

Appendix 169 -- Chen New Year Speech (2006)

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President Chen's New Year Message

By: President Chen Shui-bian

Colleagues and Fellow Citizens:

Good morning and a happy New Year to all of you!

Today marks the 2006 Founding Anniversary of the Republic of China (Taiwan). First, I would like to pay my highest respects to all our colleagues and fellow citizens who have worked hard over the last year. Of course, while we look to the future, we must also reflect on the past. For those areas where we have come short of our goals, all members of my administration--including myself--must reassess ourselves in order to learn from our mistakes and make improvements. It is my earnest hope that in the upcoming New Year, we, the government and the people together, can engender a stronger and brighter future for Taiwan, with a renewed sense of hope for everyone.

Recently, a contest was held to identify images that best represent the spirit of Taiwan. Geographical landmarks such as Yu-Shan (Jade Mountain) and Taroko Gorge and native species such as the Formosan Landlocked Salmon and Hakka Tung flowers, along with totems of the indigenous peoples, and, of course, the Taipei 101 Building-- these images are the richly diverse symbols of Taiwan, each recognized and embraced by its people. In my mind, the most beautiful and moving imagery of Taiwan is its 23 million people guarding their homeland together and working shoulder to shoulder alongside one another. To me, this truly embodies the courage and resilience of Taiwan.

The Taiwan people have created a success story through economic and democratic achievement, encountering many setbacks and challenges along the way, our people have never succumbed to despair nor have we backed down in the face of hardship. We have forged our own path, rendering a historical legacy of our own. One most illuminating example is the edifice where we stand today. More than sixty years ago, this building was a symbol of colonial dominance, subsequently becoming the icon of authoritarian rule in Taiwan. Ten years ago, a direct presidential election transformed this majestic structure into a landmark of democracy--one that truly symbolizes "popular sovereignty". Today, we gather here, among legislative leaders from opposing parties, as well as senior social leaders and government officials--irrespective of political affiliation. People of this nation freely elect public representatives and heads of local governments, as well as the national leader, through regular elections; they also, through referendum, partake in the policy-making process--remarkable achievements that remind us of the hard won democracy we treasure so dearly, and the precious experience of peaceful transfer of political power.

With the changeover between the old and new centuries, the power of the people has provided

an impetus for Taiwan's continued democratization. It has also enabled a "Taiwan consciousness"--viewed as a taboo by the immigrant regime of our past--to gradually take root on this land and thrive in the hearts of our people. The "Taiwan consciousness" breaks away from the shackles of historical bondage and political dogma, and is founded upon the 23 million people of Taiwan's own self-recognition, devotion to the land, and the understanding of their shared destiny. Irrespective of whence they came, no one now sees this land as a foreign country or himself as a sojourner passing through. For this is where generations to come prosper and pass on their legacies--Taiwan is our home and each of us, master of this land.

The emergence of "Taiwan consciousness" and a wave of democratization have galvanized the aspiration of the Taiwan people to be masters of their own land; all ethnic groups are coming to realize that issues concerning national identity are an inescapable reality that must be confronted and addressed. Failure to come to terms with who we are as a nation and to consolidate consensus on national identity means the people of Taiwan will never be able to stand proudly, confidently and in solidarity on the world stage. Imagine telling friends from abroad about this place we call home--that in Taiwan beautiful mountains and rivers sprawl across a splendid, sculptured landscape; that its 23 million inhabitants are industrious and friendly people who embrace the universal values of freedom, democracy and respect for human rights; that per capita income has surpassed 15,000 USD, and, that the world's tallest skyscraper--Taipei 101--towers majestically over its capital. Yet, it is grievously saddening that circumstances forbid us from saying out loud consistently the name of our country--such is indeed a heartbreaking and humiliating predicament.

With no clear national identity, our national security cannot be safeguarded, for there will be no basis upon which national interests can be defended. Hence, we must persevere to uphold the "Taiwan consciousness", and urge both the governing and opposition parties to rise above the unification-independence conflict, to see beyond issues of ethnicity--and work in the common interest so as to garner a consensus on national identity.

Our country, Taiwan, has a total land area of 36,000 square kilometers. The sovereignty of Taiwan is vested in its 23 million people, and is not subject to the jurisdiction of the People's Republic of China. Only the 23 million people of Taiwan have the right to decide Taiwan's future.

Perhaps some people are not fully satisfied with such an assertion of Taiwan's sovereignty; nevertheless, I continue to believe, we must "keep a firm stance while moving forward pragmatically." Not long ago, during an interview with the international media, a party chairman explicitly conveyed that "unification" is his party's ultimate goal.

Though many find his position hard to accept, it is important for all of us to be tolerant and understanding. After all, Taiwan is an open society where political liberty comes part-and-parcel with democratic freedom, and any individual or political party is free to express their respective opinions. What cannot be tolerated is any attempt to deprive the people of their freedom to choose, as such deprivation violates the principle of "popular sovereignty."

No matter how cross-Strait relations develop, we will adhere to the four principles of "sovereignty, democracy, peace and parity." I will remain firm on this position, for it is the undisputable stance espoused by the majority of the people. With regard to Taiwan's future, no leeway will be given for either the Chinese Nationalist Party (KMT) nor the Chinese Communist Party to establish an undemocratic premise or impose a set of choices that precludes democratic freedom or in any way contravenes these four principles. We must say to the world, loud and clear, that the ultimate decision on Taiwan's future must--and will--be made by the 23 million people of Taiwan, on their own free will. Their freedom to choose the path they want to take cannot be denied by the unilateral adoption of a so-called "Anti-Secession Law" by the Chinese National People's Congress, which calls for resorting to the use of non-peaceful means; nor can our civil liberties be seized through military intimidation and belligerent rhetoric.

At present, the Chinese People's Liberation Army (PLA) has deployed 784 ballistic missiles targeting Taiwan along the coast across the Taiwan Strait; the PRC has also vigorously reinforced its naval and air force combat readiness, coordinating its ground, information, electronics, and Special Forces, severely impacting and posing direct threat to peace in the Taiwan Strait. On the one hand, China has adopted the "three war" strategy, waging "legal warfare, media warfare, and psychological warfare" and employing tactics such as "legal challenges, media contests, and psychological attacks." In so doing, China attempts to create favorable conditions for engaging Taiwan on the political, military, and diplomatic fronts and to break down Taiwan people's fighting will--so as to attain the ultimate goal of "subduing the enemy without a fight." Meanwhile, the PLA has aggressively expanded its own military armaments, augmenting its combat readiness in a three-stage preparation for war against Taiwan, setting the following goals as its interim objectives: establish contingency-response combat capabilities by 2007; build up combat capabilities for large-scale military engagement by 2010; to ensure victory in a decisive battle by 2015. In the so-called "carrot and stick" strategy China has employed against Taiwan, the "soft tactic" is a mere deception, but the "hard tactic" is real. Following China's so-called "annihilation" of the Republic of China in 1949, it has unceasingly pursued its ambition to annex Taiwan.

Recent reports on the military power of the People's Republic of China, published by the United States and Japan respectively, have made it very clear that China's military development evidently exceeds the reasonable scope of its defense needs. In the face of such imminent and obvious threat, Taiwan must not rest its faith on chance or harbor any illusions. We shall seriously contemplate how our self-defense capabilities can be strengthened and how to effectively respond to the gradual tipping of military power across the Strait in favor of China, for issues as such concern Taiwan's national security and cross-Strait peace. Delay of the military procurement budget--its drafted bill rejected by the Procedural Committee before it could be sent for full-house deliberation in the Legislative Yuan--has seriously impeded the progress of developing and strengthening our national defense capabilities; it has also prompted members of the international community to express misgivings about Taiwan's resolve to defend itself. Partisan filibustering on this issue threatens irreparable harm to Taiwan's national security. Therefore, I would like to once again, with utmost sincerity, call upon opposition leaders and party caucuses to be more rational and to reconsider allowing the arms procurement bill to be sent to the full legislature for deliberation. With regard to

reducing the budget or how the special budget or annual budget may be adjusted, the executive branch will respect the opinions of the Legislative Yuan; however, there should be no more excuses to cause further delays. Citizens should also be engaged in voicing their concerns on Taiwan's national defense budget--to which the personal security of every individual is inextricably linked--so as to serve as proactive overseers by putting pressure on the executive and legislative branches to shoulder their due responsibilities of national security.

National security for Taiwan means being able to safeguard our nation and having the means to ensure the security of our citizens; through economic development, we seek "equitable distribution of wealth and prosperity." National security and economic growth are symmetrical conditions for Taiwan's sustainable development, and one should not be pursued at the expense of the other. Over the past year, soaring crude oil prices curbed growth in the global economy. Taiwan's 2005 economic growth rate is predicted to reach 3.8%, while unemployment is expected to fall to about 4%, the best in five years. Last year, for the first time, Taiwan's per capita income surpassed 15,000 USD, reflecting thirteen years of effort and our best showing since reaching the 10,000 USD benchmark in 1992. The people of Taiwan deserve credit for these achievements. This also signifies the beginning of a new era in Taiwan's economic progress.

Although Taiwan's economy continues to grow steadily, undeniably however, following the rapid rise of emerging industrial countries such as China, India and Eastern European countries, Taiwan's future economic prospects face a myriad of challenges ahead despite an optimistic outlook.

Under the impact of globalization, the trends of industry relocation and outsourcing have swept across industrial countries; Taiwan is of no exception. According to the latest government statistics, the proportion of orders placed domestically but filled overseas is more than 40% of total manufactured goods, and approximately 90% of which is concentrated in China. Although it is understandable that in the interest of cutting production cost, some industries have decided to relocate overseas; however, manufactured goods that have, over an extended period of time, depended on cheap labor, mass production and underselling often lose out in the contest with their emerging competitors, as they quickly become marginally profitable or even profitless. Therefore, as some of our industries race to establish production plants in China, it is not without question whether this business model can be sustained in the long run and whether it truly conforms with the so-called "blue ocean strategy." Yet these trends have undoubtedly brought enormous pressures to Taiwan in the forms of structural unemployment and difficulties in raising the average wage and salary income.

Over the past few years, our government's cross-Strait economic and trade policies have always upheld the fundamental principle of "proactive liberalization and effective management" in accordance with the consensus reached in the 2001 Economic Development Advisory Conference. Whether it is liberalization or management, the overarching objective has always been to safeguard Taiwan's overall national interests, and it subscribes to neither China's pressure nor individual interests of enterprises. The complex cross-Strait economic and trade policies should not be simplified as a dichotomy of either "opening up" or "tightening up"; nor should "proactive liberalization" be given much emphasis while

neglecting the more important "effective management." Cross-Strait economic and trade policies seek to fulfill not the financial interests of any individual or corporate; instead, Taiwan's sustainable development is the greatest interest of our pursuit.

To put it more specifically, the government must "proactively" take on the responsibility of "management" in order to "effectively" reduce the risks of "liberalization." The administration focuses on our long-term development, assume the role of a gatekeeper to guard our nation's economic security against foreseeable risks, and resist making ingratiation or taking shortcuts. Therefore, "proactive management and effective liberalization" represents the new mindset and course of action for our future cross-Strait economic and trade policies.

To meet the challenges of increasing international competition, the only viable approach is to fully implement the economic development strategy of "deeply cultivating Taiwan while reaching out to the world"; and we should not become reliant on a particular market or a single economic entity. To that end, although we cannot turn a blind eye to China's market; we should not view the China market as the only or the last market. Globalization is not tantamount to "China-lization". Whilst Taiwan would never close itself off to the world, we shall also not "lock in" our economic lifeline and all our bargaining chips in China.

In order to maintain competitiveness needed for sustainable development, Taiwan must move towards high value-added knowledge economy and expedite implementation of economic structural reform measures, while facilitating transformation and upgrading of industries. At the same time, we must step by step promote economic and trade relations across the Strait and respond to the magnetic effect of China's market. Despite having already formulated corresponding counter-strategies and tentative plans, our government must continue to heed different voices from the industry, the academia, our labor friends, and opposition parties--to ensure effective communication and consolidate consensus, and to further review our nation's future macroeconomic developmental strategies. That is why the government, in response to the appeals made by the non-governmental sectors, is calling for a "Second Economic Development Advisory Conference." Another important objective is to strike a new balance between invigorating industry developments and ensuring social equality, and between making abounding progress and attaining equity and justice in wealth distribution.

The foremost purposes of economic development are the pursuit of a prosperous society and the upgrade of living standard. Concurrently, we must also seek to uphold social equality and justice, guarantee each citizen equal opportunity for development, and share equally the fruits of our progress. Over the last half a century, Taiwan has created world-acclaimed "economic miracle"; but admittedly, our persistence in the quest for social equality and justice has also been partly compromised.

In the past, our government offered a number of tax incentives as a way to invigorate industry development, but such policy has clearly introduced inequality regarding tax burden distribution. Currently, 75% of total income tax comes from earned income, and capital income tax accounts for only 25%. Many businesses, even after attaining technical competencies or market penetration near a level of maturity, have continued to enjoy highly favorable tax exemptions. These preferential treatments not only have eroded away our

nation's tax base but also instigated heated debates on social justice. After long-term endeavor and with bipartisan support, we finally completed the legislation of the Basic Income Tax Code, thereby establishing an "Alternative Minimum Tax" (ATM) that conforms to the principle of tax equality. These new laws have officially taken effect starting today. In the future, our government will continue to expand tax base, enforce tax equality, and protect disadvantaged groups.

As generations pass through time, Taiwan's society, along with that of other advanced countries, finds itself faced with an aging population and declining birth rates. Consequently, to ensure and care for people's lives in retirement will become a policy imperative for the government. With full-scale implementation of "elder farmers allowances" and "senior citizens welfare allowances," in addition to the "new labor pension program," officially taking effect on July 1st of last year, the government is making steady progress to set up a sound and comprehensive social security network for disadvantaged groups and populations. At the same time, due to flaws in the system designed in the past, a fraction of retired military personnel, civil servants, and teachers now receive pensions that exceed their pre-retirement salaries. The government has since proceeded with necessary steps to make pension systems more reasonable. In the future, the government will further integrate various pension schemes and accelerate the launch of our "national pension system," thereby taking a historic step in the advancement of Taiwan's social security and people's welfare.

On October 10th of last year, I have stated that in the next two years and more remained in my presidency, I will continue to push for the six major reform priorities--financial reform, tax reform, reform to change the preferential interest rates of 18%, media reform, investigation and reclamation of assets improperly acquired by political parties, and constitutional reform. I am pleased with the progress and tangible results that have been achieved in just two short months. We did not allow election factors to hold us back; nor did we let election outcomes derail our efforts and resolve. Reform is inexorably painful and there is a price to pay. However, we will continue to believe in Taiwan and persist with reforms; to do the right things and to walk on the right path; to hold fast to our aspirations even in the face of harsh resistance.

Among the six major reform priorities, two of the most challenging are the investigation and reclamation of improperly acquired assets by political parties, and, the constitutional engineering project. In fact, over the past several years, we have fallen short of expectations when it came to investigating questionable acquisitions by political parties, and the Taiwanese people are rightfully disappointed. Though this is due in part to the reality confronting a minority government, our administration had not fully demonstrated our resolve and had even made compromises in the hope of promoting harmony between parties as well as out of consideration for certain budget proposals and legislative bills. However, our approach did not result in the passage of those bills or proposed budgets; instead, for the political party that had illegitimately acquired those assets, it allowed them more time to sell off prime properties at below-market prices, so as to be relieved of their ownership. The government should always stand on the side of justice and on the side of the people; an empowered society is expecting us to aggressively investigate and reclaim all improperly acquired assets.

In regard to the most important constitutional reengineering project, our course of action will be a "bottom-up and outside-in" approach, and relevant proposals will be initiated by civic groups before political parties are engaged. We will harness the collective wisdom and fortitude of our citizens to produce "Taiwan's New Constitution" by 2008--one that is timely, relevant and viable. I had at first believed that the re-engineering of a New Constitution had to be undertaken as a single project. Surprisingly, the first-phase of the project began ahead of schedule (June 7th, 2004) and successfully completed the goals set forth in my second Inaugural Address: "Procedurally, we shall follow the rules set out in the existing Constitution and its amendments; accordingly, after the passage by the national legislature, members of the first and also the last Ad Hoc National Assembly will be elected and charged with the task of adopting the constitutional reform proposal as passed by the legislature, abolishing the National Assembly, and incorporating into the Constitution the people's right to referendum on constitutional revision." Hence, we should have even greater confidence in the second-phase of the constitutional reengineering project. In life, there is no calling too great. The journey may be arduous, but if we have faith, if we persist, we will find a way.

I have always paid close attention to and have been most pleased to see the vigorous development of a constitutional reform movement in our civil society. I look forward to the completion of a civilian-drafted bill of "Taiwan's New Constitution." Should conditions in the Taiwan society become sufficiently mature, who is to say that holding a referendum on the new Constitution by 2007 is an impossibility? After all, this is an overarching national goal of Taiwan, which also manifests the foremost significance of the alternation of political party in power.

Colleagues and fellow citizens: consolidate Taiwan's national identity, defend national security, persist in democratic reforms, sustain economic development, and maintain social justice!Xthese are aspirations we should strive to attain in the New Year. They represent clear objectives that each member of this administration must carry through to the end with fortitude and determination. The recent "three-in-one" elections had concluded, and terms of service have begun for new heads of local governments. I have high hopes for the central and local governments to work together in carrying out their foremost objectives--improving public safety and ensuring social order.

Competition between political parties during election campaigns is temporary, but Taiwan's sustainable growth is our long-term commitment. Ensuring peace and prosperity for our people is a joint responsibility to be shared among all political parties and to be mutually shouldered by local and central governments. Respective cabinet ministers must establish interim objectives to improve public safety; and assessments must be implemented to evaluate policy effectiveness. Those who fail shall be held fully accountable; and for those who attain their goals, let us commend their effort with our continued support.

Furthermore, each member of the cabinet, regardless of rank, must strictly abide by the highest standards of "good governance with honesty and integrity." A few former members of the administration in the past have been charged with inappropriate conduct, causing disappointment to those who had high expectations of us. I take it upon myself to shoulder all the blame and to once again express my sincere apology to all our fellow citizens. Moreover, I

am determined and confident that by asking each of my colleagues and associates to accept the most rigorous scrutiny of character and conduct, governed by self-discipline and self-regulation, we may restore our reputation as "a clean government" and regain the trust and affirmation of the people of Taiwan. The Organic Law of the Ministry of Justice's Anti-Corruption Agency--pending deliberation by the Procedural Committee in the Legislative Yuan--will hopefully garner multi-partisan support and be enacted soon.

My fellow citizens: There is a song that I have been listening to, over and over recently. It was composed by a native Taiwanese songwriter. Every time I hear it, it moves me deeply. The name of the song is "Taiwan" and I wish to share with you two verses:

Taiwan, surrounded by ocean,
surrounded by sea Emerald mountains and sapphire rivers follow me Beloved is her natural
splendor
Protect her we shall from human plunder For on this land we were born and raised In our
hearts we reminisce and give thanks With passion and devotion we give our love
Generations blossoming, generations prospering...

Heaven has blessed us with this lush land of mountains and rivers. For hundreds of years, the courageous people of Taiwan have toiled tirelessly to build a glorious history and weave an inspiring legacy. Like a sturdy cradle and the warm embrace of a mother, Taiwan has nurtured the 23 million people of Formosa to create their own hopes and dreams. Each of us should be grateful and give ourselves to the duty of protecting our Taiwan. No matter how insurmountable the setbacks and challenges, we shall not despair, but hold fast and tread onward with courage.

Taiwan is our homeland forever, and the hope of our future generations.

In closing, I wish our country great success and everlasting prosperity. May democratic Taiwan thrive onward. And to all our fellow citizens and colleagues, I wish you peace, good health and happiness.