent open letter from the Chinese to Chiang stating that "time is not on our side" reflects the Chinese belief that the passing of the elder generation on both sides will make reunification increasingly difficult.

The new leadership will be judged, especially in the immediate succession period, by its ability to manage the economy successfully, to retain the support of the security and military forces without accepting their more hardline policy views, and to maintain the momentum toward political

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liberalization. The advanced age and fragile health of the new leadership, however, will make them a transitional grouping. In our view, the leadership on Taiwan five years later could be composed of considerably younger, more cosmopolitan officials whose political allegiance to the Chiang family's legacy on a wide range of policy issues will be even more tenuous.

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The Formal Succession

President Chiang Ching-kuo's death before 1984, when his term expires, would bring Hsieh Tung-min, the 75-year-old Taiwanese Vice President, to the presidency under Taiwan's constitutional process. As with Yen Chia-kan, who succeeded Chiang Kai-shek after the latter's death in 1975, we expect Hsieh would serve until the next election in 1984. Hsieh's power would not be commensurate with his position. Premier Sun Yun-hsuan, who is also president of the Executive Yuan, would play the pivotal decisionmaking role—the pattern observed from 1975 until the presidential elections in 1978, when Chiang Ching-kuo ran Taiwan from the premier's office.

While there could be some nervousness among the armed forces about their ability to function effectively in time of crisis with a figurehead president acting as commander in chief, we believe this interim solution would be generally acceptable. Sun could, of course, believe that without Chiang Ching-kuo's family mantle, his personal stature would be insufficient to enable him to run Taiwan as Premier. If so, and if Hsieh could be induced to step down, the constitution provides for special elections for the president and vice president, with the premier designated as titular authority in the interim.

If he lives until 1984, Chiang will have a full range of political options to manage the succession. Most obviously, he could run for reelection and install Sun—or another designated successor—as his vice president, to ease his heir's way to power. Alternatively, Chiang could step aside to allow his nominee to run for the presidency. The handpicked and politically housebroken nature of Taiwan's electoral college,

Chiang Ching-kuo

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which was selected during the late 1940s on the mainland, would ensure that succession mechanics worked smoothly. In any event, Chiang has sufficient authority to prevent either arrangement from being contested.

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Any new leadership will be forced to address four major policy areas that have prompted disagreements in the past:

- The link with the United States.
- National security and foreign policy, including the relationship with China.
- Domestic political stability and the evolution of political institutions.
- The economy.

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Chiang's successors will have little scope for initiative in dealing with the United States, China, and defense issues. On the domestic scene, the latitude for their policies will be the widest, correspondingly offering them the chance to have the most direct impact.

Policy Toward the United States and China

The historic desire to maintain close economic, political, security, and technological ties to the United States will continue to dominate Taiwan's foreign policy. We expect that no leader or group will challenge this linkage, although there will be disagreements about how best to manage it. At the same time, however, the leadership will probably continue Taiwan's effort to reduce what many in Taipei see as excessive dependence on the United States. We would expect to see, for example, further diversification in trade and technology acquisition.

The differences over how best to deal with Washington—the continuing dispute about Taipei's tactics since the US recognition of Beijing—are more serious. Because virtually everyone within the leadership distrusts the United States to some degree, Taiwan has sought repeated reassurances about US intentions. We believe Chiang's successors will follow suit, both to build their self-confidence and to demonstrate to their domestic audience that they can manage the US relationship successfully.

This need, moreover, may lead Taiwan to loosen current strictures on public discussion of the relationship, as they were loosened during 1979 and 1980. Further impetus in that direction will come from those within the leadership who managed relations with the United States during that period, and who have argued that more aggressive public activities, including attempts to capitalize on Taiwan's long-standing political and commercial ties in the United States, would check the pace of development in US-China relations.

National Security

Any new leadership will maintain a strong military deterrent and remain unpersuaded that close US-China relations reduce Taiwan's military needs. Indeed, a new leadership might initially try to portray Chinese intervention as more likely in an attempt to prompt a US warning to Beijing against such a move, as well as to rally the populace. 25X1

Assuming no major changes in US policy toward Taipei, we believe Chiang's successors will probably also continue to move toward some sort of *modus vivendi* with China that falls short of accepting reunification on Beijing's terms. Taipei will refuse to recognize Chinese sovereignty over the island, or to negotiate with Beijing, but may take additional steps toward lessening tensions and reducing hardline rhetoric. These steps could include further relaxation on trade with or travel to China, or more innovative gestures, like the decision this year to invite a Chinese team to participate in a softball tournament on Taiwan. Taiwan's long-term goal of achieving a "one nation, two sovereignties" solution—along the lines of the two Germany—will, in our view, be maintained. 25X1 25X1

Beijing's View

The passing of Chiang Ching-kuo will be a significant problem for Beijing, where the leadership has characterized Chiang as the last individual on Taiwan with the authority and prestige to reach a unification agreement. In July, Liao Chengzhi, vice chairman of China's National People's Congress, conveyed Beijing's apprehension about the political consequences of Chiang's health in a letter addressed to Chiang, asking him to move on the reunification question before it was too late. Liao expressed "concern" over Chiang's recent illness and tied his hopes for reunification to the actions of the "elders" on both sides of the Taiwan Strait. 25X1 25X1

We do not believe that China has seriously looked beyond Chiang Ching-kuo to determine its specific options in dealing with a successor. Thus far, the Chinese have not put forward any proposals that would appeal to the leadership and popular opinion on Taiwan after Chiang. 25X1 25X1 25X1 Beijing has only begun to consider the likely relationship between a succession in Taiwan and reunification 25X1 25X1

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If Chiang were to begin turning over the reins of power to his successors before his death—by design or because of incapacitation—we believe Beijing might offer new proposals in the hope that Chiang could be induced to respond favorably before his demise. Indeed, Beijing would almost certainly echo the tone of Liao's letter by proposing that Chiang cap his career with such a "patriotic" act. Beijing has other options—it could increase pressure by means of military activity in the Taiwan Strait or return to more militant rhetoric—but we believe that the Chinese recognize that such steps would play into the hands of the successors, who could use them to rally popular support for continuing refusal to negotiate.

Problems arise for Beijing if a native Taiwanese becomes president—a succession that would happen if Chiang died now and one that could occur as a result of the 1984 elections. Beijing chose to make its pitch to the mainlander leadership on Taiwan some time ago, stressing their common experiences and understandable longing for their native land. We believe that native Taiwanese would not be susceptible to this type of blandishment, nor would the increasingly Taiwan-oriented government that is likely to result after Chiang's death.

Domestic Politics

Whether and how to continue Chiang's movement toward political liberalization and the concurrent "Taiwanization" of the government probably would be the most explosive issue for his successors. Discussions between members of the government on Taiwan and US officials have disclosed that there is already debate in Taipei on the speed of this process. The absence of any precise reading on the likely strategy that the political opposition might adopt during and after the succession has also been noted by US officials as a factor that complicates predictions.

The native Taiwanese, who constitute 85 percent of the island's population, are represented on the powerful Kuomintang (KMT) Central Standing Committee with nine of the 26 seats, although only a few of the nine are considered as "real" Taiwanese (see the appendix). The remainder are viewed as "half Taiwanese," since their careers were tied to the KMT on the mainland before 1949. Other figures, such as Li Teng-hui and Lin Yang-kang, who are popular despite their decision to play by the KMT's rules as elected politicians, will, we believe, help to mitigate resentment among the native Taiwanese, but the period immediately after Chiang's death is likely to be unsettled.

The political opposition is currently in the hands of moderates, who believe that time is on their side; they say that the Taiwanization of the regime will continue, and that as long as the opposition behaves circumspectly, it will eventually come to power. We believe, however, that the moderates will pressure the leadership to continue Chiang's liberalization policies and that they may demand to be consulted during the succession period.

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Moreover, the moderates have controlled the opposition only since 1980, when more radical leaders concluded that the government had been so weakened by the US recognition of Beijing that they could confront it directly. That confrontation resulted in a tough government crackdown and the arrests of many radical Taiwanese leaders. Similar arguments within the opposition are possible following Chiang's death. but, in our view, a decision to use the same tactics would prove to be a serious miscalculation. We believe the security services would respond immediately and effectively to any challenge to the regime. An initially weak or uncertain government might also allow the security apparatus greater latitude than they now possess and, as a consequence, countenance a harder crackdown.

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The Economy

A new leadership would ease its way to full political acceptance if it could successfully manage the economy. In the past, high rates of economic growth accompanied by a sustained government effort to keep rural and urban wage scales roughly in step have helped hold Taiwan's society in political and social, as well as economic, balance. As one consequence, most of the large and growing Taiwanese middle class remains apolitical and more concerned with further material gains than with political freedoms.

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We expect Chiang Ching-kuo's death to trigger some capital flight and nervousness among foreign and domestic investors. When problems have occurred before, the government has adopted a skillful approach. Following the changes in US policy toward China in 1972 and 1978, for example, the government immediately moved to hold down the price of black-market dollars to prevent a currency panic, and marshaled its propaganda resources effectively to assuage investors about the continuity of policy. Moreover, the government has been moving quietly to define its legitimacy in terms of its overall economic and political performance. We expect the new leadership, lacking the Chiang name, will be even more dependent on this approach.

Chiang's successors will be anxious to implement a number of social and economic programs designed solely to underscore their commitment to the people. We would expect to see increased government action in areas such as unemployment insurance or social security, as well as movement on the long-overdue tax reform. Given the high cost of such programs, the leadership will have to take care to avoid raising apprehensions about the budget—and the political future—among the regular military, who are also embarked on a costly program to reduce Taiwan's dependence on the United States for arms and weapons technology. It is not clear how a new leadership will reconcile these conflicting demands.

Taiwan's economy has been buffeted recently by the world recession, and particularly by the softening of demand for its exports in the critical US market. While we expect that Taiwan's growth rates will pick up as the economies of its major export markets improve, Taiwan is at an important juncture. The successors will have to oversee what we believe will be a successful program to switch from labor-intensive to skill- and technology-intensive exports in order to guarantee that the island's exports will continue to be competitive.

The End of an Era

Chiang Ching-kuo's death will end his family's control of the Kuomintang, as well as of its state and military organizations, a control that has existed since the 1920s. Chiang Wei-kuo, reportedly the half brother of Chiang Ching-kuo, has a poor reputation on the island and has held few substantive positions during his career. His performance as officer in charge of Taiwan's military logistics has been unremarkable. Given his low repute, we believe political groups would be unlikely to turn to him, even as a figurehead.

Chiang Ching-kuo's children are also not positioned as succession candidates. Chiang has failed to groom them and has kept their hands far from the levers of power. Among the Chinese, they are also not well regarded,

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The KMT Party Apparatus and the Succession

The Kuomintang, reorganized in 1922, was consciously modeled after the Soviet Communist Party and remains so today. Chiang Ching-kuo is party Chairman, in addition to being president of the state apparatus. There are no vice chairmen. Policymaking power resides in the Central Standing Committee (see the appendix), which is equivalent to a Politburo, and in six subcommittees of the party's Central Committee. The Secretary General, Chiang Yen-shih, is responsible for day-to-day management of party affairs.

The Succession Process

After Chiang's death, we believe that the 26-man Central Standing Committee (CSC) of the Kuomintang—the ruling party's highest decisionmaking forum—will become the most powerful political body on the island. Chiang has carefully tailored this group—composed of representatives of the military, security services, senior party bureaucrats, the KMT old guard, technocrats, business leaders, and the media—to function as the key political forum in the succession. One of Chiang's aims in creating such a widely representative collegial body, in our view, was to limit the danger of subsequent challenges to the succession process. We believe that the political stature of the

Committee will enable it to exercise de facto control over Taiwan during an interim succession period. Ultimately, it will also be able to legitimize the succession arrangements.

Major Power Holders: Sun Yun-hsuan and Wang Sheng

Chiang's passing before 1984 would leave Premier Sun Yun-hsuan, 68, as the most powerful civilian official on the island, although he would not inherit the full extent of Chiang's own political strength. Despite his wide following in the KMT, we believe that many of Sun's supporters are aligned with him because of shared views and a coincidence of interests in the short run, not because of longstanding and, in the Chinese political context, far stronger personal ties.

As Premier, Sun has control—in formal and real terms—over the Cabinet. Last year Chiang used a shakeup of the Cabinet and the election of a new party central committee to strengthen Sun's position in both organs. Chiang in fact has allowed Sun to increase his visibility by making more major policy speeches.

In our view, however, Sun has not shown himself so far to be a strong leader. During the six months of Chiang's convalescence, when the President had a sharply reduced workload, Sun did not assert himself politically or take the lead to solve pending policy problems.

We believe that Sun, as a political moderate and a technocrat, would probably be well received by most members of the Central Standing Committee, who would be comfortable with a leader who was dependent on them for power. In broader terms, we believe that the Taiwanese community, the technocrats, and the business community also would see their best

Sun Yun-hsuan

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Sun Yun-hsuan is a longtime associate of and adviser to President Chiang Ching-kuo. A highly regarded technocrat and a trained electrical engineer, he has had wide-ranging economic responsibilities during his career. He appears to be Chiang's choice as successor, but his political influence may be inadequate to control completely the conflicting groups on the island. 25X1

Sun plays the key role in economics and communications in a government that places heavy emphasis on economic expertise. He believes that economic stability is the key to political stability. He is a strong proponent of minimum government economic controls and is an advocate of the free enterprise system. He has long recognized the necessity for close economic links to the United States. 25X1 Dynamic and determined, Sun drives himself and his staff to accomplish as much as possible in the shortest time. US officials have found him to be an able and honest man dedicated to the concept of public service. 25X1

Sun, 68, is widely traveled; he has made several trips to the United States. He speaks fluent English; at one time he also spoke fluent Russian. 25X6

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hopes realized with the kind of collegial civilian leadership that would result from Sun's succession. In discussions with US officials and other foreigners, these groups have also frequently expressed their concern about maintaining strong economic growth and implied clearly that they fear any threat to the economy or the investment climate from a contested or disruptive succession.

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Wang Sheng

After more than 15 years as the number-two man in the General Political Warfare Department of the Ministry of National Defense, Gen. Wang Sheng became director of the department in April 1975. Wang is a longtime associate of President Chiang Ching-kuo and is a member of the President's inner circle of advisers who traditionally has been satisfied with important posts in the background. Wang's efforts to assume more visible positions have been blocked by strong opponents, including the regular military, who scorn his lack of command experience.

In his present post, Wang has the primary responsibility for the military political cadre system, which was originally instituted by Chiang Ching-kuo, as well as troop morale and the overall political warfare system. With these organizations at his command, Wang wields broad political power.

He claims to have graduated from the Central Military Academy with the 16th class in 1939, although this is not confirmed. In 1944 he attended the Central Political Staff College (in the first class of the Research Department) under Chiang. In 1948 Wang went to Shanghai to assist Chiang Ching-kuo in his brief, unsuccessful effort to maintain the value of China's currency. During the 1950s, Wang served in increasingly important jobs in the political warfare field until 1960, when Chiang named him deputy director of the General Political Warfare Department of the Ministry of National Defense.

While the military is obviously accustomed to the strong leadership of Chiang and his father, we believe that they will not make an issue of a civilian, such as Sun, taking power because of their recognition that strong opposition could provoke political disarray and popular unrest. Moreover, Chiang has overseen the selection of all of Taiwan's top military figures for 15 years, to weed out those who might challenge the leadership. Finally, the overwhelmingly mainlander military leadership would have to calculate very carefully the willingness of their primarily Taiwanese junior officers and enlisted men to follow orders that would involve them in domestic political activities. We believe it unlikely that the senior commanders would take the risk, primarily because they have good reason to doubt that once an intervention began, their Taiwanese subordinates would remain under their control. 25X1

Wang Sheng and the Security Services

Sun's clearest liability in the longer run, nonetheless, is his lack of personal support from and direct leverage over the military and security services. Chiang Ching-kuo came to power following a career in various security and intelligence organizations, as well as a stint as Defense Minister. The personal ties built up over the years enable Chiang to influence the services and also provide the military establishment with direct access to the President's office. 25X1 25X1 25X1

Whether Sun can win the confidence and support of the defense and security services during the succession period will depend largely on Gen. Wang Sheng, the powerful director of the General Political Warfare Department (GPWD). Wang, who claims to be 65 but is possibly older, controls not only the political commissar system in the armed forces, but also—via supporters and proteges—the Taiwan garrison command, elements of the media, and the key departments of the party, including organizational affairs. 25X1 25X1 25X1 25X1

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Wang's position as Taiwan's chief political commissar requires a tough anti-Communist posture toward China and an authoritarian stance on domestic order in public.

Because Wang has always been content to exercise his extensive power from behind the scenes, we assume that he would not directly contest the consensus behind a succession, or put himself forward as a candidate for the top leadership. Moreover, Wang—as a career security official—is likely to put a premium on the stability of the regime and, therefore, to endorse a consensus-backed civilian succession. Whoever the actual successor, Wang will remain the second most powerful man on the island, and retain as a result effective veto power over most major policy decisions.

Prospects and Problems

Given the mainlander leadership's unanimous desire to avoid disruptions that might be exploited by either the Taiwanese majority or Beijing, we expect the succession on Taiwan to be peaceful. Even so, the new leaders will only be transitional. All of the senior leaders on Taiwan are old.

Most members of the Central Standing Committee, which will oversee the succession, are in their seventies, and some are in their eighties.

We believe the arrangements that evolve will probably last about five years. After that period, the succeeding leadership group will be even less interested in reunification on Beijing's terms. It will probably also be better educated, more cosmopolitan, and less security conscious than the current leadership.

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The economy, as well as the viability of Taiwan's major trading partners, remains in our view the key to an easy succession. The domestic uncertainties that would be engendered by a faltering economy—particularly if Taiwan's exports cannot keep pace in the international marketplace—would seriously complicate the new leadership's political as well as economic calculations. Taipei has dealt effectively with similar problems, however, and we believe that Chiang's successors, many of whom will have strong economic backgrounds, will quickly generate confidence in their ability to manage the economy. Nonetheless, even an otherwise talented and well-respected successor would face problems if Taiwan's most important markets—Western Europe, Japan, and the United States—

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remained in a prolonged recession.

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Even with an economic recovery, however, we believe the successors will—in the short term—need to reconcile competing domestic demands for increased social services with a desire to increase military production. They will likewise need to balance the demands of the native Taiwanese for a greater political role against the leadership's desire to maintain its own power. Success in these areas is more important than purely factional infighting, which all on the island are concerned to avoid.

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Appendix

Members of the Central Standing Committee of the KMT (Elected April 1981, Listed in Rank Order)

		Birth Date	Birthplace	Title
1.	Yen Chia-kan	1905	Mainland	Former President (1975-78)
2.	Hsieh Tung-min	1907	Taiwan	Vice President
3.	Sun Yun-hsuan	1913	Mainland	Premier
4.	Ku Cheng-kang	1901	Mainland	President, National Assembly
5.	Huang Shao-ku	1901	Mainland	President, Judicial Yuan
6.	Ni Wen-ya	1904	Mainland	President, Legislative Yuan
7.	Yuan Shou-chien	1903	Mainland	National Policy Adviser
8.	Ma Chi-chuang	1912	Mainland	Secretary General, President's Office
9.	Li Kuo-ting	1910	Mainland	Minister Without Portfolio
10.	Kao Kuei-yuan	1907	Mainland	Former Defense Minister
11.	Sung Chang-chih	1916	Mainland	Defense Minister
12.	Chao Chu-yu	d.1981		
13.	Wang Ti-wu	1913	Mainland	Chairman, *United Daily News*
14.	Wang Sheng	1917	Mainland	Director, General Political Warfare Department
15.	Li Teng-hui	1923	Taiwan	Governor, Taiwan Province
16.	Yu Kuo-hua	1914	Mainland	Minister Without Portfolio
17.	Yu Chi-chung	1909	Mainland	Publisher, *China Times*
18.	Lin Yang-kang	1926	Taiwan	Minister of Interior
19.	Shen Chang-huan	1913	Mainland	Secretary General, National Security Council
20.	Chiu Chuang-huan	1925	Taiwan	Vice Premier
21.	Hung Shou-nan	1911	Taiwan	Vice President, Judicial Yuan
22.	Tsai Hung-wen	1909	Taiwan	Former Speaker, Taiwan Provincial Assembly (1973-81)
23.	Lin Chin-sheng	1917	Taiwan	Minister Without Portfolio
24.	Ku Chen-fu	1917	Taiwan	Businessman
25.	Yen Chen-hsing	1912	Mainland	President, Taiwan University
26.	Tsao Sheng-fen	1914	Mainland	Chairman, *Central Daily News*
27.	Lin Ting-sheng	1919	Taiwan	Former Speaker, Taipei Municipal Assembly (1969-81)

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