

Merger and Takeover Attempts in Taiwanese Party Politics

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Introduction

It is often assumed that in mature democracies party mergers are rare. Mair's study of Western European parties found only 18 cases between 1945 and 1987, with almost half of them taking place in just two countries, Italy and Finland.¹ Since the Second World War the only merger of relevant political parties in the United Kingdom was between the Social Democratic Party and Liberal Party in 1988. Unsurprisingly the literature on party merging was until recently quite limited. However, party mergers in consolidated democracies such as in Canada, the Netherlands and Germany in the post Cold War period has led to a renewed interest in the phenomenon.² In fact a recent study that found 94 European party merger cases in the post-war period suggests mergers are becoming more common.³

Party mergers are more frequent in new democracies where the party system is not yet fully institutionalised. Since the early 1990s the South Korean party system has featured a seemingly endless pattern of party splits and mergers.⁴ In another Asian democracy, Japan, party mergers have played a critical role in the development of its party system. For instance, after a period of extensive party splinters and new party start-ups, a major party merger between 1997 and 1998 allowed the Democratic Party of Japan to become a viable challenger to the Liberal Democratic Party for government.⁵

Taiwan has experienced a more stable party system than its East Asian democratic neighbours. Although it has had periods when third parties have won significant vote and seat shares in the national parliaments, two parties, the Kuomintang (KMT) and Democratic Progressive Party (DPP) have dominated the party system since democratization began in the late 1980s. The relevant third parties have tended to be splinters that broke away from these mainstream parties. Belanger and Godbout define party mergers as "the fusion of two (or more) political parties into a single new party organization. As a result of the fusion, the former parties must cease to exist, to be replaced by a new political formation."⁶ If we adopt this definition, then unlike its neighbours, Taiwan has not yet experienced a single case of party merging.

Nevertheless, we cannot just drop the topic simply because Taiwan's case does not fit nicely into this strict definition. Firstly, party mergers have received significant media attention in Taiwan in certain periods since democratization. Moreover there have been numerous cases of inter-party cooperation and negotiations with a view to party mergers. Thirdly, after

¹ Mair 1990.

² Lee, Hough and Keith 2010; Coffe and Torenvlied 2008; Belanger and Godbout 2010; Patton 2013.

³ Ibenskas 2016, 343.

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⁴ Park 2010.

⁵ Koellner 2011.

⁶ Belanger and Godbout 2010, 41.

party splits there have been a number of de facto mergers or partial takeovers. These have seen new or mainstream parties attracting sufficient numbers of politicians to switch affiliation to almost wipe out the victim parties. Fourthly, though these victim parties were decimated by what were either hostile or negotiated takeover bids, generally these smaller parties were able to survive and in some cases even recovered much of their former electoral strength. This suggests that new concepts are required to understand these attempted mergers and takeovers. We also show that a number of these merger processes would have major impacts on the development of Taiwan's party system, particularly the KMT's return to power in 2008. Therefore we hope to make a contribution to the literature on political parties with the first comprehensive examination of party merger attempts in Taiwan.

Literature Review

One of our motivations for this study is that the Taiwanese literature on party mergers is very limited. For instance Liao and Tien & Liu examine cooperation between the KMT and its splinter party, the People First Party (PFP), but these papers were written at a time when the outcome of the process was still inconclusive.⁷

Beyond Taiwan most studies of party merging are based on single cases and also single country cases. These have tended to generate country specific explanations. We are interested to see how well these approaches fit the Taiwan case. For example, Belanger and Godbout argue that the case of the Conservative Party of Canada shows how key factors leading to party merger were vote seat disproportionality, the desire to access new resources and the hope to rebrand the party.⁸ Lees, Hough and Keith particularly focus on the definable steps and processes leading to mergers.⁹ A first ingredient for a merger requires party elites to have a degree mutual trust to allow the merger process to be initiated. They expect a gradual transition from first cooperation towards merger. However, they also propose that the key player in a successful merger are not the party leaders but the working group made up of cross-party representatives tasked with establishing the practicalities of the merger. They also argue that there will need to be growing trust in the development team, increasingly delegation and reduced monitoring from the party leadership.

According to Coffe and Torenvlied the most common explanation for party mergers is a response to poor election results and the expectation that merging will improve future performance.¹⁰ However, Mair's study found a mixed picture on this point, noting that "the most striking impression is that fission and fusion have very limited electoral

⁷ Liao 2004; Tien and Liu 2005.

⁸ Belanger and Godbout 2010.

⁹ Lee, Hough and Keith 2010.

¹⁰ Coffe and Torenvlied 2008, 1.

consequences.”¹¹ In approximately half of his examined cases in the previous election at least one of the merging parties had lost support and the other gained support. Out of the cases of merged parties Mair found that rather than receive an electoral payoff, they tended to lose.¹² Therefore to understand the causes of party mergers we need to look beyond just electoral factors.

Thus far only two studies have attempted to develop an integrated framework for understanding party mergers. In the first large cross-national study of party mergers Ibenskas proposes an explanatory framework that emphasizes the costs (such as ideological differences) and benefits (such as overcoming electoral thresholds or becoming a major player in the party system) of mergers.¹³ Coffe and Torenvlied suggest focusing on the interplay between inner-party, inter-party and contextual factors.¹⁴ Contextual factors that could promote the environment for mergers include changes to the electoral system, as well as electoral results. For example, they suggest that electoral systems with high thresholds should enhance the willingness of smaller parties to consider merging as they would struggle to be competitive on their own.¹⁵ A further contextual variable is electoral support levels. They note that electoral losses or the expectation of electoral losses will raise the interest in merging. Coffe and Torenvlied also argue that important inter-party factors include ideological proximity, as well as inter-party levels of trust or friendship. They note “Parties will opt for a partner in a merger only if the partner is similar in some salient respects.” In addition Mair notes, “Mergers derive from elite behavior, prompted by cross-party friendships.”¹⁶ In terms of inner party variables, they argue that “the relative power of the dominant party faction and the party leader in combination with their attitude towards a merger and potential merger partners determine the probability of a merger.”¹⁷ A final inner-party factor they suggest is the parties’ primary goals. They propose that vote or office seeking parties are more likely to opt for mergers than policy oriented parties.

Research Questions and Framework

To better understand the phenomenon, we examine four cases where party mergers or takeovers were attempted. We address three core questions (1) How should we best classify the actual outcomes? (2) How we can best explain the variation in outcomes? (3) How can we assess the success of merger/takeover attempts?

The four cases we examine are (1) the Chinese Social Democratic Party (CSDP) and the New Party (NP) (1993-1994), (2) PFP and NP (2000-2001), (3) KMT and NP (2001-2005), and (4)

¹¹ Mair 1990, 140

¹² Mair 1990.

¹³ Ibenskas 2016, 354.

¹⁴ Coffe and Torenvlied 2008.

¹⁵ Coffe and Torenvlied, 4

¹⁶ Mair 1990, 140.

¹⁷ Coffe and Torenvlied, 5.

KMT and PFP (2002-2008). Readers familiar with Taiwanese politics will immediately notice all but one are Pan Blue parties. While the KMT has experienced a number of party splits, the DPP has not suffered serious splits leading to the formation of new parties or featured in party mergers.¹⁸ Although there were some politicians defecting from the TSU to the DPP in 2007 and some election cooperation, it is quite distinct from the cases examined here as there were not any negotiations with a view to a merger. In each case study we will classify the outcome of the process, attempt to explain the outcome, and assess the success of the merger/takeover.

Table 1: Merger/Takeover Classification Scheme

Relative Power	Fusion Outcomes	
Equal/Similar Power	Merger (NP-CSDP)	Failed Merger (KMT-PFP 1)
Unequal Power	Negotiated Takeover (KMT-NP & KMT-PFP 2)	Hostile Takeover (PFP-NP) or Failed Takeover
	Cordial	Hostile
	Inter-party Relationship	

We believe more nuanced categories are required to better capture and understand the processes. We have adopted a classification scheme that incorporates the following five outcomes: (1) merger, (2) failed merger, (3) negotiated takeover, (4) hostile takeover, and (5) failed takeover. The classification scheme is illustrated in Table 1, with our classification for our case studies. We consider the relative power of parties and the relationship between different parties to classify the outcome. The two extremes for the first factor are equal/similar power and unequal power while the two extremes for the second one are cordial relationship and hostile inter-party relationship. In terms of classification types, we first distinguish between mergers and takeovers. We adopt a broader understanding of a merger than Belanger and Godbout, thus we define a merger as the fusion of two or more parties of similar sizes and where the process is defined as a merger by the parties themselves. Thus it is not essential that the former parties cease to exist or that a new party is created. We define a *takeover* as where one party essentially annexes a weaker or smaller political party. Thus the distinguishing feature of these two types is relative party power. However, we also distinguish between *negotiated takeovers* and *hostile takeovers*. In the former, relatively cordial negotiations lead to the stronger party taking control of the smaller party's core assets (usually politicians), while hostile takeovers tend to feature high levels of antagonism as the large party attempts to poach and cherry pick the weaker

¹⁸ Although two small parties did split off from the DPP in the mid 1990s, they had very limited impacts on the party system.

parties' assets.¹⁹ Our classification scheme also includes the possibility that the talks are unsuccessful and the parties remain largely intact. We term these outcomes failed mergers or takeovers. Thus we take up the challenge posed by Lee, Hough and Keith to also bring failed merger attempts into the scope of analysis.²⁰ They argue that, "the inclusion of more cases of party merger – be they successful or unsuccessful – is essential if our framework is to be tested with the aim of it having predictive as well as explanatory value."²¹

In order to explain success and failure of attempted mergers we apply the framework proposed by Coffe and Torenvlied. Key contextual factors examined include the electoral system, electoral results and the relative size of the parties. In terms of the relative party sizes, we find that where party size is similar the environment will be more favourable for merger talks but where one party is far larger then a takeover is more likely. When it comes to inter-party variables, our cases show the importance of ideological proximity as well as the development of inter-party trust through previous cooperation. Lastly, we found that the key inner-party variable was the strength of party leaders supportive of mergers.

We also consider how to assess the success of a merger or takeover. In the short-term a merger may allow a party to boost its electoral fortunes and expand its human resources. However, the long-term effect may be different. If the merger leads to a new party that is unified and has a coherent identity and ideology, then it can be deemed a success. However, if the new party later suffers bitter factional infighting and is ideologically divided, it is likely to damage its reputation and may lead to a breakup of the new party. Thus we also build on Bolleyer et al's study on patterns of survival or termination of party mergers in Europe.²²

Case 1: The Chinese Social Democratic Party and New Party: *Taiwan's only party merger*

On December 28, 1994 the Chinese Social Democratic Party (CSDP) announced at a press conference that the party had been dissolved and merged into the New Party (NP).²³ Both were new parties, as the CSDP had been established in January 1991 and the NP only in August of 1993. This brought to an end a process that had begun in the autumn of the previous year, 1993. However the final outcome was rather different from what had been envisaged by some actors in the early negotiations. There was a hope on the part of the CSDP that they and the NP would be equal partners and that the CSDP's party charter would represent the basis for the merged party's policy platform.²⁴ Moreover it was hoped that the party would also be able to incorporate the other leftist parties such as the Labor Party (LP).²⁵ Also some in the CSDP had thought that the merged party might have a new name

¹⁹ Ware (2009) calls the latter unbargained mergers.

²⁰ Lee, Hough and Keith 2010.

²¹ Ibid 1315.

²² Bolleyer et al, 2016.

²³ *United Daily News* (UDN), 29 December, 1994, 4.

²⁴ *UDN*, 13 November, 1993, 1.

²⁵ Ibid.

rather than continuing to use the NP label.²⁶ However, when the formal merger did take place in December 1994, the CSDP was undoubtedly the junior partner in the merger and there was no longer any mention of the other leftist parties joining. Even on the issue of the party platform the CSDP was to be disappointed. As the CSDP founder Chu Kao-cheng (朱高正) explained, "From my standpoint, it was hard for me to refuse (to merge). We had internal meetings, the NP had agreed to adopt the CSDP's party programme and so what was the problem of us accepting their party name? But later the NP broke their original promise. I never imagined how terrible the NP could be."²⁷ Nevertheless, among our four cases, this is the closest to our definition of a party merger due to the relatively similar party power and cordial inter-party relations.

Contextual Factors

The first place to start to explain the outcome of this process is election results. The CSDP had nominated extensively in the National Assembly elections in 1991 and the 1992 Legislative Yuan elections, with 58 and 25 candidates respectively. However, apart from the CSDP's leader Chu Kao-cheng retaining his legislative seat, no other CSDP politicians won election. The other leftist parties had even worse electoral records. In contrast, though the NP had not yet been formed in the previous round of national elections in 1992, its founders had performed well winning election either representing the KMT or as KMT rebels. At the time of negotiations the NP had six sitting legislators to the CSDP's one. There was the expectation that under the SNTV electoral system used for parliamentary elections, the merged party would be able to become established in the party system.

Previous election results and human resources gave the NP a clear advantage in the merger negotiations. This meant that the LP held little attraction to the NP and soon became forgotten in the merger process. For Chu the merger was particularly attractive as the CSDP had failed electorally and his ability to influence national affairs was likely to be limited if he chose to persist with the CSDP. However, the parties' relative size was critical to why the process was officially described as a merger rather than a simple takeover. In other words, the CSDP had enough resources to negotiate a merger and the key lay in Chu himself. Chu was one of the most charismatic and well known Taiwanese politicians of the late 1980s and early 1990s. He had been educated in Germany and a founding member of the DPP. Chu's strengths were the NP's weaknesses. While most of the NP's founders were Mainlanders who could not speak Taiwanese, and whose political base was Taipei, Chu was Taiwanese and had been based initially in the south central county of Yunlin. NP Convenor Hsieh Chi-ta (謝啟大) explained the attraction that Chu held for their party initially, "The NP felt that at

²⁶ *UDN*, 19 October, 1993, 2.

²⁷ Interview, Kaohsiung, 9 October 2001.

the time no one was paying attention to the NP, so we thought let's let Chu Kao-cheng stand for us. We brought in an important controversial politician, this was a crucial moment."²⁸

Inter-party factors

The prospects of party merging are greater where there are high levels of ideological similarity between parties. On the surface a merger between a leftist party and a party perceived as a conservative Chinese nationalist grouping in Taiwan may seem quite challenging. In fact when soon after the NP was formed Chu was asked whether he would join the party, he responded he would not because "when you have different ideals, it can be miserable to share the same bed but have different dreams."²⁹ However, they shared much common ground on the core political dimension of national identity. When asked why he left the DPP in 1989 Chu explained, "It was because I disagreed with Taiwan Independence."³⁰ The NP's most frequently used appeal has been opposing Taiwan independence.³¹ On the question of how to resolve cross-Strait relations the two parties were also ideologically closely matched. For while the NP supported Chinese unification, the CSDP called for a Chinese Federal Republic (中華聯邦共和國) after China's democratization.³²

Beyond ideological proximity is the critical issue of inter-party trust. This needed to be built from scratch as originally in their former parties the NP founders and Chu had been at opposite ends of the political spectrum. As suggested by Lee, Hough and Keith, trust was accumulated between the parties during an initial cooperation phase.³³ Within weeks of the NP being formed there were discussions about cooperation between the parties at the local level in Taichung.³⁴ More importantly behind the scenes a trusted go-between played a key role in bringing the two sides together. Although Yao Li-ming (姚立明) had not joined the NP initially, he had got to know many of the NP founders when he was in the KMT. Yao explained the process, "I introduced Chu Kao-cheng into the NP, and the other was Huang Kuo-chung (黃國鐘). Why did I introduce these two? They were both from the CSDP, party founders. They were both very professional and studied law and philosophy. They were friends I knew from my time in Germany."³⁵ By September NP founder Lee Ching-hua (李慶華) had openly invited Chu to join the NP.³⁶ As negotiations progressed Chu explained that they would need to first cooperate before merging.³⁷ The parties were able to build up trust as in the 1993 local elections Chu personally campaigned and mobilized supporters to help

²⁸ Interview, Kaohsiung, 7 September 2001.

²⁹ UDN 31 July 1993, 2.

³⁰ Interview, Kaohsiung, 9 October 2001.

³¹ Fell 2005, 93.

³² CSDP newspaper ad, *China Times* 20 December, 1991, 8.

³³ Lee, Hough and Keith 2010.

³⁴ UDN 10 August 1993, 2

³⁵ Interview, Kaohsiung, 3 December 2004.

³⁶ UDN, 22 September 1993, 4.

³⁷ UDN, October 19, 1993, 2.

the NP campaigns. This trust was further strengthened in the build up to the formal merger in 1994. Chu resigned as CSDP Chair and joined the NP to stand as their candidate for the Provincial Governor race of 1994. According to Chu this campaign was critical in helping the NP to develop beyond Taipei, "The problem was they (NP) didn't have any power in Taiwan Province, we had to rely on the hard work of CSDP cadres. And at the time I got a lot of votes, almost half a million."³⁸ After over a year of pre-merger cooperation the relationship between the parties had developed well. Thus a week before the formal merger, the NP's Convenor Wang Chien-hsuan (王建煊) stated that "If the CSDP completes the legal process of dissolving itself then the NP and CSDP will be effectively married."³⁹

Inner Party Factors

The final element of the framework examines inner party variables. Here particularly important is the attitude of the dominant party leaders and factions towards mergers. In the cases of both the NP and the CSDP there was some disquiet about the proposed merger. As the relative strength of the two parties widened in the NP's favour some in the party felt that there was no longer a need to merge the parties but instead it would be best just to allow individual CSDP members to join. Just days before the actual marriage, NP founder Yu Mu-ming (郁慕明) stated that "there should absolutely not be a merger (of the two)."⁴⁰ In contrast opposition towards merger was more common at the grassroots level in the CSDP. The main concern was how they saw the NP as reneging on the merger agreement from the previous year, in particular its promise to make the CSDP's charter the basis for its policy platform.⁴¹ However, the internal power dynamics in both parties ensured the merger was completed.

When the NP was established it did not have a single dominant leader. Instead the party was dominated by 6-7 figures of similar stature. Despite the relatively small size of the party, it has tended to be highly factionalised and for much of the 1990s the party experienced very bitter internal fighting centred on these rival personal factions. However, when it came to the CSDP merger, enough of the founding leaders were supportive to prevent the process becoming derailed in 1994. In contrast, the CSDP was widely seen as a one man party. Chu was so dominant within the party that the CSDP was unimaginable without him. Even though he was no longer holding party office at the time of the merger, Chu was influential enough to ensure the party went along with the merger agreement and brought in significant human resources into the merged party.

Success of the merger

³⁸ Interview, Kaohsiung, 9 October 2001.

³⁹ Ibid. 1.

⁴⁰ UDN, 10 December 1994, 3.

⁴¹ UDN 24 December 1994, 4.

This was at least initially a relatively complete merger, as unlike the subsequent three cases the CSDP did actually dissolve itself. Chu brought with him a core group of CSDP cadres and six former CSDP politicians later stood for the NP. If we consider that the CSDP had 58 candidates in 1991, then it should be clear that the vast majority did not follow Chu into the NP but instead most simply left politics. One famous example is the Taiwanese film director Hou Hsiao-hsien (侯孝賢), who was listed second on the CSDP's party list in 1992.

Electorally the merger did have a significant impact on the party system, as the NP made a major breakthrough in the 1995 and 1996 national elections. After a number of failed attempts at establishing a relevant third party, the merger enabled the NP to break the DPP/KMT monopoly of the party system. The impact of the CSDP was revealed when Chu and his former CSDP Chairman Huang Kuo-chung were able to develop the NP's base in the southern city of Kaohsiung after the party merger, with both winning legislative races in the city in 1995.

While the merger was initially quite successful, in the longer-term it can be regarded as a failure. Chu and the CSDP group remained a small faction in the NP and were often marginalised by party founders. Chu engaged in bitter disputes with a number of NP figures and in March 1997 the NP expelled Chu for damaging the party's reputation.⁴² Rather than be deselected Huang chose to switch to the KMT. By 1998 elections the CSDP component of the NP had been lost.⁴³ To borrow Bolleyer et al's terminology, the merged party had been terminated.⁴⁴ In fact according to former NP Chair Hsieh Chi-ta "The NP's problems began from that time (when Chu joined.)...The problem with Chu Kao-cheng is that he cannot get along with others. Probably the two people that did the most damage to the NP are Chu Kao-cheng and Lee Ching-hua."⁴⁵

Case 2: The People First Party and the New Party: A *hostile takeover*

Our second case stands in stark contrast with the NP-CSDP merger. This time though there were some negotiations, it was essentially an attempt by the PFP to carry out a *hostile takeover* of the NP. The PFP's objective was to become the largest party in the Pan Blue camp and it aimed to do this by recruiting politicians from both the KMT and the NP. The process towards this hostile takeover began in the run up to the 2000 presidential election. The NP had been deeply divided over how to handle this election. Although the NP had its own presidential candidate in Li Ao (李敖), the party's factional leaders were divided over whether to support the official KMT candidate Lien Chan (連戰) or the KMT rebel James Soong (宋楚瑜). On the day before the election NP Convenor Lee Ching-hua suddenly announced his open support for Soong. Although Soong narrowly lost the presidential

⁴² UDN 10 March 1997, 1.

⁴³ Even the matchmaker Yao Li-ming had been forced out of the party and stood as an independent in 1998.

⁴⁴ Bolleyer et al 2016, 642.

⁴⁵ Interview, Kaohsiung, 7 September 2001.

election he formed the PFP in April 2000. As soon as the election was over the media was speculating over whether the NP would merge with the new party that Soong was preparing to establish.⁴⁶ With a range of upcoming national and local elections, the PFP needed large numbers of candidates and began actively recruiting KMT, NP and non affiliated politicians. One study of party switching found 22 cases of politicians making the switch from the NP to PFP between 2000 and 2002.⁴⁷ The defections from the KMT to the PFP were even higher but to a small party like the NP such a level of outswitching was devastating.

Initially the relationship between the NP and the PFP was friendly but relations began to sour as the PFP became more aggressive in its attitude towards the NP in early 2001. Rather than working together the two parties became highly antagonistic in the run up to the December 2001 legislative election. The election marked the end of the wave of NP to PFP defections. Although the NP was not completely taken over by the PFP, the scale of defections and the inter-party antagonism leads us to categorise this case as a *hostile takeover*.

Contextual factors

The first place to start explaining this takeover is electoral patterns and the electoral system. In 1998 the NP had suffered a severe electoral setback. The party lost half its legislators, falling from 21 to 11.⁴⁸ The NP's disastrous handling of the 2000 presidential also severely damaged the party's morale and reputation. In contrast the PFP was a party clearly on the rise. While the NP had only been relevant in SNTV elections, Soong's performance in the 2000 presidential election gave his new party a major advantage over the NP. Moreover, high PFP party identification in 2000 and 2001 and inswitches from other parties had given the PFP a high degree of confidence. Hsieh's comment gives a sense of the mood among NP politicians at the time the PFP was established, "Many of our opportunists switched to the PFP. Out of the 100 candidates the NP had cultivated four fifths switched to the PFP. He (Soong) seemed to take it for granted he could take our people."⁴⁹ This relative size advantage partly accounts for the aggressive stance the PFP took in dealing with the NP. This aggressive style would later backfire and pushed the NP closer to the KMT. While in the previous case the merger was motivated by the desire to enter the party system, the PFP's takeover bid was designed to make it the largest opposition party and potentially even to control central government on the back of a presidential election.

Inter-party factors

On paper it would seem that the PFP and NP were ideologically much closer than the first merger case. Both are splinters from the KMT and relied on a similar core set of voters.

⁴⁶ UDN 20 March 2000, 4.

⁴⁷ Fell 2014a.

⁴⁸ The seat share decline was worse than the reduction in the number of seats because the overall size of parliament had been expanded in 1998 to 225 seats.

⁴⁹ Interview, Kaohsiung, 7 September 2001.

However, ideology was something that actually kept the parties apart in the takeover period. Many vote seeking NP politicians were happy to switch on to the PFP bandwagon in the wake of Soong's almost successful presidential campaign. However, politicians at the centre of the NP in 2000-2001 were not satisfied with Soong's position on unification with China and even issued a newspaper advertisement in July 2001 demanding Soong make his position clearer. The ad brought the NP-PFP tensions into public attention and provoked an angry response from PFP Vice Chair Chang Chao-hsiung (張昭雄).⁵⁰ As Hsieh explained, "Some say James Soong is fine, he can do this job. But James Soong has a problem. James Soong still wants to be president, so to be president he can't just rely on Pan KMT votes. He wants to get middle, even Taiwan independence votes. So on this point he can't be clear on China policy, he dares not state his position, he always takes the middle line. So I think this is bad."⁵¹ The NP had been satisfied with being a small ideologically pure Chinese nationalist party and had been able to survive in its heartland in SNTV elections. In contrast, Soong needed to take a more ambiguous stance on China relations in order to appeal to a broader support base. Public opinion trends meant the market for extreme Chinese nationalism had been on the decline since the mid 1990s, thus Soong's stance was rational from an electoral point of view but created distrust among the NP leaders. This also partly explains how Soong was selective in which NP politicians the PFP tried to poach. As Hsieh explained, "Some people James Soong liked he brought into his party. Others James Soong did not want. He didn't want those too close to Mainland China, like Elmer Feng (馮滬祥)."⁵²

As we saw in the previous case, inter-party trust is important in successful party mergers. Although the PFP and NP came from the same party their experience of working together in the KMT in the early 1990s and late 1980s had left lingering bad feeling. Soong had been a close ally of Lee Teng-hui in this period, serving as KMT Secretary General. This meant that he was viewed as being part of the effort to marginalise mainlanders and the forerunner of the NP, the New KMT Alliance. This was a factor in why some NP members had preferred to support Lien over Soong in the presidential race and still distrusted Soong. Thus unlike the CSDP-NP, the NP and PFP did not have experience of trust-building pre-merger cooperation. The negotiations between the two parties in 2000-2001 also revealed the aggressive approach coming from the Soong camp and this explains the lack of trust towards the PFP on the NP's part.

Inner party factors

Lastly, despite the above electoral and inter-party factors, it is possible that if there had been a different leadership within the NP the eventual outcome could have been quite different. For instance, if Lee Ching-hua had remained NP Convenor it is quite likely that he

⁵⁰ UDN 29 July 2001, 18.

⁵¹ Interview, Kaohsiung, 7 September 2001.

⁵² Interview, Kaohsiung, 7 September 2001. Feng is the only elected Taiwanese politician to have spoken positively about the PRC's proposal for unification One Country Two Systems.

would have tried to engineer some kind of negotiated takeover. Similarly after Lee left, under the new Convenor Hau Lung-bin (郝龍斌) the NP maintained quite cordial relations with the PFP, with numerous party level meetings.⁵³ In late 2000 the NP also announced it would be willing to support KMT and PFP local executive candidates in the next year's elections.⁵⁴ According to Hsieh Chi-ta Hau's convenorship offered some protection to the NP against the PFP, "Under Hau Lung-bin it was felt that the NP, KMT and PFP could work together, as Hao Lung-bin is (former premier) Hau Pei-tsun's son. He (Soong) wouldn't dare bully Hau Pei-tsun's son."⁵⁵

The turning point in the NP-PFP relations came with the sudden decision by Hau Lung-bin to quit as NP Convenor and join the DPP cabinet as Environment Minister in March of 2001. In his place Hsieh Chi-ta became convenor and she worked closely with Kao Hsin-wu (高新武). Hsieh described the new mood, "James Soong went to Kao Hsin-wu's house the night Hau Lung-bin decided to leave. He wanted to make the NP his own party.....Mr Kao told him the NP would not collapse. So then he left."⁵⁶

In April 2001 Soong visited the NP for negotiations that amounted to an attempted hostile takeover. NP figures accused Soong of demanding that the NP lend him their generals (借將) in the form of giving them key party figures such as Wang Chien-hsuan, Chou Yang-shan (周陽山) and Kao Hsin-wu for the PFP party list. However, NP sources stated that he was flatly turned down.⁵⁷ Hsieh's comments give an insight into the party interaction, "He (Soong) said he wanted Feng Ting-kuo (馮定國) in Taichung County. We told him you cannot do this as the NP is already small, you can't do this. We said you want seats and we want votes. Since Feng Ting-kuo has decided to go, we'll let him go. Before the election he counts as ours, he'll keep the NP label and James Soong can speak for him at the rally and after the election we'll give him to you."⁵⁸ Neither this proposal nor NP proposed nomination cooperation in Kinmen was acceptable to Soong. As Hsieh recalled, "It's terrible. He wanted everything. In the negotiations he wanted the best and to give us the leftovers."⁵⁹ So in the end the negotiations failed.

This initial clash between the new NP leadership and the PFP set the tone for the rest of the campaign in 2001. As Hsieh recalled, "We decided after the Feng Ting-kuo incident to counterattack, we scolded Feng Ting-kuo and James Soong. We felt that before we were good to you, why do you take our property when we are at our lowest point?"⁶⁰ Similarly, in August of 2001 the PFP Vice Chairman accused the NP leadership of being selfish and

⁵³UDN 31 October, 2000, 2.

⁵⁴ UDN, 3 December 2000, 2.

⁵⁵ Interview, Kaohsiung, 7 September 2001.

⁵⁶ Interview, Kaohsiung, 7 September 2001.

⁵⁷ UDN 14 April 2001, 4.

⁵⁸ Interview, Kaohsiung, 7 September 2001.

⁵⁹ Interview, Kaohsiung, 7 September 2001.

⁶⁰ Ibid.

argued that the NP's bid to exceed five percent by nominating extensively could undermine the overall Pan Blue prospects and lead the camp to lose 35 seats. In response the NP's Kao Hsin-wu argued that "the PFP's attitude endangered the three-party cooperation, the Republic of China and the PFP itself and even promoted the momentum of Taiwan independence."⁶¹ In short, hostile leadership attitudes played a key role in the way the process developed.

Success of the PFP takeover

On some levels PFP's takeover bid was initially a success. There was the high number of NP-PFP defections. In addition, the PFP did extremely well in the 2001 campaign, winning an impressive 46 seats or the highest ever won by a non mainstream party. This election saw the NP reduced to a single legislator out of its 41 candidates. However, the NP fiercely resisted the PFP's takeover bid and was able to maintain its independent status as many on the PFP's poaching wish list stayed put. Moreover, the NP nominated very extensively in 2001 particularly where the PFP had strong candidates, seemingly with the aim of undermining the chances of PFP candidates. If the PFP had taken a more negotiated approach, it is possible the party could have performed even better in 2001, allowing it to potentially overtake the KMT as the largest opposition party. In the longer term the takeover can also be seen as a failed one. The relative strength of the KMT and PFP would later have implications over who would be the Pan Blue presidential candidate in 2004. In fact in the period between 2000 and 2002 the PFP had higher levels of party identification than the KMT. The KMT's higher numbers of legislators (as well as financial resources) gave it an advantage over the PFP when it came to decide who would be their joint presidential candidate in 2004. Moreover, the PFP's takeover attempt turned its potential allies into bitter enemies and contributed towards the NP's subsequent drift back towards the KMT. This is the topic of the next case study.

Case 3: The Kuomintang and New Party: A *negotiated takeover*

After splitting away from the KMT in 1993 the NP had an antagonistic relationship with the KMT until 2000. The party was highly damaging to the KMT, as it tended to target KMT voters and politicians to defect. However, NP-KMT relations gradually warmed after the KMT had lost power in 2000 and Lien Chan replaced Lee Teng-hui as KMT Chairman. The first fruits of this cooperation for the NP was the agreement of the KMT (and PFP) to support a NP candidate, party founder Wang Chien-hsuan as the joint Pan Blue candidate using the NP label for Taipei County local executive in 2001.

The first calls for a NP-KMT merger came from NP legislative candidates in the run up to the 2001 elections. In November NP founder Yu Mu-ming proposed a three into one (三合一) merging of the KMT-NP-PFP. It was reported that the post merger party name would be the

⁶¹ UDN, 6 August 2001, 2.

New KMT (新國民黨).⁶² Two weeks later on the eve of the elections another NP candidate Alex Fai (費鴻泰) announced that under certain conditions he would return to the KMT. This was viewed by analysts as going further than Yu, as Yu's vision was of the three parties coming together on the basis of equal status.⁶³ The NP Convenor Hsieh responded to Fai's announcement by explaining that if Fai joined the KMT he would immediately be expelled from the NP.⁶⁴ The KMT also reacted cautiously to suggestions of merger. For instance, the KMT's Chao Shou-po (趙守博) argued that this was not the right time for talking about mergers in the midst of the campaign. Also he stated that though the KMT welcomed politicians to return to the KMT the party would not be willing to lose its name for the sake of a merger.⁶⁵

Following the NP's disastrous defeat in 2001 talk of a NP-KMT merger faded from attention. Hsieh was replaced as party chair by Yu and the priority for the NP became survival. The NP came out strongly in support of a joint Pan Blue ticket for the 2004 presidential election led by Lien Chan. However, Yu made it clear that he favoured cooperation rather than a merger.⁶⁶ Yu explained that he was supportive of the idea of a PFP-KMT merger, but that the NP preferred to go its own way for the time being.

Despite Yu's reservation the process towards NP-KMT integration moved forward in the second half of 2004. An electoral alliance was agreed in September that allowed eight NP members to stand as KMT candidates in the December 2004 legislative elections.⁶⁷ In addition the NP explained that after winning election the legislators would revert to NP affiliation and become an independent party caucus.⁶⁸

Out of the NP candidates standing under the KMT banner three were successfully elected in 2004. After Ma Ying-jeou (馬英九) became KMT chairman in July 2005 talk of a party merger again disappeared. Instead the KMT began a clearer takeover of NP assets. For instance, the three legislators ended their dual membership in August.⁶⁹ Since 2005 there have been occasional defections towards the KMT such as Hau Lung-bin in order to stand for the KMT as Taipei mayoral candidate in 2006 and even a smaller number defecting in the opposite direction.⁷⁰ However, unlike in the past these switches have not affected the collaborative

relationship between the parties. Therefore we have classified this case as a negotiated takeover.

Contextual factors

⁶² UDN, 16 November 2001, 3.

⁶³ UDN, 27 November, 2001, 4.

⁶⁴ UDN, 5 December 2001, 2.

⁶⁵ UDN, 17 November 2001, 2.

⁶⁶ UDN 27 January, 2003, 6.

⁶⁷ UDN 9 September 2004, A10.

⁶⁸ UDN, 27 September 2004, 4.

⁶⁹ UDN 17 August, 2005, 4.

⁷⁰ In 2008 Lee Sheng-feng (李勝峰) and Joanna Lei (雷倩) returned to stand for the NP for its party list.

Elections and the electoral system again played a role in the KMT's negotiated takeover of the NP. The emergence of the DPP as the ruling party in 2000, the NP-PFP hostility and the DPP's retention of power in 2004 served to bring the NP and KMT closer together. The 2001 legislative elections also had a major effect on the integration process. The NP candidates raising merger or returning to the KMT prior to the election suggests they were clearly aware of the danger of losing under a NP banner. Moreover the experience of the total defeat of its candidates in 2001 made the NP more open to the idea of the negotiated takeover for the 2004 legislative elections. The relative sizes of the KMT and NP meant that the KMT could dominate the takeover process. Lastly, the new Single Member District two vote electoral system that was approved in 2005 squeezed the space for all smaller parties, including the NP. This explains why after 2005 the party has only been able to focus its efforts on the SNTV Taipei city council and the proportional party list component of legislative elections.

Inter-party factors

The NP is perhaps the closest Taiwanese example of a primarily policy seeking party, thus we should expect policy matters to be especially influential in its return to the KMT. For instance, Elmer Feng had argued a reason for calling for a merger in late 2001 was that the "KMT had bid farewell to the Lee Teng-hui line."⁷¹ Here Feng is referring to the KMT's shift back towards Chinese nationalist positions after Lee Teng-hui left in 2000. The KMT continued to move closer ideologically to the NP while in opposition. As a former KMT Propaganda Chief Huang Hui-chen (黃輝珍) explained in late 2001, "At present those controlling the KMT's ideology are inclined towards the NP force."⁷² After 2001 this convergence continued. For instance, the KMT visits to China in 2005 followed the precedent set by the NP's talks with the CCP in 2001. Ma's China policy prior to and after coming to power in 2008 essentially followed a blueprint left by the NP in the late 1990s and early post 2000s. In the summer of 2004 Yu remarked that once the KMT made a clean break from the localization line, he would no longer object to a merger.⁷³ Hsieh even likened the changed relationship to the story of Snow White. "We left because the KMT chairman (Lee Teng-hui) wasn't Chinese. He bullied Chinese, we could see it. It was like in Snow White where the father marries a stepmother and the stepmother kicks out Snow White. We were like Snow White. We had been kicked out. But after the stepmother was kicked out we could have a good relationship with the family again."⁷⁴

However, as in the PFP-NP case, ideology was also something that kept the KMT-NP from fully merging. The KMT needed to take a relatively moderate line on relations with China in order to win national power and thus fully absorbing the NP risked giving it the reputation for extremism. Thus it was safer from a KMT perspective to keep the NP as a separate but allied party.

⁷¹ Fell 2005, 109.

⁷² Interview, Taipei, 26 September 2001.

⁷³ UDN, 14 August 2004, A4.

⁷⁴ Interview, Kaohsiung September 7, 2001

Inter-party trust and friendships have also been critical to the renewed embrace of the two parties. In other words, first Lien Chan and then Ma were able to build up a good working relationship and election campaign cooperation with the NP leadership after 2001, and this has largely been maintained to this day.

Inner party factors

Lastly changing inner party variables contributed to the closer relationship. In addition to Lee's departure from the KMT, the passing of NP leadership from the Hsieh to Yu was central to the more cooperative relationship between the NP and KMT. Yu was willing to allow the KMT to take over NP assets in 2005. The NP had originally been an element in the KMT Non Mainstream faction that had been marginalised in the party in the mid 1990s. However, after Lien became KMT chairman in 2000 the Non Mainstream Faction again became influential in the KMT party headquarters, making it easier for the NP to be brought back into the fold. Similarly there was a difference in the attitudes of Lien and Ma towards the NP, in that while the former was much more open to the idea of party merger, Ma preferred a friendly but de facto takeover of the NP.

Success of the takeover?

Generally it is assumed that the smaller party in a merger will be assimilated by the larger party. At least ideologically, this NP-KMT takeover case challenges that assumption as over time the KMT has moved closer to the NP's positions since 2001. In fact following the KMT's nomination of Hung Hsiu-chu (洪秀柱) as its 2016 presidential candidate some analysts spoke of a NPization (新黨化) of the KMT.⁷⁵ If we consider how damaging the NP was to the KMT in the 1990s, then the transformation of the party's relationship must be considered a long-term success. The KMT has been able to reintegrate many of the NP's strongest politicians but at the same time maintain a close working relationship. Even where the NP does nominate such as Taipei city council, it no longer appears to threaten the KMT and in return the NP actively campaigns for KMT candidates such as recently in the 2014 Taipei mayoral and 2016 presidential elections. In other words, the NP operates as somewhere between a friendly allied party and a party faction. Lastly, the partial takeover of the NP was a crucial step in the KMT's struggle to create a unified Pan Blue camp in the run up to its return to power in 2008. The model the KMT adopted for reintegrating the NP in 2004 was one that would subsequently be employed for the more complex task of re-absorbing the larger splinter, the PFP. This is the focus of the fourth and final case study.

Case 4: The Kuomintang and People First Party: *From a failed merger to a negotiated takeover*

The fourth case should have been the easiest merger. The PFP and KMT were similar in size for much of the DPP era and after the departure of Lee Teng-hui from the KMT, the two were ideologically much closer. In addition the two party chairs Lien and Soong were able to get over their earlier bitter rivalry from the 2000 presidential election and develop a close working relationship. However, despite extensive merger talks the eventual outcome was

⁷⁵ Liberty Times, 29 June 2015.

essentially a KMT *negotiated takeover*. Between the establishment of the PFP in April 2000 and the KMT's virtual takeover of the PFP in late 2007, the relationship between the parties went through a number of stages. The first phase that lasted through until the December 2002 local elections, featured intense competition over which would be the dominant Pan Blue party.

A new phase of cooperation emerged in the aftermath of the 2002 elections. The parties were able to reach agreement for a joint presidential ticket with Lien as the presidential and Soong as vice presidential candidate. At this time the KMT's Lien first raised the idea of a party merger arguing that Taiwan was already moving towards a two party system and that the PFP, NP and KMT should discuss the steps towards a merger.⁷⁶ The PFP immediately rejected this KMT suggestion, with the PFP's Chang Hsien-yao (張顯耀) explaining "A party merger before the election is impossible and impossible after the election."⁷⁷

Following the joint presidential ticket's narrow defeat in March 2004, the KMT attempted to hasten the merger process. In May Lien tabled a KMT-PFP merger proposal that would see a merger working group set up and aimed to see the parties merged in July. However, Soong explained that there was not yet a timetable for a merger, agreement on post merger name and that the KMT needed to deal with its political corruption problems and that the parties still had major differences on localization.⁷⁸ Nevertheless the first merger working group meetings were held in July, though it was agreed to delay the merger until after the December 2004 legislative election.⁷⁹

Pressure for a merger grew as the 2004 election campaign hotted up. The difference though was that for the first time calls for merger came from the PFP. In September Soong proposed a merger timetable, calling for the creation of a new party in February 2005, noting that the new party's name was something to be discussed.⁸⁰ Then on September 21 PFP legislators Lee Ching-hua and Diane Lee (李慶安) called on the parties to merge prior to the National Day (October 10), describing this as the best birthday present for the Republic of China.⁸¹

The February target set by Soong was however not met. While the KMT was celebrating its December 2004 election victory, Soong argued that the KMT had broken its promises and

⁷⁶ UDN, 19 December 2002, 4.

⁷⁷ UDN, 25 January 2003, 6.

⁷⁸ UDN, 20 May 2004, A3.

⁷⁹ UDN, 15 July, 2004, 4.

⁸⁰ UDN, 1 September 2004, A4.

⁸¹ UDN, 22 September 2004, A10.

that "They have closed the gates (to merger)."⁸² At this time of growing PFP KMT tensions a key precedent was made when PFP legislator Chou Hsi-wei (周錫瑋) rejoined the KMT in order to contest the KMT's primary for Taipei County in April 2005. The PFP's response was to immediately suspend his membership.⁸³

It was not until the aftermath of the December 2005 local elections that the merger issue returned to the agenda. However, the urgency to merge now mainly came from the large pro merger faction within the PFP. Working group meetings were held between PFP and KMT, with Ma (but not Soong) joining the discussions on December 8.⁸⁴ However, it was clear that the long awaited Ma-Soong meeting would be decisive; this tense four hour meeting was held on December 13.⁸⁵ Although they agreed to leave specifics on future nomination for later discussion, there was no breakthrough on a party merger.

We regard the aborted merger talks of December 2005 as the cut off point between a failed merger and the new process of a negotiated takeover that would play out through to 2008. What had been a trickle of defections in 2005 became a major wave as the merger faction in the PFP switched to the KMT in 2006-7. As the 2008 Legislative elections approached KMT-PFP discussions revived in 2007. The challenge was what to do with the remaining PFP legislators that had not defected. In September it was announced that a new target for party merger would be after the Legislative Yuan elections in February 2008.⁸⁶ After negotiations between KMT chair Wu Po-hsiung (吳伯雄) and Soong it was announced that the remaining PFP legislators would return to the KMT and six would stand as district candidates with full KMT support.⁸⁷ Former KMT secretary general Wu Tun-yi (吳敦義) explained his understanding of these negotiations, "So in reality the two parties have become one. Although the names are still separate, as we still maintain Chairman Soong's position as a party chairman."⁸⁸ Once again though a merger target was missed, as this was

not achieved in February 2008. The election results left the KMT with three quarters of the seats in parliament and the PFP just one. As Wu suggested the two parties had effectively become one, but it was more a negotiated takeover than a merger.

Contextual factors

Electoral factors and the electoral system played a key role in the development of the integration process between the KMT and PFP after 2000. Soong's almost successful presidential bid in 2000, high levels of party identification and remarkable election results in

⁸² UDN, 13 December 2004, A5.

⁸³ UDN, 14 April 2005, A1.

⁸⁴ UDN, 9 December 2005, A3.

⁸⁵ UDN, 13 December 2005, A2.

⁸⁶ UDN, 23 September 2007, A4

⁸⁷ UDN, 15 November 2007, UDN A4.

⁸⁸ Interview, Taipei, 25 July 2008.

2001, gave it the confidence to go it alone initially. The PFP thrived in the SNTV electoral system. After 2002 though the party identification trend shifted in the KMT's favour with PFP party identification down to 9.6 compared to the KMT's 21.2 in 2004.

In 2004 the KMT again responded to a second presidential defeat with the call for a merger and though the PFP's reduced support levels meant it did not reject this proposal outright, the PFP still had the strength to make clear its preference for cooperation rather than merger. However, December 2004 legislative election results served to undermine the merger project. Although the Pan Blue camp retained its majority, the KMT had risen from 68 to 79 seats and the PFP fell from 46 to 34 seats. Thus the PFP broke off talks believing the KMT had deliberately profited at the PFP's expense. However by late 2005 party identification shifts made the PFP more willing to talk about a merger and PFP politicians began to defect. The new electoral system did have a mechanical effect as the challenge of the SMD two vote system not only encouraged defection towards the larger party but also put pressure on the PFP to find a way out for its remaining politicians. By 2006 the relative party identification was 2.7 for the PFP to 35.5 for the KMT, giving the KMT much greater ability to dominate the integration process. According to KMT Secretary General Wu both sides stood to benefit from the nomination agreement in 2008, "That is because if they didn't use the KMT flag they wouldn't be able to get elected. So they had to join the KMT. In some places our people might not win, and they had strong candidates. They needed our nomination and flag and we needed their talented politicians to join our party."⁸⁹ However, relative party sizes and electoral system factors cannot tell the whole story, as in late 2005 the PFP had sufficient numbers of strong legislators to survive as an independent entity even in the new electoral system.

Inter-party factors

Of the four cases examined ideology was the least important in the KMT-PFP integration process. One of the key selling points of the PFP had been its relatively vague ideological positions compared to the NP. However, one interesting pattern in the negotiations process was that the PFP repeatedly raised policy issues as a means to stall negotiations. For instance, on separate occasions the PFP demanded the KMT first deal with its China policy, its party assets and political corruption problems before the PFP would consider a merger.⁹⁰

Trust is a core ingredient of a successful merger, however, this was clearly often lacking. For instance, though Lien and Soong were able to get over the animosity left over from the 2000 campaign, trust was often broken down by open criticism of negotiations coming from both camps. Although many in the PFP had originated from the KMT, a faction of the PFP held highly hostile positions regarding the KMT. A representative figure whose criticisms of the KMT often undermined cross-party trust was PFP vice chair Chang Chao-hsiung. This is

⁸⁹ Interview, Taipei, 25 July 2008.

⁹⁰ UDN 2005 May 19, A4.

apparent from his comments after the December 2004 elections, "The first time we were tricked (by the KMT) we were honest and did not understand, the second time we were tricked we were honest and tolerant (忠厚), if we get tricked for a third time we have to admit to being idiots."⁹¹

When we consider Lee, Hough and Keith arguments on merger negotiations we can see how the merger working groups were never allowed to fully function in this case. Not only were they subject to open criticism from fellow partisans opposed to merger but also party leaders took a highly hands on role rather than delegating power to the working groups. For instance KMT chair Ma personally joined the working group discussions in December 2005 and the Ma-Soong meeting later that week overrode any agreements the working groups reached.

Inner Party factors:

Lastly, inner-party factors were critical in shaping the direction of integration. On paper there was far less change within the PFP. Throughout the period Soong was chair and Chang vice chair of the party. While Chang was consistently hostile towards the KMT and Soong's position on merger did change and soften over time as his own and the PFP's strength ebbed. Thus once Soong's popularity had steeply declined by early 2005 his cautious attitude was being openly challenged by the merger faction in the PFP and these were the first politicians to defect in 2006. However, KMT sources tended to blame Soong's changeable attitude towards merger as the key factor preventing the merger taking place.⁹²

When it came to the KMT Lien played a key role promoting integration with the PFP despite internal criticism. Presidential advisor Hsu Li-teh (徐立德) who acted as a go-between in PFP-KMT negotiations described in his autobiography how Lien tried to create the right conditions for Soong to return to the KMT.⁹³ However, he did not have the same power within the KMT as Lee Teng-hui and this was made clear when internal opposition played a key role in the shelving of the May 2004 merger proposal. It is quite likely that if Lien had been able to serve a second term as KMT chair, then a more equal format of integration could have been achieved. However, once Ma became KMT Chair the takeover process began in earnest. The atmosphere of the May 2005 Ma-Soong merger talks reflects the deep animosity between these two party leaders. This was apparent when after the meeting Ma even joked to reporters, "we do not need to call an ambulance."⁹⁴ It is also noteworthy that the parties were able to reach an agreement in 2007 to resolve the PFP's remaining legislators when Wu Po-hsiung temporarily replaced Ma as KMT Chairman in February 2007. Wu's more conciliatory style helped the parties overcome their differences to reach this agreement.

⁹¹ Ibid.

⁹² UDN, 4 September 2010, A4.

⁹³ Ibid.

⁹⁴ UDN, 14 December 2005, A4.

Success of the takeover

If we take the electoral results in 2008 as a measure then initially the takeover of the PFP was a remarkable success. The KMT won historic presidential and legislative election victories that stand in sharp contrast to 2004 when there were two separate parties. The party system was transformed as there was now a unified Pan Blue party more dominant than at any time since democratization. From the perspective of party unity it was also successful as the new members were well integrated into the KMT and did not form an independent faction or switch back to the PFP. From the perspective of the PFP politicians' career it was also very successful as the majority won election after rejoining the KMT and most won re-election in 2012 as well. Ideologically they also fitted in well with the Ma led KMT and its new Chinese nationalist appeals. In the long-term, however, the takeover would have negative consequences for the KMT. Unlike the case of the NP, the PFP ended up taking an adversarial stance towards the KMT after 2010. This was apparent during the 2012 and 2016 national elections when the Soong stood as presidential candidate and the party nominated district candidates (mainly against KMT incumbents) and a party list. This going its own way did pay off as the PFP was able to win three seats and get back into Legislative Yuan in 2012. Moreover, in the 2016 national elections Soong's PFP was even more damaging to the KMT and for part of the campaign it looked as if Soong might even win more votes than the KMT presidential candidate. In other words, of all the four cases the PFP has proved the most successful at post takeover recovery.

Conclusions

This study represents the first attempt to systematically examine the process of party mergers and takeovers in Taiwan's party system. This has been achieved by examining four cases. We hope our study offers some contribution to both the Taiwanese party literature but also the broader literature on party merging and takeovers. We have summarised our findings in Table 2.

Table 2 Summary of Cases

	Classification	Contextual factors	Inter-party factors	Inner-party factors	Success evaluation
CSDP-NP	A merger	Poor electoral results (CSDP) Similar relative sizes	Close ideological positions Successful cooperation	Leadership supportive	Short-term success Long-term Failure
PFP-NP	A hostile	Different	Lack of trust;	Hostile	Short-term

	<i>takeover</i>	relative sizes	Ideological differences	leadership	mixed success Long-term failure
KMT-NP	A negotiated takeover	Poor electoral results; Different relative sizes; Electoral system	Close ideological positions Successful cooperation	Leadership supportive	Short and long-term success
KMT-PFP	From a failed merger to a negotiated takeover	New electoral system From similar relative sizes to one dominant.	Mixed cooperation experience	Leadership positions fluctuate (2002-2005) then leadership supportive (2007-8)	Short-term success Long-term failure

Firstly the study has shown the importance of examining a variety of merger outcomes rather than just successful cases. This approach allows us to examine a wider set of cases and also offers greater insights into how to explain variation in outcomes. We employed a classification scheme that used relative party power and the inter-party relationship to classify the types of outcome. We proposed five possible outcomes and our case studies included four of these: merger (NP-CSDP), failed merger (KMT-PFP stage 1), hostile takeover (PFP-NP), and negotiated takeover (KMT-NP & KMT-PFP stage 2).

We attempted to contribute to the discussion on how to explain the outcome of attempted mergers and takeovers by applying the framework suggested by Coffe and Torenvlied that looks at the process through the interplay of contextual, inter-party and inner party factors. We found that the best conditions for merger included similar relative party power, closer ideological positions, successful pre-merger cooperation and supportive leadership. In contrast, though the PFP-KMT had some of these conditions (similar size and ideological positions), poor cooperation experience and changeable leadership positions on mergers led to the failed merger (stage 1). Large relative size advantage determined whether the process developed into a takeover rather than a merger. However, our cases revealed that other inter-party and inner-party variables would determine whether the outcome was a negotiated or hostile takeover. In particular, we found that closer ideological positions, inter-party trust and leadership supportive of integration made a negotiated takeover more likely (KMT-NP & KMT-PFP stage 2). In contrast, low trust or aggressive attitudes in

negotiations could backfire with potentially negative consequences, as was seen in the NP-PFP hostile takeover.

We were also interested in how to assess the impact of mergers or takeovers. We also have shown how the merger outcomes had a major influence on the shaping of Taiwan's party system. We made a distinction between long and short-term impacts of mergers/takeovers. In the short-term, we found all four of our cases featured significant benefits in gaining human resources and improved post fusion election results. Nevertheless, we have categorised three out of our four cases as long-term failures. For instance, the PFP was able to recover sufficiently to undermine the KMT electorally after 2010, while the CSDP faction within the NP had been entirely lost within three years of the merger.

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