

EXECUTIVE SUMMARY

On March 18, 2000, Taiwan's citizens voted the Nationalist Party (KMT) out of office and the Democratic Progressive Party's candidate Chen Shui-bian in as president. The implications of this peaceful turn-over of political party are that, instead of negotiating with mainland China's authorities to achieve a political settlement of the divided China problem, President Chen has opted for negotiations to take place under a special state-to-state relationship. At the same time, President Chen's administration has launched a "silent revolution," promoting Taiwan nationalism: a shared belief that Taiwan has the qualifications of a sovereign nation, that it has a special state-to-state relationship with mainland China, and that its people have the ethnic identity of Taiwan, not Taiwan and China. Meanwhile, the Chen administration, like the Lee Teng-hui administration before it, is changing symbols, rewriting Taiwan's history, and promoting cultural values of Taiwan inclusiveness to promote Taiwan nationalism and to carry out the de-Sinofication of Taiwan. In response, mainland China's authorities offered a new interpretation of the "one-China" principle, but the Chen administration rejected that concession. Political fragmentation continues. These developments have frozen cross-strait negotiations and put Taiwan and mainland China on a collision course. But long-term developments, such as growing integration of the Taiwan-mainland China market economies, a revitalized political opposition, and a favorable perception of mainland China's modernization could neutralize Taiwan's nationalism and restart cross-strait talks.