



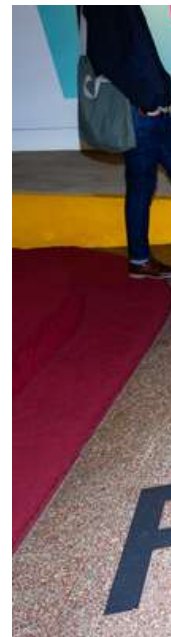
In the driving seat



The Presidential Office Building has two courtyard gardens



Tsai in front of a statue of Dr Sun Yat-sen, founder of the Republic of China



Guided tour of th

## CALM BEFORE A STORM — *Taiwan*

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### Preface

The president of Taiwan is softly spoken and unassuming but that hasn't stopped her from ruffling a few feathers. We speak to her as she gears up for the 2020 election.

Tsai Ing-wen is standing on a stage inside a neon-lit seafood restaurant in New Taipei City. It's a Friday night in February and the president of Taiwan is addressing an influential association at its annual dinner. With the election less than a year away, glad-handing and vote-grabbing appearances like this are increasingly important. Yet the leader of the country's ruling Democratic Progressive party (DPP) uses her speech, symbolically delivered in Taiwanese rather than Mandarin, as something of a history lesson, reminding the many silver-haired seniors in the room about the role of the Taiwanese president: to improve the economy, ensure democracy and safeguard sovereignty.

The 62-year-old is facing a re-election dogfight over the next nine months but she is not about to change her style: professorial rather than political; earnest not excitable. There are scant signs of political point-scoring despite her popularity having plummeted in

the polls in the three years since she was swept into office and the Kuomintang (KMT) was sent into opposition.

Opponents and critics have underestimated the lawyer turned legal professor and trade negotiator in the past; plenty continue to do so. "By now they should know that I'm tough enough," says Tsai the next morning, while sitting in the Presidential Office Building, a remarkably quiet and sparsely furnished building of long, carpeted corridors. Tsai, too, can seem remarkably quiet: softly spoken and unflappable whether she's discussing same-sex marriage legislation or brokering peace with China. "The Chinese must be prepared to treat us as equals and forget about all of their preconditions," she says calmly, despite the strength of her words.

While her steely determination may have surprised many, including Chinese president Xi Jinping, her performance in the job may also come as a shock to anyone reading the polls. The seventh president of the Republic of China (Taiwan's official name) has had a good 12 months. Relations with the US are cosy: Taiwan's closest ally opened a new quasi-embassy in Taipei last year, passed a Taiwan Travel Act that facilitated senior exchanges and followed it up with high-level delegations to the capital. Meanwhile she delivered a thumping rebuttal to President Xi's sabre-rattling 2 January speech, which many believed set a timeline in Beijing for the reunification of the mainland and Taiwan. The highlight of Tsai's response: "Taiwan does exist."

Even on the economy she has delivered relatively solid results during worsening political relations with China and fractious global trade. Unemployment on the export-orientated island is at a near two-decade low and, in 2017, annual GDP growth came close to 3 per cent. By contrast the economy grew by a mere 0.9 per cent during her KMT predecessor's last full year in 2015.

"When I first became the president many thought that I wouldn't be able to achieve 1 per cent GDP growth," says Tsai. Yet, perhaps because her party is more standoffish than the KMT when it comes to relations with China, which has precipitated a drop in tourism from the mainland, the president hasn't been credited with any economic uptick. "People may not have noticed but the economy is actually picking up." Tsai could have plenty to shout about – were that her way.

It typically takes a certain kind of person to stand for public office – but Tsai is not that kind of person. A natural introvert, the Taiwanese president would much rather be at home with her two cats and three dogs, watching home-decoration programmes. "It's a new challenge for me to mingle with the public and to observe how they react and express what they want," she says.

Tsai never aspired to be a politician, let alone president. She recalls a "relatively easy" childhood, growing up the youngest of 11 in a well-off family where her older brother

and sisters had already satisfied her parents' expectations. Consequently she felt little pressure to excel at school. At home, politics was off the table – a typical family rule during Taiwan's martial-law era of authoritarian rule. She was a law student at Cornell University when the US broke off ties with Taiwan in 1979, so one of her country's most formative political earthquakes largely passed her by. "My political awakening came much later," she says. Much later, indeed. Taiwan's former WTO trade negotiator only joined the DPP in 2004 and that was only after being invited by the party to be a lawmaker. In fact the majority of her political posts have come via invitation: minister for mainland affairs under a DPP president, then vice-premier of Taiwan under a DPP government before becoming the liberal, left-wing party's first female chairman. Tsai's debut run for elected office as mayor of New Taipei City came in 2010. That campaign ended in failure, as did her first run for president in 2012. She was third time lucky, getting the top job in 2016. "I'm politically OK," she says, avoiding hyperbole even when grading herself.

While Taiwan's improving economy goes unnoticed by many voters, almost everyone has something to say about pension reform. Complaints about the government's swingeing cuts to the retirement entitlements of Taiwan's public-sector workers pervade the island of 23 million. But Tsai sees her willingness to carry out reforms as the biggest change to the presidency. "This pension reform is unprecedented and no political leader would dare to touch it," she says, alluding to a universal minefield that has tormented many international counterparts as well as her predecessors.

Her decisive action garners respect across the political spectrum: something had to be done and Taiwan's first female president was ballsy enough to do it. Critics, however, question the scale of the cuts and particularly the manner in which the bitter pill was delivered. Teachers, police, firefighters and the military were singled out to receive generous retirement payments; these public servants later formed a coalition to protest against the policy. "If we don't do these reforms now the whole pension system may collapse and it will become a financial disaster for the country," Tsai says unapologetically, before promising that more unpopular pension reforms are on the way. "I am a very determined person and I'm prepared to do things despite the political costs."

The price, in this case, is easily tallied up. The DPP received a drubbing in the most recent local elections in November, prompting Tsai's premier (the equivalent of prime minister) to resign. The DPP now controls only six of 22 cities and counties, down from 13. It even lost control of its southern stronghold of Kaohsiung after 20 years. Tsai has the business-like professionalism to make the necessary cost savings but that hasn't made her popular.

Looking ahead to 2020, Tsai does have a few things going for her, both at home and abroad. The KMT must unite behind a compelling candidate but the party's growing

list of hopefuls looks more like an uninspiring who's who of party hasbeens. Kaohsiung's new mayor Han Kuo-yu is a rare rising star (albeit at 61) who breeds excitement across generations and beats Tsai in most opinion polls. However, even his supporters believe it is too soon. Taipei's quirky mayor Ko Wen-je, meanwhile, may mount an independent challenge. Young people support the idiosyncratic former surgeon, who is heading to Washington in March to test the level of support in the US, but wiser heads struggle to see his single-handed approach to governance working at national level.

Ironically, Xi Jinping is another person working in Tsai's favour. Her robust response to his January speech settled any rumbling talk within the DPP about a challenge for the party's nomination. Standing up to China also mobilises young voters, who tend to feel more strongly Taiwanese. Many who voted for Tsai in 2016, but felt let down by her lukewarm support for same-sex marriage once in office, may now return to the DPP as her government presses ahead on legalising it. So it makes sense that the party's rhetoric on China is ratcheting up. Only days earlier her new premier compared a draft peace treaty with China to Neville Chamberlain's appeasement of Nazi Germany in 1938. For her part, Tsai says peace with China can only come if Beijing recognises Taiwan as an equal rather than suggesting a similar "one country, two systems" arrangement to Hong Kong and Macao, a move less likely than North Korea actually giving up its nuclear missiles.

January's presidential election, unlike the 2018 mid-terms, will ultimately come down to China and the related impact on the Taiwanese economy. There is a feeling, in both Taipei and Beijing, that DPP hardliners are dragging a president who is widely seen as a balancing force closer to declaring Taiwanese independence. This likely prompted Xi's speech in January and has previously caused an unnerved Beijing to step up its isolation of Taiwan, moving on from picking off diplomatic allies to targeting international organisations, and bullying foreign airlines to list Taiwan as part of China.

"It's the Chinese trying to change the status quo and we are reacting to it," says Tsai, who has stuck religiously to her line about maintaining current cross-strait relations while refusing to recognise the so-called 1992 consensus. "[Xi Jinping's] 2 January speech does, to a certain extent, change the balance in the relationship, so it requires a certain amount of rebalancing."

Tsai refuses to ease her Chinese counterpart's concerns and rule out an independence referendum in her second term. Nor is she willing to roll over: increased military spending and developing Taiwan's domestic defence industry will continue to be signature policies.

“We have to equip ourselves with sufficient defence capability given China’s large investment in its military development. We need to make Taiwan a more defensible place,” she says. Playing politics may not be her style but when it comes to China, Taiwan’s president’s message is crystal clear: don’t test my strength or underestimate my soft tone of voice.

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**Peace with China:**

“If the process is conducted in a way that we are treated as equals and they have enough respect for whatever sovereignty we have, then there’s no reason why we can’t sit down with them and get to work.”

**Phasing out conscription:**

“We need soldiers with the experience to deal with hi-tech weaponries, so a lot of professional training is required. It’s not enough to rely on the old system of mandatory military service, under which young men join the military for a year.”

**Implementing marriage equality:**

“We should be moving in a direction that makes us a more advanced country in terms of human rights. [Same-sex marriage] is a rather divisive issue here but this is not something that we can avoid because it’s coming. It’s here already.”

**The 2020 presidential elections:**

“The thing that people care about, of course, is national security and whether we will be able to maintain a stable relationship with China.”

**A potential referendum on Taiwanese independence:**

“A leader’s responsibility is to make sure our democracy works. And the democracy can facilitate the people here to make a collective decision as to what we want for the next phase of our relationship with others.”

**Taiwan-US relations in 2019:**

“It’s not like Christmas: it’s not a matter of receiving gifts. It’s a solid relationship. We want to keep a close and co-operative working relationship with the US and I do hope that our relationship improves every day.”

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**Party time:**

Much has been made of China’s anniversaries this year but Taiwan will also be letting off some fireworks in 2019.

**100 years:***31 March 1919*

Taiwan’s Japanese colonial rulers built the presidential office building to house its then governor-general. Japan’s Second World War defeat in 1945 saw control of Taiwan pass to Chiang Kai-shek’s nationalist government, which ruled the mainland at the

time under the name Republic of China. As such, the People's Republic of China has never ruled the island.

**70 years:** *7 December 1949*

During China's civil war, Taipei became the temporary capital for the Republic of China, after a series of defeats at the hands of Mao Zedong's communist fighters forced Chiang Kai Shek to evacuate the mainland for Taiwan.

**40 years:** *10 April 1979*

US president Jimmy Carter signed the Taiwan Relations Act soon after breaking off official diplomatic ties with Taipei and moving the US embassy to Beijing. The act, together with the so-called Six Assurances, outlines Washington's ongoing support of Taiwan. However, it stops short of guaranteeing military intervention in the event of a Chinese attack.