

**DEMOCRATIC TRANSITION**

**IN TAIWAN**

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DEMOCRATIC TRANSITION

## IN TAIWAN

Ye Myint

136 Pages December 1994

A descriptive analysis of the process of democratic transition in Taiwan was made in this study. Some conclusions concerning the factors which facilitated this process were reached.

APPROVED:

Date Robert W. Hunt, Chair

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## DEMOCRATIC TRANSITION

### IN TAIWAN

Ye Myint

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This study dealt with the process of democratic transition in Taiwan and assessed how two major theoretical approaches in the study of the relationship of development and democracy fit the nation's experience. The approaches are respectively the socioeconomic-preconditions approach argued by the modernization school and the political-process approach proposed by Dankwart Rustow and Samuel Huntington. Applying these approaches to Taiwan's case, a descriptive analysis was made to investigate how economic development and the



subsequent socioeconomic changes effected the nation's democratic transition and how the prodemocratic forces and the authoritarian regime interacted in the political process in which liberalization of the nation's politics was eventually achieved. The data point to the following conclusions:

1. Taiwan's democratic transition rests on three major factors; the economic development and the socioeconomic changes which undermined the authoritarian regime and created social bases for democracy, the shrewdness and ability of the democratic opposition to set a transition agenda for political reforms and the role of the leadership, particularly president Chiang Ching Kuo, to facilitate these political reforms.
2. The two theoretical approaches employed in this study are equally significant and supplement each other, since the socioeconomic-preconditions approach explains the environmental factors conducive

to democratic transition and the political-process approach explains the dynamics of the political process which actually brings about democratic transition.

APPROVED:

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Chair

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**Date**                      **Elizabeth Davis****ACKNOWLEDGEMENTS**

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Y.M

## CHAPTER I

### INTRODUCTION

#### **Introduction To The Issue**

The process of democratization seems well underway in Taiwan. The nation's politics is characterized by a growth in the rights of individual citizens to participate in the shaping of public policy, through a widening range of interest groups and political parties, and these rights seem increasingly to be guaranteed. Basically, the question this study asks with respect to the political process in Taiwan is simply: why has the democratization process occurred and continued in Taiwan?

#### **Development and Democracy in East Asia**

Changes in Taiwan reflect two phenomenal developments in East Asia in contemporary times: economic development and democratic transition. Economically East Asia has emerged as the most dynamic region in the world in terms of economic growth. Japan, as the leading country in the region, has a

gross national product double the size of Germany's. It has become the world's largest creditor while the United States has slipped into being the world's largest debtor.<sup>1</sup> Other East Asian countries are also doing well, following Japan's developmental steps. Good examples are south Korea and Taiwan which are experiencing rapid economic growth in the same pattern Japan had in the past.<sup>2</sup>

Since the 1960's, Taiwan and South Korea's export-oriented economies have grown by leaps and bounds, and they are now poised to join the club of developed countries in average living standards and industrial

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Frederick Chien, "A view From Taipei," Foreign Affairs 70 (Winter 1991/92): 93.

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Taiwan's and South Korea's economic policies and developmental steps are have followed the Japanese model. This pattern of imitation by those late industrializers to follow their Japanese predecessor is described as " the Pattern of Flying Geese," where industrial laggards follow in the footsteps of the industrial leader. Steven Chan, East Asian Dynamism (Boulder, San Francisco and New York : West View Press, 1990), 41.

competitiveness.<sup>3</sup> For example, the average income in Taiwan has risen to about U.S. \$ 7,500 in 1979 from a low of U.S. \$ 153 in 1952.<sup>4</sup> Appropriately named as Newly Industrialized Countries (NICs), other East Asian countries such as Malaysia, Singapore, Hong Kong, Thailand and Indonesia are also following this pattern of economic development with extraordinary growth rates.

The second major development in East Asian region is the process of democratization which has been moving apace since the 1980's. This political process can be seen as a part of the democratic transition in a large number of countries throughout the world, which Samuel Huntington called "The Third Wave" of democratization. This democratic progress is apparent in the dramatic transitions

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Steven Chan, East Asian Dynamism (Boulder, San Francisco and New York: West View Press, 1990), 41.

4

Ibid., 41.

in South Korea, Taiwan and Thailand.<sup>5</sup> Evidences for this progress are, first of all, the victory of the opposition party in South Korea for the first time since the World War II followed by the constitutional transfer of power to the elected government. Moreover the opposition party (the DPP) in Taiwan - where opposition was unthinkable in the past - has been increasingly consolidated. In Thailand, the military regime, which seized power in 1991's coup d'etat, was defeated by the middle-class-led popular uprising in 1992. The Thai military had to bow to the democratic forces by giving up political power to the civilian interim government. For the first time in the nation's history, the Thai military had to agree to the condition, set by the democratic coalition of political parties, that it shall not intervene in Thai politics in future. New elections took place under the interim

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<sup>5</sup>

Larry Diamond, Juan Linz and S. Martin Lipset, "Introduction: Comparing experiences with Democracy," in Politics in Developing Countries: Comparing Experiences with Democracy ed. Larry Diamond, Juan Linz and S. Martin Lipset (Boulder and London : Lynne Rienner, 1990), 1.



government and democracy returned to Thai politics.

### **Two Approaches in the Study of Development-Democracy Issue**

In light of these developments, it appears that economic development and democracy have come sequentially to the region. The sequence has for a long time been a prominent topic in the discipline. In recent times, the connection has been associated with Seymour Martin Lipset and is identified with the "modernization school" of thought.

Modernization theory can, however, be traced as far back as Aristotle's analysis of prosperity and democracy. Lipset's contemporary re-statement suggests that "democracy is related to the state of economic development. The more well-to-do a nation, the greater the chance it will sustain democracy."<sup>6</sup> Lipset asserted that the likelihood of political democracy increases as socioeconomic

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<sup>6</sup>

Seymour Martin Lipset, Political Man : Social Bases of Politics ( New York: Garden City, 1960), 31.

conditions improve.<sup>7</sup>

Following Lipset's lead, many scholars of this school elaborated this argument quantitatively and qualitatively. Basically, theorists of the modernization school concluded that economic development creates socioeconomic conditions which are conducive to the coming of, or the sustaining of, democracy: these conditions are the expansion of autonomous entrepreneurial middle classes; the industrialization and the movement of labor into manufacturing furthering the differentiation and organization of the urban sector; improvements in literacy, education and communication; mass media expansion and the emergence of an autonomous "civil society."<sup>8</sup>

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Seymour Martin Lipset, "Some Social Requisites of Democracy," American Political Science Review 53(1) (March 1959): 69-105.

8

Larry Diamond, Juan Linz and S. Martin Lipset, "Introduction: Comparing Experiences with Democracy," in Politics in Developing Countries Comparing Experiences with Democracy ed. Larry Diamond, Juan Linz and Seymour Martin Lipset. (Boulder and London: Lynne Rienner Publishers, 1990), 11-13. Hunting also

The case of Taiwan has proved to fit to this explanation since rapid socioeconomic progress brought about democratic ferment and produced an environmental context in which movement toward democracy would be possible.<sup>9</sup>

Virtually all of the socioeconomic conditions of democracy which modernization theory considers now exist in Taiwan. Lucian Pye, a distinguished scholar of Asian politics, has suggested that " Taiwan is possibly the best working example of the theory that economic progress should bring in its wake democratic inclinations and a healthy surge of pluralism."<sup>10</sup>

How, then, do we explain deviant cases ? How can this theory or

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enumerated these conditions in his discussions about socioeconomic changes and democratic transition. See Samuel Huntington, Will More Countries Become Democratic? in Political Science Quarterly 99(2) (1984): 201.

<sup>9</sup>

James Chul-Yul Soong, "Political Development in the Republic of China on Taiwan, 1985-1992: An Insider's View," World Affairs 155(2) (Fall 1992): 62.

<sup>10</sup>

Lucian Pye, Asian Power and Politics (Cambridge Massachusetts : Harvard University Press, 1985), 233.

hypothetical relationship deal with situation where the economic and political connection fails to occur ? First, democracy can clearly occur at low levels of economic development. A good instance is the survival of democracy in India where poverty continues to prevail. What factor or factors could have been in play in India for democracy to survive ?

In addition, democratic transitions have not taken place in the oil-rich Arab states, despite economic prosperity. Moreover, economic development in Latin America in 1960-70's failed to usher in democracy in the region. Based on the Latin American evidences, the Bureaucratic-Authoritarian school attacked the premises of modernization theory, pointing out that economic development called for authoritarian regimes - not democracy - to promote an economic transition from the primary to secondary stages of import-substitution economies in the region.<sup>11</sup>

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Guillermo O'Donnell, Modernization and Bureaucratic-Authoritarianism : Studies in South American Politics (Berkeley: University of California, Berkeley, 1973), 1-40.

Nevertheless, modernization theory should not be abandoned. The experiences of East Asian countries strongly support that theory.<sup>12</sup> The point is that economic development should not be taken as a sole prerequisite for democracy. Rather, we consider it only as a strong environmental factor for supporting democratic development. In fact, Lipset himself wrote that economic development is a "**requisite**," literally meaning something that is essential but which does not necessarily have to exist in advance.<sup>13</sup> In Political Man, Lipset himself discussed how a democracy can survive without such socioeconomic requisites as "a premature democracy which will survive will do so by ( among other

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<sup>12</sup>

Nowadays, there is strong tendency among scholars to go back to modernization theory especially because of the democratic development in East Asia following economic development.

<sup>13</sup>

Larry Diamond, "Economic Development and Democracy Reconsidered," American Behavioral Scientist 35 (4/5) (March/June, 1991): 487. Diamond referred to Lipset's unpublished paper titled "A Comparative Analysis of the Social Requisites of Democracy," Stanford University, Hoover Institution.

things ) facilitating the growth of other conditions conducive to democracy, such as universal literacy, or autonomous private organizations."<sup>14</sup>

Therefore, we will take economic development as a "requisite" (not a necessity) for emergence or survival of democracy. In saying so, we will imply that it is probable for the developing societies, which have achieved economic development, to gain more chances to move toward democracy than the societies suffering poverty.<sup>15</sup> Regarding the democratic transition which is occurring in a prosperous society under an authoritarian regime ( as in Taiwan), we will argue that economic development ( hence socioeconomic changes) facilitates the coming of democracy by undermining the authoritarian foundations. Lucian Pye has better

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<sup>14</sup>

Seymour Martin Lipset, Political Man (Baltimore, Maryland: John Hopkins University Press, 1981), 29.

<sup>15</sup>

We do not consider in definite terms that democracy occurs if an economy develops. Rather, we will stick to probabalistic terms following Lipset's hypothesis that " the more well-to-do a nation is, the greater the chance it will sustain democracy." In the case of changing societies (economically and politically), we will assert that the more prosperous ones will have more chances to get democratized due to the effects of socioeconomic improvements during economic development.

explained this point that "economic progress ( hence socioeconomic progress) should bring in its wake democratic inclinations and a healthy surge of pluralism, which in time will undercut the foundations of the authoritarian rule which is common in developing countries."<sup>16</sup>

But undermining the foundations of the authoritarian rule does not necessarily guarantee a particular society will be moving toward a full democracy. Adam Przeworski supported this point by claiming that objective factors ( i.e. socioeconomic preconditions) constitute at most constraints to that which is possible under a concrete historical situation, but do not determine the outcome of such situation.<sup>17</sup> After the authoritarian rule has been more or less undermined by socioeconomic developments, the resulting question is that " where is the society

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<sup>16</sup>

Lucian Pye, Asian Power and Politics (Cambridge, Massachusetts: Harvard University Press, 1985): 233.

<sup>17</sup>

Adam Przeworski, "Problems in the Study of Transition to Democracy," in Transition From Authoritarian Rule: Comparative Perspectives ed. Guillermo O'Donnell and, Phillippe C. Schmitter and Lawrence Whitehead (Baltimore and London: The John Hopkins University Press, 1986), 48.

going to move to ?" At this point, the explanatory power of the economic theory of democracy is reduced. It does not explain how the democratic threshold is or will actually be crossed.<sup>18</sup>

How attributes of authoritarian regimes are undermined by socioeconomic changes during economic development is suggested by Samuel Huntington. In his "Will More Countries be Democratic?," he pointed out that

"as countries develop economically, they can be conceived of moving into a **zone of transition or choice**, in which traditional form of rule become increasingly difficult to maintain and new types of political institutions are required to aggregate the demands of an increasingly complex society and to implement public policies in such a society."<sup>19</sup>

The question here arises is that, in this **zone of transition or choice**, what factors influence or determine the type of new institutions and the type of new political

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<sup>18</sup>

Tun-Jen Cheng and Stephan Haggard, "Regime Transformation in Taiwan: Theoretical and Comparative Perspectives," in Political Change in Taiwan ed. Tun-Jen Cheng and Stephan Haggard (Boulder and London: Lynne Rienner Publishers, 1992), 2.

<sup>19</sup>

Samuel Huntington, "Will More Countries Become Democratic?" Political Science Quarterly 99(2) (Summer 1984): 201.



system that will emerge after this zone is crossed ? To answer this question, what more do we need to understand and learn ?

Samuel Huntington himself tried to answer these questions. He noted that what is predictable for those countries in such a transition zone is not the advent of democracy but rather the demise of previously existing political forms. He carried on with the point that economic development compels the modification or abandonment of traditional political institutions; it does not necessarily determine what political system will replace them.<sup>20</sup>

He reinforced this point by saying that "the emergence of social, economic and external conditions favorable to democracy is never enough to produce democracy." He recommended that an analysis which attempts to deal with a particular democratization process should turn to the nature of the process, that is , the way democrats and anti-democrats interact and the strategies

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Ibid., 201 - 202.

employed by the both side in the process.<sup>21</sup>

Dankwart Rustow also argued for the necessity of looking the political process, apart from stressing the socioeconomic preconditions for democracy. He pointed out that whatever social or socioeconomic background conditions enter the theory of democratization, it must seek to specify the mechanisms, presumably in part political, by which these socioeconomic conditions penetrate to the democratic foreground.<sup>22</sup> Essentially, Rustow emphasized the political mechanisms (i.e. political institutions) through which socioeconomic changes are effected. In short, he stressed the study of the political process which is generated by the socioeconomic changes and new political institutions.

In short, both Huntington and Rustow pointed to an alternative approach for the study of development's link to democracy issue. They focused

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<sup>21</sup>

Samuel Huntington, Third Wave (Norman, Oklahoma and London: University of Oklahoma Press, 1991), 108-110.

<sup>22</sup>

Dankwart Rustow, "Transition to Democracy: A Dynamic Model," Comparative Politics 2(3) (April 1970) : 344.

on the need to investigate the political process of a developing society in which old and new social and political forces maneuver and interact. Rustow, on the one hand, seemed to be more interested in the new institutions representing the new social forces which emerge after societies are transformed by socioeconomic changes. He was also interested in how new social interests are effected through these institutions. Huntington, on the other hand, emphasized on the strategies of democrats and anti-democrats in such a process.

To sum up, the study of the democratization process have evolved into two major approaches. One approach has focused on the preconditions ( especially socioeconomic conditions) in the society which favor democratic development. A second approach has focused on the nature of the political process by which that democratic development has occurred or is occurring. In order to obtain a well-balanced view of a democratization process in its entirety, both of these approaches, each of which are theoretically and methodologically sound , should be employed. They should not be mutually exclusive. By looking only at the preconditions of a democratization process, one will not be able to explain the

whole process. Similarly, stressing only the political process and neglecting the factors which made a such a process possible would be without a concrete base to properly explain such a process.

### **Democratic Theories and Taiwanese Case**

It is not appropriate, therefore, to assert that one approach to the study of democratization is more theoretically sound than the other. A brief overview of Taiwan's politicoeconomic development can illustrate this point. In Taiwan, economic development came first. As economic development resulted in the transformation of socioeconomic conditions of the society over time, the KMT state itself was pressured by the transformed society which has become more and more responsive to demands for political participation. What transpired from this development were the political reforms, the liberalization of the political system, the emergence of the opposition parties and the KMT's concession to their competition in the elections.

This overview of Taiwan's politicoeconomic development clearly implies that application of both approaches (socioeconomic-preconditions approach

and political-process approach) can be equally significant, since political progress and economic development intersected each other in the nation's developmental history. In addition, both approaches are equally significant in the sense that one approach could be seen as most significant at a certain period of the country's politicoeconomic development just as the other could be equally so at a different period, while from time to time both of them were overlapping in terms of their applicability.

In light of their significance, this study is going to employ both approaches to deal with the research question mentioned in the beginning: "why did the democratization process occur in Taiwan and continue to progress?"

### **Methodology**

This study is a case-study in which a descriptive analysis will be made to explore the socioeconomic and political dynamics of the democratization process in Taiwan at some length. Being a case study, this research should serve one of the basic purposes of conducting a case-study: theory-building or theory-testing.<sup>23</sup>

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Harry Eckstein, "Case Study and Theory in Political Science," in F. Greenstein and

Because this study will employ the existing theoretical approaches, it will necessarily be a theory-testing case study in which an attempt will be made to test these theoretical approaches and determine how do they fit the Taiwanese experience in the historical context.

This study will concentrate primarily on the dynamics of the democratization process in Taiwan. In the first place it will apply the two approaches elaborated above, and in doing so it will attempt to look at, as far as possible, how these theoretical approaches fit the different phases of Taiwan's politicoeconomic development.

Before carrying on with the study, it is necessary to discuss the major concepts so that the following analyses and discussions will be clear. Since this study is concerned with the democratization process involving socioeconomic change and subsequent political development, the major concepts of the study are obviously those of "democratization," "socioeconomic change," and "political

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N. Polby ed. Strategies of Enquiry, 7 (1975): 80.

process." In addition, relevant concepts of "liberalization" and "political adaptation" which are integral to the democratization process will be explored.

### **Major Concepts of the Study**

The major dependent variable in this study is democratization. Before looking into the meaning and implication of this concept, it is apt to define the more basic concept of "democracy."

Atually the concept of democracy is quite fluid and, often, vague. Many definitions of the concept fall into two general categories. In the first are the normative definitions which looked at democracy as an ideal situation of human achievement.<sup>24</sup> For example, Bachrach (1980) claims that a democratic system of government has for its paramount objective maximization of the self-development of every individual.<sup>25</sup>

In the second category are the empirical and institutional definitions

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<sup>24</sup>

Abbas Pourgerami, Development and Democracy in the Third World (Boulder, San Francisco and Oxford : West View Press, 1991), 3.

<sup>25</sup>

Peter Bachrach, The Theory of Democratic Eliticism: A Critique (Washington D.C.: University Press of America), 100-101.

of democracy. For instance, according to Schumpeter (1947), a political system is defined as democratic to the extent that its most powerful collective decision-makers are selected through periodic elections in which candidates freely compete for votes and in which virtually all the adult population is eligible to vote.<sup>26</sup>

The definition of democracy to be employed in this study is the one which was formulated by Diamond, Linz and Lipset by distilling the ideas of Robert Dahl, Joseph Schumpeter, S.M. Lipset and Juan Linz. This definition can fall into the second category mentioned above. It asserts that "democracy" denotes a system of government that meets three essential conditions: meaningful and extensive competition among individuals and organized groups (especially political parties), a highly inclusive level of political participation in the selection of leaders and policies, and a level of civil and political liberties sufficient to ensure the integrity of political competition and participation.<sup>27</sup>

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<sup>26</sup>

Joseph A. Schumpeter, Capitalism, Socialism and Democracy (New York : Harper and Brothers, 1974), 269.

<sup>27</sup>

Larry Diamond, Juan Linz and S. Martin Lipset, "Introduction: Comparing



"Democratization," therefore, will be simply defined here as a process in which a system of government increasingly approaches these conditions and moves toward their consolidation. In the case of the democratization process taking place under an authoritarian government as in Taiwan, this process is usually preceded by an another process commonly called as "liberalization". According to O'Donnell and Schmitter, liberalization is the process of making effective certain rights that protect both individuals and social groups from arbitrary or illegal acts committed by the state or the third parties.<sup>28</sup> Basically, O'Donnell and Schmitter

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Experiences with Democracy," in Politics in Developing Countries : Comparing Experiences with Democracy, ed. Larry Diamond, Juan Linz and S. Martin Lipset (Boulder, Colorado: Lynne Rienner, 1990), 6. This definition was the authors by combining the definitions of democracy by Robert Dahl, Polyarchy: Participation and Opposition (New Heaven, CT: Yale University Press, CT, 1971), 3-20; Joseph Schumpeter Capitalism, Socialism and Democracy (New York: Harper and Brothers, New York, 1947), 269; S. Martin Lipset Political Man (Baltimore, Maryland: John Hopkins University Press, 1981), 27; and Juan Linz The Breakdown of Democratic Regimes : Crisis, Breakdown and Reequilibration (Baltimore, Maryland: John Hopkins University Press, 1978), 5.

<sup>28</sup>

Guillermo O'Donnell and Phillippe Schmitter, Transition From Authoritarian Rule: Tentative Conclusions About Uncertain Democracies (Baltimore and London: The Woodrow Wilson International Center for Scholars, John Hopkins University Press,

defined the liberalization process as a process of lifting of restrictions on "civil rights." According to Donald Share, liberalization refers to the loosening of restrictions on political activity and expression within an authoritarian regime.<sup>29</sup>

When compared to O'Donnell and Schmitter's, this definition of liberalization stressed on "political rights."

The definition of liberalization to be used in this study will refer to both of these basic rights: civil and political rights. This concept of liberalization implies a process in which restrictions on both civil and political rights are gradually lifted by an authoritarian regime for many possible reasons.

The process of liberalization usually precedes the process of democratization when a country under an authoritarian regime moves toward democracy. The significance of the liberalization process in preceding the democratization process is that without the guarantees of individual and group

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1991), 7.

<sup>29</sup>

Donald Share, "Transition to Democracy and Transitions through Transaction," Comparative Political Studies 9(4) (January 1987): 527-528.

freedoms inherent in this process, the following process of democratization risks degenerating into mere formalism ( namely the so-called popular democracy, tutelary democracy, guided democracy etc...)<sup>30</sup>. Therefore, this study will also put an emphasis on the liberalization process in Taiwan in order to analyze the following democratization processes.

At this point, the time which separates the processes of liberalization and democratization should be clarified. After the liberalization process has existed for some length of time and supposing that the political system is moving toward democracy, the political system under consideration will begin to meet the three essential conditions. Even though some limitations to these conditions might still be maintained by the authoritarian regime, different social interests and political groups (hence political parties) will begin to enjoy the political competition, political participation and civil and political liberties sufficient to ensure their competition and participation in the political system. This study will define this point in time when

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<sup>30</sup>

Ibid., 9.

the political system begins to meet the three essential conditions democracy as the beginning of the process of democratization.

We have discussed the major concept of "democratization" and relevant concepts of "democracy" and "liberalization." We need also to define "socioeconomic change" and " political process." Socioeconomic change occurs due to economic development. Such a change in a society extends political consciousness, multiplies political demands and broadens political participation.<sup>31</sup>

In other words, socioeconomic change generates pressure from the different social forces in the society on the ruling elite for more and more civil and political rights. This pressure might consequentially lead to liberalization, and eventually to democratization, of a society. Therefore the concept of socioeconomic change is another important concept in this study.

The definition of this concept is borrowed from Samuel Huntington, who views "socioeconomic change" in terms of urbanization, increase in literacy and

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<sup>31</sup>

Samuel Huntington, Political Order in Changing Societies , (New Heaven, CT: Yale University Press, 1968), 5.

education, industrialization, and the expansion of the mass media."<sup>32</sup> To this definition, one more aspect of such a change is added - changes in the composition of social classes<sup>33</sup>. Therefore, the concept of socioeconomic change in this study refers to changes in the composition of social classes, urbanization, increase in literacy and education, industrialization and mass media expansion.

In addition to these changes during the socioeconomic development of a society, a civil society is likely to emerge as the social and economic conditions of the society improve as has been the case in Taiwan. The civil society, according to Phillippe Schmitter, refers to a society in which intermediary organizations and associations that lie between the primary units of the society -

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<sup>32</sup>

Ibid., 5.

<sup>33</sup>

Seymour Martin Lipset pointed out the change in the composition of social classes as an important aspect of socioeconomic change. Seymour Martin Lipset, Political Man: The Social Bases Of Politics, (Baltimore, Maryland: The John Hopkins University Press, 1981), 51-52.

this is, individuals, families, clans, ethnic groups, village units - and the ruling collective institutions and agencies of the society exist.<sup>34</sup> We will utilize this definition of civil society stressing the existence of such intermediary organizations as the major characteristic in such a society.<sup>35</sup>

One more concept to be applied in this thesis is that of "political adaptation." This concept fits the situation in which a society is transformed by socioeconomic change and the existing regime is forced by thus transformed society to make a choice: to adapt the institutions of the society to accommodate the new social forces in the society in order to appease their demands, or simply

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<sup>34</sup>

Phillippe Schmitter, "What is Democracy ?" in The Transition To Democracy: Proceedings of A workshop, sponsored by Commission on Behavioral And Social Sciences And Education, National Research Council, (Washington D.C: National Academy Press, 1991), 16.

<sup>35</sup>

Regarding the function of such organizations and associations, Seymour Martin Lipset (1960) elaborated by defining them as " voluntary, intermediary organizations that collectively increase political participation, enhance political skills, generate and diffuse new opinions, and inhibit the state or domineering forces from monopolizing resources. Seymour Martin Lipset (1960), Political Man: Social Bases Of Politics, (New York : Garden City, 1960), 52-53.

suppress these demands - depending on its capacity. If the regime chooses to accommodate the new social forces in the political process, it will inevitably have to transform its institutions and tolerate the emergence of new institutions representing the new social forces of the society. Huntington called this development "political adaptability"<sup>36</sup> and defined it as "an acquired organizational characteristic which is, in a rough sense, a function of environmental challenge and age" ( of the regime or ruling party as a organization).<sup>37</sup> In this study, the concept of political adaptability will follow Huntington's definition.

In the discussion above, definitions of the major concepts to be used in this study - democracy, democratization ,liberalization, socioeconomic change, political process and political adaptability - have been provided. The following section will be devoted to constructing an analytical framework by fitting these

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<sup>36</sup>

Samuel Huntington, Political Order in Changing Societies (New Heaven, CT: Yale University Press, 1968), 13.

<sup>37</sup>

Ibid.,13.

concepts into the historical context of Taiwan's political and economic development.

### **Analytical Framework**

According to the stated definition of liberalization, Taiwan's liberalization period took place between 1986 and 1989. In this period, restrictions by the KMT state on the civil and political rights of the people were gradually lifted: the emergence of an opposition party (1986) and the lifting of the Martial Law (1987) and the relaxation of restrictions on newspapers and magazines (1988).

The period from 1989 to the present, then, will be designated as the period of democratization. Starting from the December 1989 elections, Taiwan's political system began to meet the three conditions of democracy. In these elections the major opposition party (the DPP) and other small parties began to compete with the KMT party both in national legislature elections and local elections.

We will construct an analytical framework by fitting those two periods into the historical context of Taiwan's politicoeconomic development. To start with,



we will see that the liberalization process began before the democratization process in Taiwan. Actually, liberalizing moves by the KMT state were in many ways the fruits of an unyielding struggle by Taiwan's democratic forces which started in early 1970's and accelerated in the period of 1976-79.<sup>38</sup> In turn, these struggles for political and civil rights can be said to be the consequences of the rapid economic development on the Island ( as Lipset's theory asserted). Obviously, economic development brought about extensive socioeconomic changes in the Taiwan's society starting in early 1970's.

We will investigate, then, employing the following causal connection as the analytical framework to better assess the potential explanatory power of the combined Lipset and Huntington propositions:

- (1) the economic development of Taiwan;
- (2) socioeconomic changes and their consequences
- (3) and the liberalization and democratization of Taiwan's politics.

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Tun-Jen Cheng, " Democratizing the Quasi-Leninist Regime in Taiwan," World Politics 41(4) (July 1989): 484-485.

## CHAPTER II

### ECONOMIC DEVELOPMENT IN TAIWAN

#### Land Reform of 1949- 53

This chapter offers a historical perspective on Taiwan's economic development. Taiwan's developmental process initially began with a land reform

which was executed in 1949-53 period. Scholars agree that the land reform was the preliminary stage in Taiwan's developmental process. The land reform program made significant contributions to the subsequent economic growth. It helped increase agricultural productivity, making it possible to feed the island's population while releasing workers to the industrial sector which was then in the process of rapid growth.<sup>1</sup>

In addition, the Land Reform Program of 1950's contributed to the equalization of wealth among the farming population.<sup>2</sup> There is a general consensus among scholars that creating economic equality among the peasantry of a country through land reforms has a stabilizing effect on the political system, because such reforms can reduce the potential for social rebellions and political disorder noted

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John F. Copper, , A Quiet Revolution: Political Development In The Republic Of Taiwan ( Washington D.C.: Ethics and Public Policy Center, 1988), 11.

<sup>2</sup>

Y. Dolly Hwang, The Rise of a New World Economic Power: Post-war Taiwan ( New York, Westport CT and London: Greenwood Press, 1991), 20.

in economic inequality.<sup>3</sup> It can be thus said that land reforms in Taiwan in 1950's not only helped bring about economic growth in the first place, but also contributed to economic equality and political stability of the country which are important pre-conditions for democracy to prosper.

Land reform was introduced in 1949 and completed in 1953.<sup>4</sup>

Huntington and Nelson argued that land reform is one of the most dramatic ways of enhancing both status equality and status level in rural society, and is more likely to be introduced effectively by non-competitive and non-democratic governments.<sup>5</sup>

Land reform in Taiwan was carried out by such a strong authoritarian government and, with the power of such a government, it was effectively completed in a few

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Steven Chan, East Asian Dynamism, (Boulder, San Francisco and Oxford: Westview Press, 1990), 69 ; and Samuel Huntington, Political order In Changing Societies ( New Haven and London: Yale University Press, 1968), 378.

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Anthony Y.C. Koo, The Role of the Land Reform in Economic Development: A Case Study of Taiwan (New York, Washington D.C. and London: Frederick A. Praeger Publishers, 1968), 123.

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Samuel Huntington and Joan M. Nelson, No Easy Choice ( Cambridge, Massachusetts and London : Harvard University Press, 1976), 76.

year.

The fundamental motivation for the KMT government to initiate a land reform program immediately after its arrival on the island reflected its determination to combat the Chinese communists' efforts to use the land-tenure and farm-tenancy systems to instigate agrarian uprisings.<sup>6</sup> In those days, the land-tenure and farm-tenancy systems on private farms in Taiwan were dominated by evil practices. For instance, farm-rental rates were as high as 50 % of the total harvest, and , though farm rents were supposed to be paid once every half-year, most land lords demanded and received advance payments.<sup>7</sup> The land reform program was basically a remedy to relieve these social problems in the countryside and to preempt the Chinese communists' capacity to exploit the poor peasantry.

Moreover, there was an intense pressure from the United States to introduce such reform for the same objective of resolving the agrarian problems

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<sup>6</sup>

Martin C. Yang, Socioeconomic Results of Land Reform in Taiwan( Honolulu: East-West Center Press, 1970), 31.

<sup>7</sup>

I bi d. , 13.

in the countryside in order to preempt the communist infiltration among the peasantry. The United States, not wishing to see the last part of free China devoured by communists or become disintegrated, was ready to extend through such agencies as the Sino-American Joint Commission of Rural Reconstruction ( JCRR ), as much support as the Republic of China ( Taiwan ) might need. The JCRR assisted the Chinese government's efforts to carry out land reform by helping to plan, train personnel, and conduct surveys in the initial phase of farm rent reduction and contributed about ten percent of the finance needed to implement the reform.<sup>8</sup>

The land reform program was introduced in 1949 and was carried out through three stages until 1953. The first stage of land reform was a rent limitation to a maximum of 37.5 % of the principal crop. In the second stage, the government sold lands to tenant-farmers that were acquired from the Japanese nationals at

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T.H. Shen, Sino-American Joint Commission On Rural Reconstruction: Twenty Years of Cooperation for Agricultural Development ( Ithaca and London: Cornell University Press, 1970), 57-63; and, Martin C. Yang, Socioeconomic Results of Land Reform in Taiwan (Honolulu: East-West Center Press, 1970), 16.

the end of the World War II. The land reform was finally completed in the promulgation in 1953 of the Land-to-the-Tiller Act under which the government resold the land compulsorily purchased from the absentee landlords to the tenant-cultivators.<sup>9</sup>

In all three stages, the land reform was successfully executed by the KMT government. The major objectives of the program were achieved. For instance, the revision and conclusion of 377,364 (100 %) of new farm-lease contracts, each was in accordance with the new farm-tenancy regulations, wiped out the previous unjust farm-tenancy system.<sup>10</sup> The government land sale program, which was carried out in the second and third stages of land reform, sold about

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Anthony Y.C. Koo, The Role of the Land Reform in Economic Development: A Case Study of Taiwan (New York, Washington D.C. and London: Frederick A. Praeger Publishers, 1968), 123 ; and, Martin C. Yang, Socioeconomic Results of Land Reform in Taiwan (Honolulu: East-West Center Press, 1970), 38-87.

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Martin C. Yang, Socioeconomic Results of Land Reform in Taiwan (Honolulu: East-West Center Press, 1970), 81.

63,000 chia<sup>11</sup> to a total of 121,953 farm-tenant families who now became land-owners. They represented 26.7 % of the whole population of the Taiwanese farming population of the time.<sup>12</sup>

The land reform created a large population of small farmers, that with the state-provided credit, technical assistance, and fertilizer, dramatically increased agricultural productivity.<sup>13</sup> Because of the continuous improvement of irrigation systems by the government, many paddy fields could yield two crops a year. Farmers were able to grow one or two auxiliary crops.<sup>14</sup> Dramatic increase in the

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1 chia = approximately 0.9699 hectare.

<sup>12</sup>

Martin C. YANG, Socioeconomic Results of Land Reform in Taiwan (Honolulu: East-West Center Press, 1970), 81.

<sup>13</sup>

Manuel Castells, " Four Asian Tigers with a Dragon Head: Comparative Analysis of the State, Economy and Society in the Asian Pacific Rim," in States and Development in the Asian Pacific Rim, ed. by Richard Applebaum and Jeffrey Hendersen, (Newbury Park, London and New Delhi: Sage Publications, 1992), 42; and Peter Evans, " Class, State and Dependence in East Asia : Lessons for Latin Americanists," in The Political Economy of New Asian Industrialism, ed. by Frederic Meyo, (Ithaca and London: Cornell University Press, 1987),219.

<sup>14</sup>

K.T. Li, The Evolution of Policy Behind Taiwan's Development Success, (New



agricultural productivity after the land reform indicated that it had positive effects on the agricultural sector. Rice production rose from 894,021 metric tons per hectare 1949 to 1,695,107 metric tons in 1954.<sup>15</sup> The enhanced efficiency of the agricultural sector made possible the reallocation of man power from the agricultural sector to other non-agricultural sectors - especially to the industrial sector which was beginning to expand rapidly. In 1949, the agricultural labor force was 62.7 % of the total labor force. In 1954 it dropped to 60.4 %, while the percentage of non-agricultural labor force rose from 37.8 % to 39.6 % in the same period.<sup>16</sup>

In addition, living conditions of the farming population improved after

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Haven and London: Yale University Press, 1988), 113.

<sup>15</sup>

Director General of Budget, Accounting and Statistics, Executive Yuan, Republic Of China, Statistical Yearbook Of The Republic Of China, 1976 ( Taipei, Taiwan 1976), 84.

<sup>16</sup>

Economic Research Center, Council For U.S. Aid, Executive Yuan , Republic Of China, Taiwan Statistical Data Book, 1962 ( Taipei, Republic Of China , 1962), 7.

the completion of land reform. According to one survey, an average two-thirds, 67 % of the former tenant households, reported that their living conditions improved in the ten years after the completion of the land reform program.<sup>17</sup> Social conditions were also enhanced in the countryside. Before the land reform, less than 63 % of 1,250 farmer-tenant households sent all of their children to primary school, about 28 % sent some of their children, and about 6 % sent none. After the land reform, the percentages were 92, 5.28 and 0.8.

In sum, land reform by the KMT government was a remarkable success, entailing positive results such as creation of economic equality among the peasantry and promotion of agricultural productivity. After the completion of land reform, the KMT government began to initiate overall economic development, utilizing its unchallenged political power on the island.

### **The KMT State and Economic Development**

The KMT state played a major role in the process of economic

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<sup>17</sup>

Martin C. Yang, Socioeconomic Results of Land Reform in Taiwan (East-West Center Press, 1970), 270.

development in Taiwan, as did the states in other NICs<sup>18</sup> of East Asia. Apart from the state, other important factors also helped nurture the economic miracle in East Asia. These include the wider political economic context in which East Asian NICs have operated in the post-war era; the timing of their economic incorporation into the post-war U.S.-dominated world system; geopolitical considerations by the West during the Cold War period which brought economic, military and technical assistance to these countries in efforts to contain communist expansion; and their unique Confucian cultural tradition which stresses a strong work ethic, a paternalistic relationship between employer and employee, emphasis on education and family and subordination of individuals to the preferences of a group.<sup>19</sup>

Nevertheless, the role of state has been no less significant than these factors in

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<sup>18</sup>

Newly Industrialized Countries.

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Steven Chan, East Asian Dynamism (Boulder, San Francisco and New York: Westview Press, 1990), 67; and, Peter L. Berger, "An East Asian Development Model," in In Search of An East Asian Development Model?, ed. Peter L. Berger and Hsin-Huang Michael Hsiao (New Brunswick (USA) and Oxford (UK): Transaction Books, 1988), 3-22.

their developmental history. We will elaborate the role of the KMT state in Taiwan's economic development in order to lay down bases for the discussion in the following chapter on how the authoritarian KMT state itself was undermined by the consequences of economic development.

In Taiwan, the strong authoritarian government formulated economic policies at its discretion depending on and in response to the political and economic conditions in the domestic and international environments. The KMT state has, thus, been able to extract and channel resources to target industries and selectively alter and sequence the industrial incentives, including those to foreign investors.<sup>20</sup>

Before going on to discuss the KMT state's economic performances in Taiwan development process, it is worthwhile to look into the factors which made it possible for the state to have acquired virtually a free hand in shaping the country's economy. The politically strong KMT state was supplemented by other

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Stephen Haggard and Tun-Jen Cheng, "State and Foreign Capital in the East Asian NICs" in The Political Economy of the New Asian Industrialism," ed. Frederic C. Deyo ( Ithaca and London: Cornell University Press, 1987), 120.

factors to achieve relative freedom in its economic leadership. First, the local bourgeoisie in Taiwan were too weak to influence the state in Taiwan, when compared to those of Latin America. Under Japanese colonialism, Taiwan's economy was controlled not by the locals, but by the Japanese who used their colonies more as sources of raw materials than industrial bases. The local bourgeoisie did not play a significant role in the economy of colonial Taiwan. After the abrupt removal of Japanese colonial power in 1945, only a weak local bourgeoisie was left in Taiwan.<sup>21</sup>

Second, the KMT regime had already been in command by the time foreign investors ( MNC's<sup>22</sup> ) began to take real interest - in the same way as other East Asian states were. This situation was totally different from that of Latin America where bureaucratic authoritarian regime emerged in societies which were already penetrated and dominated by the MNC's. Therefore, the state in Taiwan,

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<sup>21</sup>

Peter Evans, "Class, State and Dependence in East Asia: Lessons for Latin Americanists," in The Political Economy of the New Asian Dynamism, ed. Frederic C. Deyo ( Ithaca and London : Cornell University, 1987), 212-213.

<sup>22</sup>

Multi-National Corporations.

like others in East Asia, was in a position to determine what roles transnational capital should play in the economic development.<sup>23</sup> In sum, the triple-alliance of state, local bourgeoisie and the MNC's, which dominated in Latin America and other developing parts of the world, did not emerge in East Asia and, thus, left the authoritarian states (hence including the KMT state) in the region relatively free to assume a decisive role in economic development.

The development process of Taiwan is typically divided by scholars into three phases. The first was from 1950's to 1960's in which the KMT state pursued import substitution policies. In this period, the state imposed inward-looking policies which were characterized by high tariffs, quantitative restrictions on imports of "non-essentials," financial regulations (especially currency control) and overvalued exchange rates.<sup>24</sup>

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Peter Evans, "Class, State and Dependence in East Asia: Lessons for Latin Americanists," in The Political Economy of the New Asian Dynamism, ed. Frederic C. Deyo (Ithaca and London: Cornell University Press, 1987), 215.

<sup>24</sup>

Jan S. Prybla, "Economic Development in the Republic of China" in Democracy and Development in East Asia, ed. Thomas W. Robinson (Washington D.C.: The

The second phase was roughly from 1960's through 1970's up to the early 1980's, in which export promotion was emphasized by the state. In this period, the KMT government set down export-oriented policies including substantial reduction in the overvalued exchange rate, introduction of export processing zones, provision of finance to exporters, government-sponsored cartelization of export industries, and highly disaggregated tax policies targeting favored sectors.<sup>25</sup>

The third phase of economic development in Taiwan began in the mid-1980's. It consisted of accelerated imports and payments liberalization through the reduction of tariffs and quotas, easing of financial restrictions, removal of some obstacles to the entry of foreign firms into Taiwan's growing market, export diversification, more flexible market-oriented exchange rates, and enforcement of laws against local firms piracy of foreign patents, trademarks, copyrights and other

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AEI press, 1991), 56.

<sup>25</sup>

Ibid., P-56; and, Stephan Haggard and Tun-Jen Cheng, "State and Foreign Capital in East Asian NIC's," in The Political Economy of the New Asian Industrialism, ed. Frederic C. Deyo C. ( Ithaca and London: Cornell University Press, 1987), 115.

intellectual properties.<sup>26</sup>

As discussed, these different economic policies adopted by the KMT state at its discretion were in response to the changes in domestic and international environments. Imports substitution policies in the first phase were primarily influenced by considerations of national security and self-reliance in the face of tensions between the island and the mainland.<sup>27</sup> Moreover, the need to reconstruct economy, high level of inflation, and chronic balance-of-payment problems forced the state to pursue these policies, which were basically to reduce the country's hard currency expenditures.<sup>28</sup>

In the period between 1955 and 1959, signs of saturation of the

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Jan S. Prybla, "Economic Development in the Republic Of China," in Democracy and Development in East Asia, ed. Thomas W. Robinson, (Washington D.C.: The AEI Press, 1991), 56.

<sup>27</sup>

I bi d. , P-56.

<sup>28</sup>

Stephan Haggard and Tun-Jen Chen, "State and Foreign Capital in East Asian NIC's," in The Political Economy of the New Asian Industrialism, ed. Frederic C. C. Deyo, (Ithaca and London: Cornell University Press, 1987), 87.



domestic market emerged due to the import-substitution policies. Manufacturing and services failed to generate new employment and domestic demands did not expand rapidly enough with respect to goods and services. Thus, the threat of inflation and economic stagnation were likely if import-substitution policies were continued.<sup>29</sup> Moreover, the KMT government was aware of the imminent termination of U.S. economic aid at the end of 1950's. In 1950's, the Taiwanese economy was dependent upon the U.S. economic aid which was about 1.5 billion dollars per year. Faced with the problems of saturated domestic market and imminent termination of U.S. economic aid, the KMT chose to pursue export-oriented policies<sup>30</sup> starting roughly in 1960.

In the third phase of development process, beginning in the mid-

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Ramon H. Myers, "The Economic development of the Republic of China on Taiwan, 1965-1981," in Models of Developments: A comparative Study of Economic Growth in South Korea and Taiwan, ed. Lawrence J. Lau, (San Francisco: The ICS Press, 1990), 18-19.

<sup>30</sup>

Y. Dolly Hwang, The Rise of a World New Economic Power: Post-War Taiwan, (New York, Westport CT and London: Greenwood Press, 1991), 15.

1989's, the KMT state basically opened domestic markets to foreign firms, further diversified exports, and enforced laws to protect foreign patents and trademarks. These policies were adopted primarily due to the U.S. pressure and the fear of losing lucrative U.S. market. On the other hand, these policies were signs of Taiwan's ability to compete with industrialized democracies and manifestation of its desire to join the club of industrialized states.<sup>31</sup>

In sum, the role of the KMT state in Taiwan economic development has been exemplified by its vision and capability to formulate and switch to different economic policies depending on ,and in response to, the changes in domestic and international economic environments. As a result, Taiwan's economic growth throughout this development process has been impressive. The average annual growth of real GNP from 1953 to 1962 was 7.3, from 1963 to 1972 was 10.9, and 1973 to 1987 was 8.0. Real per Capita Income for these three periods were 3.6,

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GATT refers to General Agreement on Tariffs and Trade. Prybyla, Jan S., "Economic Development In The Republic Of China" in Democracy And Development In East Asia, ed. Thomas Robinson ( Washington D.C.: The AEI Press, 1991), 56.

8.5, and 6.1 respectively.<sup>32</sup> The following table can shed more light on the impressive growth rate of Taiwan's economy over time.

**Average Annual Growth Of Real GDP, GNP, GNP Per Capita, And Real Per Capita Income, Republic of China, 1952-1987**

Period	GDP	GNP	GNP Per Capita	Income per Capita
1953-62	7.3	7.3	3.8	3.6
1963-72	10.9	10.9	8.3	8.5
1973-87	7.8	8.0	6.2	6.1
1952-87	8.7	8.8	6.3	6.2

Source : Taiwan Statistical Data Book, 1988. Council for Economic Planning and Development, Republic of China. P-23-26-29-32-35-38

### **Growth With Equity**

Taiwan's sustained, rapid economic growth was accompanied by unprecedented equality in distribution of the benefits of growth among the populace. Taiwan's economic growth is often referred by scholars as "growth with equity" which is unique where growth is so rapid. Many scholars have argued that that high rates of economic growth are often associated with increasing inequality

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<sup>32</sup>

Council for Economic Planning and Development, Republic of China, Taiwan Statistical Data Book, 1988 ( Taipei, Government of the ROC, 1988), 23-35.

in income and property distribution in modernizing countries.<sup>33</sup> However, the case of Taiwan has been a challenge to this general belief.

In Taiwan, equality in income distribution has become more established since the 1950's. According to official figures, the ratio of income share of the richest 20 % (the highest one-fifth) to that of the poorest 20 % (the lowest one-fifth) declined from **20.5** in 1953 to **4.6** in 1986.<sup>34</sup> The trend is brighter than the income distribution patterns of industrialized democracies. For instance, according to the World Bank's World Development Report 1988, such a ratio in the United States in 1988 was 7.52 ( Top 20 % = 39.9, and the lowest 20 %= 5.3).<sup>35</sup>

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<sup>33</sup>

Samuel Huntington and Joan M. Nelson, No Easy Choice (Cambridge Massachusetts and London: Harvard University Press, 1976), 20.

<sup>34</sup>

Council for Economic Planning and Development, Republic Of China, Taiwan Statistical Data Book, 1988 ( Taipei, Republic Of China, 1988) , 61; and Yu Tzong-Shian, "Taiwan's Economic Development: Some Implications for Developing Countries," Economic Review ( The International Commercial Bank of China, Taipei), n. s. 243( May-June 1988): 8.

<sup>35</sup>

World Bank, World Development Report 1988, (New York : Oxford University Press, 1988), 272-273.

Why was such an impressive income distribution pattern has been achieved in Taiwan ? To begin with, it was the determination of the KMT state to bring about economic equality in Taiwan. It seemed that state leadership fully understood the negative effect of economic inequality on political stability in any society.<sup>36</sup> If such a kind of political instability occurred on the island, it would have been a good opportunity for the communists from the Mainland - whose propaganda and tactics were historically effective in the economically polarized societies - to infiltrate into the society and bring the KMT regime down. Therefore, it seemed imperative for the KMT government to nurture economic development without creating economic inequality in the society.

Next, its policy to develop labor-intensive industries in the second

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Economic equality can cause **relative deprivation** among the populace of a society, which can in turn cause political instability. **Relative deprivation** refers to a sense of grievance based on the perceived gap between one's present socioeconomic standing and one's aspirations for higher standing which is being enjoyed by his peers. See, Steven Chan, East Asian Dynamism (Boulder, San Francisco and New York: Westview Press, 1990), 69.

phase of economic development<sup>37</sup> created abundant jobs for unskilled labor, which largely reduced the unemployment rate among the low-income population and raised the general income of the lower strata.<sup>38</sup> Moreover, large numbers of entrepreneurs, who were previously skilled workers, set up labor-intensive industries which did not require high technology or a large investment. These industries yielded high profits, delivering these entrepreneurs into the upper middle class.<sup>39</sup> Thus, low-income strata decreased over time while the middle-income strata grew larger.

Third, the KMT government made education affordable and accessible for everyone both to nurture human capital and support traditional Confucian emphasis on education. This policy helped those youth at the bottom

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<sup>37</sup>

The second phase of development began in 1960's with export-oriented policies.

<sup>38</sup>

Y. Dolly Hwang, The Rise of a World New Economic Power: Post-War Taiwan (New York, Westport CT and London: Greenwood Press, 1991), 20.

<sup>39</sup>

Y. Dolly Hwang, The Rise of a World New Economic Power: Post-war Taiwan, (New York, Westport CT and London: Greenwood Press, 1991), 20.

of the economic class system acquire quality vocational education. With this education, these youth from lower socioeconomic levels were able to obtain higher paying jobs as the economy grew.<sup>40</sup>

Finally, the KMT government's progressive taxation policy was instrumental in equalizing the income distribution. The tax system was flexible. Higher taxes were imposed on high-income groups while low-income groups had to pay low taxes.<sup>41</sup> To be brief, credit must be given to the KMT state for having successfully nurtured economic equality despite the country's rapid economic growth.

At this point, the major conclusion of this chapter will be summed up. First, after the KMT consolidated its power on the island since 1949, it utilized this unchallenged power to lead the country toward economic prosperity.

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Daniel Metraux, Taiwan's Political and Economic Growth in the Late Twentieth Century, (Lewiston, Queenston, Lampeter : The Edwin Mellen Press, 1991), 140 and 142.

Land reform was first introduced and remarkably wise policies were pursued to usher in economic development. Despite the high rates of economic growth which continued over time, the KMT has been able to manage to create economic equality in the society.

Economic development with equity radically transformed the socioeconomic conditions of the society and bred societal pressure upon the KMT state for political change over time. But this process occurred without creating the polarization of the society, political instability or extremist politics which could otherwise have occurred if the development had been without economic equality. To elaborate these points, the next chapter will be devoted to the process of socioeconomic transformation of Taiwan's society.



### **CHAPTER III**

## **SOCIOECONOMIC CHANGES AND THEIR CONSEQUENCES**

We analyzed Taiwan's achievement of economic development with equity in chapter two. This chapter discusses how such a unique development has transformed Taiwan's society in terms of socioeconomic conditions. In addition, substantial discussions are appropriate to consider the effect of these socioeconomic changes on the political development of the country and how

democratic opposition forces came into existence in this process of change.

The social and political system of Taiwan prior to the period of rapid economic growth had three essential characteristics. First, it was a traditional agrarian society and was isolated from the international economic system. Under Japanese colonialism which lasted from 1895 to 1945, Taiwan ( then known as Formosa ) was limited to an agricultural economy to support the initial stages of Japan's industrialization.<sup>1</sup> As a result there was no development of a "bourgeois" elite with entrepreneurial and administrative talents.<sup>2</sup> Such an agricultural society was built upon Confucian traditions which emphasizes social hierarchy with family as the basic unit of such a hierarchy.<sup>3</sup> In brief, Taiwan before the economic

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Hsin-Huang Michael Hsiao, "The Rise of the Middle Class," Free China Review, 38(3), (March 1988): 15.

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Cal Clark, Taiwan's Development : Implications for Contending Political Economy Paradigms, (New York, Westport (CT) and London : Greenwood Press, 1989), 61.

3

Daniel Metraux, Taiwan's Political and Economic Growth in the Late Twentieth Century, ( Lewiston, Queenston, Lampeter : The Edwin Mellen Press, 1991), 49-53.

development was a traditional, agricultural society based upon family-centered culture.

Second, political authority was concentrated in the KMT party-state which made a wholesale reallocation to the island after the defeat on the mainland in 1949. The party reorganized on the island in the 1950's employing the Leninist organizational strategies, though it is ideologically different from the Leninist parties. The military was completely controlled by a political commissar system. Political opposition was definitely banned under the "Temporary Provisions Effective During the Period of Communist Rebellion," and martial law as provided by the provisions.<sup>4</sup> Its organizational branches were extended through all levels of government and into social organizations in both rural and urban sectors. Any opposition the party's monopoly of political power was ruthlessly suppressed. In

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Yansun Chou and Andrew Nathan, "Democratizing Transition in Taiwan," Asian Survey, 27(3), (March 1987): 278.

short, authority was completely concentrated in the KMT party in pre-development Taiwan.

Third, corporatist model of state-society relationship was adopted by the KMT party. In such a kind of relationship, the state as the principle arbitrator dictates or directs the configuration and behavior of interest groups.<sup>5</sup> The KMT party maintained organic ties with interest groups and manipulated the elections of their officers. In some instances where political control over large material and human resources (as in the case of Farmers or Trade Unions) was at stake, the KMT resorted to wholesale intervention in their internal operations - such as appointing key personnel of these interest groups. Because these groups existed and operated under the premises of the KMT's patronage, they were largely exploited by the party as the tools for its political mobilization such as campaigns in support of the KMT candidates in elections.<sup>6</sup>

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<sup>5</sup>

Frank Wilson, "Interest Groups and Politics in Western Europe: The New Corporatist Approach," Comparative Politics, 16 (3), ( October 1983): 109.

<sup>6</sup>

Hung-Mao Tien, "Transformation of An Authoritarian Party State: Taiwan's

Taiwan as a traditional, agricultural society under the authoritarian, corporatist control of the KMT party-state was radically transformed in the course of its development. First of all, it is necessary to identify the time when Taiwan's society began to experience rapid economic growth, followed by large-scale socioeconomic changes. According to the three phases of Taiwan's economic development, economic take-off occurred in early 1960's after the export-oriented policies were introduced. Amazingly, the country's growth rate jumped from 6.3 % in 1960 to 12.2 % in 1964 in just four years.<sup>7</sup> From 1964 to 1978, the growth rate ranged from 8.9 % to 13.5 %, with the only exception being the oil-crisis years of 1974 and 1975, in which the economic growth dropped to 1.1 % and 4.8 % respectively. The average growth rate for this period of 1964-1978 was 10.29 %. GDP in constant 1981 prices grew from 369,638 million NT \$ in 1964 to

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Development Experience," in Political Change in Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London : Lynne Rienner Publishers, 1992), 37.

<sup>7</sup>

Council For Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book, 1988( Taipei, Government Of Republic Of China, 1988), 23.

1,419,934 million NT \$ in 1978.<sup>8</sup> These figures clearly point out that Taiwan's economy grew 384.14 % cumulatively. In other words, its economy had expanded almost four times in a matter of 15 years.<sup>9</sup> Economic life in Taiwan was radically changed in little over a decade.

In the preceding chapter, it was established that Taiwanese society enjoyed the economic benefits of such a rapid and sustained growth with a remarkable degree of equality due to the far-sighted policies of the KMT government. Evidences will now be provided on how such a rapid economic take-off with equity radically transformed the country's socioeconomic situation. Comparisons will be made between the indicators of the socioeconomic conditions before the economic take-off ( i.e before 1960's) and those after the economic take-off ( i.e after 1960's through 1970's up to the present) to high-light the

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<sup>8</sup>

Taiwanese Currency.

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These calculations are based on the data in Taiwan Statistical Data Book 1988, P-23. Council For Economic Planning And Development, Republic Of china, Taiwan Statistical Data Book, 1988 (Taipei, Government Of ROC, 1988), 23.

socioeconomic changes Taiwan has undergone.

The concept of socioeconomic change was defined in the first chapter as "the change in the composition of social classes, urbanization, industrialization, increase in literacy and education, mass media expansion and emergence of civil society." We have discussed Taiwan's economic growth in terms of growth rate, GDP and volume of industrial production. To elaborate the changes in socioeconomic life of Taiwan following the economic take-off, we will begin with the changes in the composition of social classes by comparing Taiwan's social stratification before and after the 1960's.

First of all, the years of 1953 and 1954 are picked up to represent the period before the economic take-off. In 1953 and 1954, per capita income in Taiwan was 2,471 NT \$ and 2,608 NT \$ respectively<sup>10</sup> - which was approximately US \$ 64.60 and 68.30 respectively. These figures of low per capita income show that Taiwan's population of the time was relatively poor. In 1952, there was one

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<sup>10</sup>

Council For Economic Planning And Economic Development, Republic Of China, Taiwan Statistical Data Book, 1988( Taipei, Government Of ROC, 1988), 35.

automobile and 3 telephones for every 1,000 persons.<sup>11</sup>

Not only was the per capita Income low, but income distribution in those years was not good. The ratio of income share of the richest 20% of the population to that of the poorest 20 % in 1953 was **20.5**.<sup>12</sup> The richest quintile gained approximately 60% of the national income while the poorest quintile gained less than 3%. The remaining three quintiles in between gained roughly 8% to 18% of the national income. These figures imply that 80% of the population was living below the level of average per capita income, which was below US \$64.60 (2,471 NT \$) to US \$ 68.30 ( 2,608 NT \$) in those years. In short, Taiwan's population before the economic take-off was relatively poor and living a austere life. There was a large lower class, a small middle class and a small upper class according to

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<sup>11</sup>

Directorate-General Of Budget, Accounting And Statistics, Executive Yuan, Government Of the Republic Of China, Taipei, Statistical Yearbook Of The Republic Of China 1985, ( Taipei, Government Of The Republic Of China, 1985), , 13..

<sup>12</sup>

Kowie Chang, "An Estimate of Taiwan Personal Income Distributed in 1953," in Journal of Social Science,.7(1956) :260.



income distribution in those years.<sup>13</sup>

After Taiwan switched to export-oriented policies in early 1960's and its economy took off, the scenario of social stratification in the country was totally changed. The years of 1960, 1970 and 1980 encompass the dramatic changes that occurred. In 1960, per capita income was 5,209 NT\$, in 1970 was 14,417 NT\$ and 1980, 77,040 NT\$.<sup>14</sup> The per capita income rose in 1960 twice as much as those of 1953-54, 5.7 times in 1970, and 30.8 times in 1980.

Despite such a rapid growth of per capita income, income distribution in the society became more and more equalized. The ratio of the income share of the richest 20% of the population can be compared to that of the poorest 20% of

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<sup>13</sup>

This statement is made through deduction from the data for Per Capita Income and Income Distribution available for 1953. Even this data is a secondary one borrowed from Kowie Chang's study in 1956 ( See. Foot Note. 6).

Data for income distribution patterns in 1950's were not published in the major data sources for Taiwan such Taiwan Statistical Data Book, Statistical Year Book of the Republic of China, and U.N. Annual Development Report for Asia and Pacific.

<sup>14</sup>

Council For Economic Planning and Development, Republic Of China, Taiwan Statistical Data Book, 1988.( Taipei, Government Of Taiwan, 1988), 35.

the population. The ratio in 1970 was **4.6**, and in 1980 it was **4.2**.<sup>15</sup> In 1970, the richest quintile gained 28.69% of the national income, while the poorest quintile gained 8.44%. The three medium-income quintiles in between secured 13.27%, 17.09% and 22.51% respectively.<sup>16</sup> In 1980, income distribution became more equalized: share of the richest quintile went down to 36.80%, three medium-income quintiles rose to 22.78%, 17.70% and 13.90% respectively, and the poorest quintile's share increased to 8.82%.<sup>17</sup>

These figures show that the share of medium-income quintiles steadily rose over time. Such an impressive equality in income distribution, compounded with high levels of per capita income, implies that only a small fraction

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<sup>15</sup>

Council For Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book, 1983 (Taipei, Government Of The Republic Of China, 1983), 54 . Data for 1960 was not available in any source.

<sup>16</sup>

Council For Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book, 1988 (Taipei, Government Of The Republic Of China, 1988), 61.

<sup>17</sup>

Ibid.

of the population was poor, and the large part of the population was well-to-do and enjoying better life than ever. According to these figures, there was a very small lower class, a large, growing middle class and a small upper class after the economic take-off.

At this point, it is necessary to establish the size of the growing middle class of Taiwan. It was the members of the urban middle class who were the most active supporters of the democratization processes after 1970's in virtually every country in the world.<sup>18</sup> The size of Taiwan's middle class has been a much debated subject. According to the Far Eastern Economic Review, it was as little as 15 % of the population or as much as 40 % at the most.<sup>19</sup> According to the Free China Review, the figure is put at 40 % of the population.<sup>20</sup> According to a 1988 research

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Samuel Huntington, Third Wave ( Norman, Oklahoma and London: University Of Oklahoma, 1991), 67.

19

Jonathan Moore, " Diffused Voice of the New Middle Class," in Far Eastern Economic Review, 23 June, 1988, 32 .

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Free China Review, " Editorial: Nouveaux Riche," in Free China Review, 39 (11), ( November , 1989) : 1.

project conducted by Dr. Chu Hai-Yan and Tsai Shu-Ling ( of Academica Sinca Research Institute), 37.5 % of the surveyed persons considered themselves middle class.<sup>21</sup> Reconciling the differences among these surveys, we will assume the size of Taiwan's middle class to be between 30% and 40% of the population.

We have established that Taiwan's rapid economic development (with equity) transformed the composition of social classes over time, remarkably giving rise to a large middle class. In addition to this, we will also explore another dimension of the socioeconomic change in Taiwan - which is " urbanization." According to the available data, the years of 1957 and 1959 will be sampled to describe the urbanization process which followed the economic take-off.

In 1957, there were seven cities which held more than 100,000 inhabitants; they were Taipei, Kahsing, Keelung, Hsinchu, Taichung, Chaiyi and Tainan.<sup>22</sup> The total population of Taiwan in 1957 was approximately 9,690,000 and

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<sup>21</sup>

Betty Wang, " Middle Class: Inequities Fueled By Speculation," in Free China Review, 39 (11), ( November, 1989): 27.

<sup>22</sup>

Directorate-General Of Budget, Accounting And Statistics, Executive Yuan, The

the urban population living in those cities was 2,222,268. Therefore, the percentage of the urban population in these cities of more than 100,000 inhabitants was **22.93%** in 1957. In 1959, the percentage rose to **23.44%**.<sup>23</sup>

After the rapid economic growth in early-1960's, Taiwanese cities swelled two to three times in terms of population. In 1970, there were 12 cities of more than 100,000 inhabitants. The percentage of the urban population in those cities was **34.17%**. In 1980, there were seventeen cities of over 100,000 inhabitants, and the percentage of population in those cities to the national population was **43.1%**. To sum up, urban population in Taiwan rose twice ( 22.93% of the total population to 43.1% of the total population) in about 20 years because of the country's rapid economic development.

Taiwan's urbanization process in 1970's also weakened the KMT

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Republic Of China, " Supplementary Table No. 2: Population of Capital City and Cities of Over 100,000 and more Inhabitants," in Statistical Year Book of the Republic of China, 1987 , ( Taipei, Republic Of China, 1987) , 12-13.

<sup>23</sup>

Calculation is based on the same data sources.

party. The party was traditionally built upon social, occupational and residential bases and had utilized existing patron-client networks at the grass-root level to establish complex local political machines throughout the island. But as the large part of the population migrated to the urban areas, most of these patron-client networks which were based on lineage, religion, and community bonds, broke down. Those people who used be in these networks resurfaced in the urban areas as the members of expanding middle classes in the process of economic development.<sup>24</sup>

Another aspect of socioeconomic change in Taiwan which came along with its rapid economic development is the increase in educational achievements and literacy rate in the society. We will first look at the education achievements on the island. Before the economic boom, there were 1,534 first-level educational institutions, 310 second-level institutions and 17 third-level institutions in 1957.<sup>25</sup>

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Yun-Han Chu, Dr. , "Middle Classes: The Search For Common Ground," in Free China Review, 39(11), ( November 1989): 15-16.

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Directorate-General Of Budget, Accounting And Statistics, Executive Yuan, The

After the society had undergone rapid economic growth for a decade, these educational institutions increased in number quota dramatically. In 1970 there were 2,277 first-level institutions, 874 second-level institutions and 91 third-level institutions.<sup>26</sup> In 1957, public expenditure on education was 2.28% of the GNP. In 1970 it was 3.43% of the GNP, and in 1980 was 3.64% of the GNP.<sup>27</sup>

As the number of educational institutions increased and expenditure on education steadily rose, the educational achievements of the populace improved. In 1953, only 1.4% of the population over the age of six had higher education, 9.0% of the population had secondary education, and 44.1% had

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Republic Of China, "Tables No. 54,55,56, and 57" in Statistical Year Book of the Republic Of China 1987, ( Taipei, Government Of The ROC, 1987), 226-229.

<sup>26</sup>

Ibid.

<sup>27</sup>

Directorate-General Of Budget, Accounting And Statistics, Executive Yuan, the Republic Of China, "Table 28: Public Expenditure On Education At Current Market Price, " in Statistical Yearbook Of The Republic Of China, 1987, (Taipei, Government Of the ROC, 1987), 233.

primary education. A large part of the population - 44.1% - was illiterate.<sup>28</sup> After the society had enjoyed economic development for about two decades, the educational status of the society was totally changed. In 1980, 7.1% of the population gained higher education, 36.9% of the population had secondary education and 43.3% of the population had received primary education. The percentage of population remaining illiterate declined to 10.3%.<sup>29</sup> To sum up, in a matter of about 30 years, the percentage of the population with higher education rose five times, that of the population with secondary education increased four times, and the percentage of illiterate population dropped four times.

Another dimension of socioeconomic change in a society which must be taken into consideration is the extent to which mass media has expanded in the process of change. According to traditional communication theories, the

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Economic Research Center, Council For U.S Aid, Executive Yuan, Republic Of China, Taiwan Statistical Data Book, 1962, (Taipei, Republic of China, 1962), 6.

29

Council For Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book, 1988, ( Taipei, Republic of China, 1988), 7.



development of mass media in a country accelerates as soon as the country achieves a certain level of industrialization, urbanization and literacy.<sup>30</sup> However, in the developing countries, the mass media have encountered many obstacles in its expansion - especially government control.<sup>31</sup> This situation was particularly true in Taiwan where the mass media were tightly controlled by the KMT government for more than thirty years.

The KMT government was beset with great difficulties when it moved to Taiwan in 1949: the threat of the Communist invasion was hung over the island, and internal dissent was assumed to be smoldering in the aftermath of the massacre of indigenous people on February 28, 1947 following their revolt against the KMT mainlanders. The government made policies to give top priority to military

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<sup>30</sup>

Wilbur Schramm, Mass Media and National Development, (Stanford, California: Stanford University Press, 1964), 47-89.

<sup>31</sup>

Lucian W., Pye, "Communication, Institution Building, And the Reach of Authority," in Communication And Change In The Developing Countries, ed. D. Lerner and W. Schramm, ( Honolulu: University of Honolulu Press/Hawaii Press, 1965), 35-36.

security and political stability, including strict restrictions on the mass media.<sup>32</sup>

In 1950 the KMT government introduced the "Law To Control Newspaper And Magazines During The Martial Law Period." In 1976 the government promulgated The Radio And Television Law to control the broadcast media. Under the provisions of these laws, the role of the mass media in Taiwan was extremely limited. Until the lifting of Martial Law in 1987 and subsequent relaxing of the restrictions on newspapers, there were only two private newspapers out of 31 newspapers in Taiwan. The rest of the newspapers were owned by different governmental institutions. Virtually all radio stations remained under the governmental control. The country had only three T.V. stations which were also run by the KMT government.<sup>33</sup> Thus, the mass media in Taiwan did not expand along with other aspects of socioeconomic development in the country due to its unique situation under the authoritarian control of the KMT government. Basically, the KMT

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<sup>32</sup>

Tung-Tai Lin, " The Role of The Mass Media in The ROC's Political Democratization," in Issues And Studies, 27(10) , ( October 1991) :160.

<sup>33</sup>

Ibid, P-160-168. .

regime, like any other authoritarian regime, monopolized the mass media to control the flow of information.

Nevertheless, a crucial factor counterbalanced authoritarian restrictions on the flow of information. It was the tremendous expansion in global communications and transportation decades after the World War II, and particularly the global impact of television and communication satellites in the 1970's.<sup>34</sup>

Governments could still monopolize and control the local media to keep their people from messages they did not want them to receive. But, it has become increasingly difficult and costly to do so due to the expansion of global communication.

Short-wave radios, satellite televisions, computers and facsimile machines made it increasingly difficult for authoritarian regimes to control the flow of information.<sup>35</sup>

The same situation must also have occurred in Taiwan. As the society rose in average income, so did the material conditions including the modern

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<sup>34</sup>

Samuel Huntington, Third Wave ( Norman, Oklahoma and London: University Of Oklahoma Press, 1991), 101.

<sup>35</sup>

Ibid.

communication equipments. In 1961, there was only 1 telephone per 100 persons. But in 1980, the number increased to 17.7 per 100 persons, and in 1985, 29.3 per 100 persons.<sup>36</sup> Though statistics for the fax machines or satellites televisions are not available, it is assumable that the numbers of these sources of modern communication must have risen also. In 1970 about 502,000 telegrams were sent abroad; in 1985 only 151,000 went out of the country.<sup>37</sup> A dramatic decrease in the number of telegrams sent abroad during the period of export-oriented development suggests that there must have been increasing use of the latest modes of communication such as fax machines. In the light of these facts, Taiwan's society must also have been exploiting the modern communication technology to get around the KMT government's restrictions on the flow of information.

In sum, economic development in Taiwan fundamentally transformed

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<sup>36</sup>

Directorate-General Of Budge, Accounting And Statistics, Executive Yuan, The Republic Of China, Statistical Yearbook of The Republic Of China 1990, ( Taipei, Government of the Republic Of China, 1990), 336.

<sup>37</sup>

Ibid. P-337..

its society. A large middle class emerged, increasingly residing in urban areas; the industrial sector grew 20 times larger; educational achievement and literacy rate improved and mass communication intensified despite the government control. The economic and social diversification of the Taiwan's society was additionally reflected in the proliferation of the civic organizations. According to Phillippe Schmitter, civic organizations refer to the intermediary organization and associations which lie between the primary units of the society - that is between the individuals, families, clans, ethnic groups, village units and the ruling collective institutions and agencies of the society.<sup>38</sup>

Rapid economic development and social change in Taiwan actually gave rise to a proliferation of such organizations and associations over the past three decades. According to government statistics, in 1952, there were 2,560

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Phillipe Schmitter, "What is Democracy?: Society," in The Transition To Democracy: Proceedings Of A Workshop, sponsored by Commission On Behavioral And Social Sciences And Education, National Research Council, (Washington D.C.: National Academy Press, 1991) 16.

registered associations with over 1.3 million members.<sup>39</sup> The organizations vary from vocational associations (such as farmers unions, fishermen unions, labor unions, industrial and commercial unions, and professional unions) to social organizations (such as cultural and academic unions, religious unions, welfare unions, women organizations, and etc.).<sup>40</sup>

With the rapid economic development, these organizations rapidly proliferated in number and membership. In 1970, the number of these organizations rose to 5,818 and their membership increased to over 3 million.<sup>41</sup> In 1980, there were 8,327 of such organizations with over 4.5 million members.<sup>42</sup> As

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<sup>39</sup>

Council For Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book, 1989, ( Taipei : Government of the ROC, 1989), 303.

<sup>40</sup>

Research, Development And Evaluation Commission, The Executive Yuan, the Republic Of China, "Development of Civic Organizations," in Annual Review Of Government Administration: Republic Of China, 1989 ( Taipei: Government Of the ROC, 1990)., 131.

<sup>41</sup>

Council For Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book, 1988, ( Taipei: Government Of the ROC, 1988), 303.

<sup>42</sup>

Ibid.

discussed in the beginning of this chapter, these civic organizations remained under the corporatist control of the KMT state, despite their large number and the multitude of membership.

However, rapid economic development, which began in the early 1960's, considerably changed such a corporatist relationship between the civic organization and the KMT state. The major agent for such a change was the private enterprises which proliferated as the export-oriented economy developed starting in the early 1960's. Between 1952 and 1973, the ratio of privately-owned enterprises to the public enterprises surged from 43.4 percent to 81.1 percent.<sup>43</sup> A unique characteristic of those new enterprises was that they were small in size and unorganized. It was partly due to the KMT's policy to prevent the formation of big capital, hindering the organizing of large business enterprises.<sup>44</sup> As a result, they

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<sup>43</sup>

Council For Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book 1988, 9 Taipei: Government Of the ROC, 1988) 89.

<sup>44</sup>

Tun-Jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), ( July, 1989): 481.

existed beyond the capture of the KMT party-state and became independent of the KMT control due to their small size and unorganized nature.<sup>45</sup> With the rapid economic growth, these small enterprises, which were largely involved in lucrative export-businesses, grew in financial strength also.

Before their growth, the secondary associations ( civic organizations) and their leaders in Taiwan relied upon the KMT state's patronage in terms of finance and resources. After those small enterprises grew dynamically in number and financial strength, compounded with relative independence, many of civic organizations in Taiwan began to derive financial support and other resources from these small, independent, and prosperous enterprises. In other words, the growth of the private sector plus economic prosperity helped reduce dependence on the KMT party-state. As these civic organizations became less vulnerable to the KMT's political manipulation, they progressively gained autonomy, with only rudimentary

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Ibid.



political intervention from the ruling party.<sup>46</sup> It can be said that Taiwan's society was removed from corporatist control of the KMT state to a more pluralist status in the course of its economic development in 1970's.

At this point, we will sum up the positive effects of the socioeconomic changes on the society. The prosperity of the Island has generated requisite socioeconomic preconditions described by modernization theory for democratic change. A large, affluent and educated middle class was emerging. The expansion of the private sector in the industrialization process created abundant private wealth and autonomous income that was being channelled into the activities of the civic organizations and prodemocratic movements. A growing complexity of social stratification created a diverse society in which the party-state became less able to manipulate group activities. These factors plus the general affluence of the citizens, the rising educational level, and broader exposure to the outside world through

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Hung-Mao Tien, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," in Political Change In Taiwan, ed. Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 37.

increasing travels and by means of new telecommunication technology helped set the stage for political transformation of the society.<sup>47</sup>

In short, by the 1970's the society moved into a phase, which Huntington called **zone of transition or choice**,<sup>48</sup> in which the traditional governmental pattern of the KMT party-state was outrun by the new social forces and their mobilization in the society. The KMT's institutional capacity for mobilization and control, once over-powering and well-developed, was eroding fast.

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As noted previously, the KMT party had traditionally relied upon the Leninist-style cadre system, which was based upon administrative regions, to

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Hung-Mao Tien, " Social Change And Political Development In Taiwan, " in Taiwan: In A Time Of Transition, ed. Harvey Feldman, Michael Y.M Kan and Ilpyong J. Kim, ( New York : Paragon House, 1988), 8.

48

Samuel Huntington, " Will more countries Become Democratic ?" Political Science Quarterly, 99(2), (Summer, 1991): 201.

49

Tun-Jen Cheng, " Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4): 482.

penetrate and control different walks of life in the society. Despite various efforts by the KMT to reorganize along occupational-functional lines ( in addition to the organization of the society according to administrative regions) to keep up with the changing society, the ever-expanding associations were simply beyond the KMT's institutional capacity to monitor, much less to control.<sup>50</sup> In Lucian Pye's words,<sup>51</sup> authoritarian rule in Taiwan was "undercut by the healthy surge of pluralism" during the course of economic progress.

Socioeconomic preconditions, which the modernization school believes to be conducive to the emergence of democracy, began to prevail in Taiwan's society in the 1970's. Nevertheless, presence of such conditions does not necessarily guarantee the democratic transition. As Huntington and other scholars pointed out, these conditions made the old institutions of society obsolete and might facilitate the emergence of democratic political system by providing an

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Ibid.

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Lucian Pye, Asian Power And Politics, ( Cambridge, Massachusetts : Harvard University Press, 1985) , 233.

environmental context congenial to democratic forces. In the case of Taiwan, what is remarkable is that socioeconomic preconditions not only created such an environmental context but also helped give birth, indirectly, to democratic opposition forces in 1970's.<sup>52</sup>

In those years, Taiwan has already accumulated a large, affluent and educated middle class. Traditionally the middle class is considered as the backbone of democratic politics. For instance, Aristotle asserted that the best-run polity (democratic polity) occurs where "the middle class is large, in which the citizens have a moderate and sufficient property."<sup>53</sup> Nevertheless, a note of caution should be taken that burgeoning middle classes are not always prodemocratic and may

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In addition to the socioeconomic changes, other unique factors also helped emergence of democratic political forces possible. These factors will be discussed in the following chapters. They are fundamental changes in international and regional political environments, the role of a Taiwan's progressive leader called Chiang Chiang-Kuo, and political adaptation of the KMT to meet new challenges from the transformed society.

<sup>53</sup>

Seymour Martin Lipset, Political Man : Social Bases Of Politics, ( Baltimore, Maryland: The John Hopkins University Press, 1981), 460.

even actively support authoritarian rule in developing societies under conditions of social polarization and threat of extremist politics ( especially the leftist politics).<sup>54</sup>

An alliance between the middle class and the military authoritarian regimes to guard against the leftist movements in Brazil, Chile, and Argentina in 1960's and 1970's bear truth to this caution.<sup>55</sup>

In the case of Taiwan, neither social polarization nor extremist politics occurred due to the country's growth with economic equality and the KMT government's vigilance against, and relentless suppression of, leftist activities. Therefore, unlike its counterparts in South America in 1960-70's, it seemed that the middle class in Taiwan did sense a need to be in alliance with the authoritarian regime. Rather, their economic security and autonomy bred political autonomy.

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<sup>54</sup>

Samuel Huntington, Third Wave ( Norman, Oklahoma: University Of Oklahoma Press, 1991) . 219.

<sup>55</sup>

Ye Myint, "The Causes of Military Interventions in Latin America: Comparative Case Studies on Argentina, Brazil and Chile after World War II," Paper presented to the Political Science Conference at ISU in 1992 Spring sponsored by the Political Science Department of ISU.

Most of them did not rely on government protection or preferential policies for their economic activities as did the owners of large-scale enterprises ( the upper class).<sup>56</sup>

Their greater affluence, international exposure and acquisition of modern education made them demand a more open political system.<sup>57</sup> The exposure of Taiwan's society to the outside world and modern education is best exemplified by increasingly growing number of Taiwanese students studying in the Western countries. In 1952-61 period, an average of 558 students studied abroad, especially in the United States.<sup>58</sup> In 1972, 2,149 Taiwanese students studied abroad and 473 out of them studied social sciences. In the academic year 1985, a total of 5,979 Taiwanese students went abroad for advanced studies. Of these,

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<sup>56</sup>

Yun-Han Chu, Dr., "Middle Class: The Search for Common Ground," in Free China Review, 39 (11), (November 1989) : 15.

<sup>57</sup>

Ibid.

<sup>58</sup>

Council for Economic Planning And Development, Republic Of China, Taiwan Statistical Data Book , 1988, ( Taipei: Government Of the ROC, 1988), 294.

5,532 students or 92.52 % went to the United States.<sup>59</sup> It is appropriate to assume that a large number of those students with modern education must be from Taiwan's large middle class, which was affluent enough to afford such kind of advanced education abroad.

The emergence of such a large, affluent, politically independent, westernized and highly-educated middle class has facilitated the development of democratic opposition in the 1970's. It was no wonder that the political activists of Taiwan in 1970's, who are considered the vanguards of the subsequent prodemocratic movements, were, as the Chinese scholar Tun-Jen Cheng pointed out, "the newly emerging middle-class intellectuals who had come of age during the period of rapid economic growth."<sup>60</sup>

They were scholars trained in social sciences, including political

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<sup>59</sup>

Ibid.

<sup>60</sup>

Tun-Jen Cheng, " Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), ( November, 1989): 483.

science, law and sociology. For example, in October 1971 at the sixtieth anniversary of the Republic Of China, a group of fifteen intellectuals openly proposed a wide-ranging program for political reform. One of these intellectuals, Professor Chiang Chieng Heng, is a political scientist from Taiwan National University.<sup>61</sup> They adopted Western democratic ideals as well as democratic procedures, institutional designs, political techniques and legal frameworks.<sup>62</sup> These middle-class intellectuals definitely looked toward the western democracies for inspiration and guidance.<sup>63</sup> Characteristically they were open-minded and liberal, and expected to Taiwan's society to be democratic in the future.<sup>64</sup> Over time they became increasingly

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<sup>61</sup>

Mab Huang, Intellectual Ferment For Political Reform In Taiwan, (University Of Michigan: Center For Overseas Studies, 1976), 23.

<sup>62</sup>

Tun-Jen Cheng, " Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (November, 1989): 483.

<sup>63</sup>

Mab Huang, Intellectual Ferment For Political Reform In Taiwan, ( University Of Michigan: Center For Overseas Studies, 1976), 23.

<sup>64</sup>

Hai-Yuan Chu, Dr., " Middle Class: Changing Attitudes ," in Free China Review, 39(11), (November 1989): 9.



concerned with national affairs. Though they were far from taking to the streets under protest banners, they debated points with invited government officials in a series of well-attended meetings and pushed for far-reaching reforms.<sup>65</sup> Between 1969 and 1972, these scholars conducted several social surveys, notably the plight of the rural sector, and questioned on the political deficiencies of the KMT regime, especially over the issue of the competence and legitimacy of the "Long Parliament" that never faced reelection and preempted the possibility for electing Taiwan-born candidates.<sup>66</sup>

Most important of all, they published politically critical magazines such as Taiwan Political Review (Tai-wan Chen-Lin) and The Eighties (Pa-Shih Nien-

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<sup>65</sup>

Far Eastern Economic Review, "Reform Or Reaction," Far Eastern Economic Review, 25, December, 1971, 13.

<sup>66</sup>

Tun-Jen Cheng and Stephan Haggard, "Regime Transformation in Taiwan: Theoretical And Comparative Perspectives," in Political Change In Taiwan, ed. Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 11.

Tai) and pushed for political reforms, focusing on national issues.<sup>67</sup> Eventually these reform movements by the intellectuals culminated in the publication of a magazine called Formosa by Taiwan-born scholars who not only published the magazine but also fielded candidates in local elections.<sup>68</sup> These candidates were known as "Tangwai" (Non-party) candidates, and in 1977 local elections they scored impressive victories by winning 21 out of the 77 seats in the Taiwan Provincial Assembly and 4 of the 20 magistrate and mayoral races.<sup>69</sup> In 1986 leaders of these Tangwai candidates announced the establishment of a new political party called " the Democratic Progressive Party."

In the past, emergence of embryonic opposition groups were harshly dealt with by the KMT party and the formation of an opposition party would be

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<sup>67</sup>

Hung-Mao Tien, The Great Transition: Political And Social Change in the Republic Of China, ( Stanford University, Stanford, California: Hoover Institution Press, 1989), 95.

<sup>68</sup>

Ibid, P-95-96.

<sup>69</sup>

J. Bruce Jacob, " Political Opposition In Taiwan And Taiwan's Political Future," Australian Journal Of Chinese Affairs, no. 6 ( July 1981): 27.

especially risky. Since the KMT's arrival on the island following the defeat on the mainland, the party had relied on the "Temporary Provisions Effective During the Period Of Communist Rebellion" and "Martial Law" , under which new political parties and associations were banned, in dealing with any opposition.<sup>70</sup> For instance, an opposition group of mainlanders had published a similar political magazine called Free China Fortnightly (FCF) and finally attempted to form an opposition party called "China Democratic Party." But their plan was aborted with the arrest of their leader "Lei Chen" by the KMT government on September 4, 1960, on a highly questionable charge of associating with communist agents.<sup>71</sup>

The FCF group as the forerunner of democratic forces in fifties suffered from its early origins and other constraints inherent in the Taiwanese social

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<sup>70</sup>

Tuan Y. Cheng, "Is There A Place for A Third Party in ROC Politics,?" Issues And Studies, 27(10), (October 1991): 125.

<sup>71</sup>

Chen Lei, Lei Chen Hui-i-lu, ( Lei Chen's Memoirs), (Hong Kong: Cha'i Shih Nien-Tai, 1987), 278-90; as quoted in Hung-Mao Tien, The Great Transition: Political And Social Change in the Republic Of China, ( Stanford University, Stanford, California: Hoover Institution Press, 1989), 94.

structure at that time. It relied on the sponsorship of a few state elites, and most of its founding members were para-state elites, who were previously affiliated with the KMT in one way or another. As a spin-off of the KMT elite, the FCF group lacked any grass-root base.<sup>72</sup> Once support of those para-state elites was withdrawn when the KMT party decisively moved to preempt the formation of an opposition party, the FCF group was left without any social base to rely on and immediately collapsed.

In contrast, those opposition groups such as Formosa Magazine group, which came into existence during the period of socioeconomic change, enjoyed the support of nouveau riche middle classes. For these middle classes, their economic security and autonomy bred political independence. Most of them did not rely on government protection or preferential policies for their economic activities as did owners of large enterprises. In addition, their self-confidence was compounded by their growth in number which led them to expand their political clout in the

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<sup>72</sup>

Tun-Jen Chen, " Democratizing the Quasi-Leninist Regime in Taiwan, World Politics, 41(4), (July, 1989): 479-480.

1970's.<sup>73</sup>

When the international economic environment worsened during the 1970's, these middle classes had their interests at stake. Unlike the large enterprise capitalists of the upper class, they were unable to provide themselves with a safe economic exit through the transfer of business assets and personal wealth abroad.

As a result, they were more likely concerned with reforms on the island than the upper class capitalists. Moreover, the middle classes at the time enjoyed little access to the policy-making process due to the political structure of the time.<sup>74</sup>

Thus, these middle classes supported the burgeoning opposition groups who pushed for political reforms in 1970's.

The prominent Chinese scholar Tun-Jen Cheng believed that connections presumably existed between these prodemocratic activists in 1970's and medium businesses (middle classes) via various social ties based on school,

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<sup>73</sup>

Yun-Han Chuan, Dr., " Middle Class: The Search For Common Ground", Free China Review, 39(11), (November, 1989), 15.

<sup>74</sup>

Ibid.

regional and workplace affiliations. Such businesses of the middle class offered political funds and fall-back careers to these activists.<sup>75</sup> To be brief, we state that support of the middle classes for the burgeoning opposition forces in 1970's was significant for their emergence as well as continued existence.

At this point we will conclude the discussions regarding the effects of economic development on Taiwan's society. First, socioeconomic changes during the economic development process so radically transformed the society that in 1970's it had already met the preconditions ( such as emergence of affluent and expanding middle class, high literacy rate and higher level of education, high income levels with equality in income distribution, expansion of private sector, emergence of a civil society, and mass media expansion) which the modernization school believes to be vital to the emergence and continued existence of democratic political system.

Second, in this process of change, new social forces such as growing

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<sup>75</sup>

Tun-Jen Cheng, " Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (November, 1989): 483-484.

and assertive middle classes, civic organizations, interest groups and small but independent private enterprises began to mobilize beyond the capacity of the KMT party to manipulate and control. Last and most important of all, democratic opposition forces came into existence during this process of socioeconomic change. Their continued existence under the one-party authoritarian rule became possible due to favorable socioeconomic conditions and support from the new social and economic forces of the society.

In the following chapter, we will provide discussions on how these burgeoning opposition forces grew and outmaneuvered the ruling KMT party, how the KMT party reacted to this new political challenge, and how other unique factors also supplemented this process of interaction between the opposition and the KMT party which finally led to the political liberalization of the society in 1986.

#### **CHAPTER IV**

### **LIBERALIZATION AND DEMOCRATIZATION OF TAIWAN'S POLITICS**

In chapter three, we discussed socioeconomic changes in Taiwan following the economic development and how these changes created conditions conducive to emergence of democratic forces. Basically, the discussions of chapter three reflected the theoretical assumptions of the modernization school which view improvements of socioeconomic conditions as critical preconditions for democratic transition.

As discussed in chapter one, modernization theory argues that economic development and subsequent socioeconomic changes can undermine authoritarianism by diffusing social and economic interests of a society. These changes thus transport the society into "a zone of transition"<sup>1</sup> in which traditional political institutions are incapable of keeping up with new economic, social and political forces, facilitating the emergence of democratic politics. We have discussed not only how Taiwan's society was transformed in such a way as the modernization school argued during the period of socioeconomic changes, but also

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Samuel Huntington, "Will More Countries Become Democratic?", Political Science Quarterly, 99 (2) (Summer 1984): 201.



how prodemocratic opposition forces were emerged and continued to exist owing to the new social and economic conditions.

But, modernization theory could not explain how these prodemocratic forces encouraged political liberalization and forced a democratic breakthrough in the period of 1970-1989. Explanations based only on the socioeconomic factors which facilitate democratic politics are not enough to explain the whole process in which democratic politics comes into existence. In this chapter, therefore, we will switch to an alternative approach of studying democratic transition, that is, a "political process approach" which emphasizes strategic interactions between the democratic opposition and the authoritarian state.

Proponents of political-process approach were Samuel Huntington and Dankwart A. Rustow.<sup>2</sup> Rustow emphasized on the emergence of new (democratic) institutions which represent new social interests and how these new

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Samuel Huntington, Third Wave, (Norman, Oklahoma and London: University Of Oklahoma Press, 1991), 108-110; and Dankwart A. Rustow, " Transition to Democracy: A Dynamic Model," Comparative Politics, 2(3) ( April 1970): 344.

interests are effected through those new institutions. Samuel Huntington stressed strategies and interaction between democrats and anti-democrats in the process.<sup>3</sup>

Following the theoretical outlines of this approach, we will provide discussions on how democratic opposition forces emerged, grew and outmaneuvered the authoritative KMT party-state, as well as on the strategies employed by both the democratic opposition forces and the KMT in the political process.

Elaborations will be made regarding the ability of the democratic opposition to set strategies depending on different circumstances to push for democratic transition. Discussions will also be provided concerning the responses of the KMT party-state to these moves by the democratic opposition and how they were achieved without upsetting the conservatives in the party and, most important of all, without radicalizing the party elites in the face of opposition challenge. All these discussions will be made with reference to the sequence of important events from the time of the opposition's emergence up to the period of

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3

Chapter (1), P-9-10.

democratization (1986-1989).

In the previous chapter, we have briefly discussed the embryonic opposition groups that came into existence in early 1970's. They were known as political magazines groups who published magazines such as Taiwan Political Review, The Eighties, and finally the Formosa Magazine. We have also elaborated that these groups enjoyed the support of new middle classes which emerged during the period of socioeconomic changes, and that the Formosa Magazine Group eventually fielded candidates in the local election of 1977 as "Tangwai (non-party) candidates.

At this point we will make a retrospection on how these opposition groups surfaced in Taiwan's politics, providing more details. Taiwan's opposition started political agitation as a reform movement in the early 1970's. Those years marked a turning point in the fortune of the ruling party and the government of Taiwan. After two decades of firm control and security, the government began to sustain a series of diplomatic setbacks which threatened the survival of Taiwan

(Republic Of China) as a political entity.<sup>4</sup> The expulsion of Taiwan from the United Nations and Mainland China's (PRC) replacement in the U.N. (1971), President Nixon's visit to Beijing and the detente between Washington and Beijing (1972), and Japan's diplomatic recognition of the People's Republic of China (Mainland) inevitably led to the diplomatic isolation of Taiwan.<sup>5</sup>

Those diplomatic setbacks had a dramatic impact on the whole society and the educated young elite. The young intellectuals of Taiwan, particularly the young university professors and students, for the first time took it upon themselves to agitate for political reforms. As discussed in the previous chapter, they called for an open and democratic society and demanded wide-ranging changes.<sup>6</sup> They began publicly to question basic assumptions about the KMT rule in Taiwan and the nature

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Mab Huang, "Preface", in Intellectual Ferment For Reform In Taiwan, (University Of Michigan: Center For Overseas Studies, 1976), P-vii.

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Ibid, and Cecillia Sun, Laura Lee-Chin, and Alfred Ritter, "Chronology ( of Democracy in Taiwan) " in World Affairs, 155 (2), (Fall 1992).

6

Ibid.

of the society. They pressed for political reforms which included democratic political participation, free speech, an end to martial law, protection of human rights, bringing younger people into government, and funding for social welfare. Their movement revealed a lack of confidence in the ruling regime's ability to control the island's destiny in global politics, much less to its claim to be the legitimate government for all China. It indicated that people were concerned with national issues and wanted a voice in them.<sup>7</sup>

The KMT party-state responded to this intellectual ferment by implementing some policy changes. The most important were the introduction of supplementary elections and recruitment of "young men of talent" and native Taiwanese into the decision-making echelon of the KMT party.<sup>8</sup> The National Assembly, which convened from February 20 to March 25, 1972, amended the

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Chen Gu-Yang, "The Reform Movement among Intellectuals in Taiwan Since 1970," Bulletin Of Concerned Asian Intellectuals, 14(3), (July-September, 1982) : 32-47.

8

Mab Huang, Intellectual Ferment For Reform in Taiwan, (University of Michigan: Center for Overseas Studies, 1976), 81.

Temporary Provisions of the Constitution.<sup>9</sup> It opted for introduction of elections for additional members to the legislative Yuan (Legislative branch of the KMT government), making possible the election of parliamentarians for the first time since the 1947 elections on the mainland.<sup>10</sup>

Moreover, the cabinet of the KMT government was reformed with new young members including native Taiwanese. Out of 23 cabinet members, 12 were new appointees, including 6 native Taiwanese. The average age of the new members was 62, two years younger than the average in 1970.<sup>11</sup> In addition to these concessions, the KMT also coopted some reformers and forced others to retreat.<sup>12</sup> Clearly the KMT response to the intellectual ferment for democratic

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Temporary Provisions enforced martial law and banned the formation of political parties.

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Ibid., and William Glenn, "Meanwhile, Back On the Island," Far Eastern Economic Review, 8 April, 1972, 18.

11

Mab Huang, Intellectual Ferment For Reform in Taiwan, (University Of Michigan: Center For Overseas Studies, 1976), 88.

12

Thomas B. Gold, State and Society in the Taiwan Miracle, (Armonk, London and

reforms in the early 1970's was that of limited concessions and co-option. There was little doubt that the KMT government's intention was to adopt only as much reform as necessary to allay discontent without altering the basic power relationships.<sup>13</sup> Thus, by 1973, the intellectual ferment for political reforms subsided as abruptly as it began.

After the movement died down, the domestic political scene was quiet for several years until 1975 when the Taiwan Political Review appeared. Opposition politics in Taiwan had always involved in the publication of political journal and magazines. As discussed in the pervious chapter, a group of mainlanders published a political magazine called Free China Fortnightly in 1959-60 and ended up being suppressed by the KMT. In the middle of the 1970's, the

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New York : M.E Sharpe Inc., 1986), 94.

<sup>13</sup>

Far Eastern Economic Review, " Reform Or Reaction," Far Eastern Economic Review, 25 December, 1971, 11.

opposition groups resorted to the same strategy by publishing Taiwan Political Review, despite the ban on such publications. Again Taiwan Political Review of 1975 was closed down by government censor after only five issues.

In addition to publication of political magazines, the opposition also entered both local and supplementary elections. Even though national elections were suspended by the KMT government under the "Temporary Provisions Effective During the Period of the Communist Rebellion," local election for provincial assemblies were regularly held every three years since 1954.<sup>14</sup> Moreover in 1969 the KMT government, with a view to fill the seats vacated by deceased members of the national parliament, instituted the system of supplementary elections.<sup>15</sup> The opposition, made up mostly of young and educated intellectuals of Taiwanese origin, entered the local and supplementary elections against the KMT candidates

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<sup>14</sup>

Yangsun Chou and Andrew J. Nathan, "Democratizing Transition in Taiwan," Asian Survey, 27(3) (March 1987): 278.

<sup>15</sup>

Alexander Ya-li Lu, "Political Opposition in Taiwan: The Development of the Democratic Progressive Party," in Political Change In Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 124.



despite that party's overwhelming resources. In the elections, leading activists of the political magazines became prominent non-KMT candidates. For example, Kang Ning-hsiang who was the founder of the Taiwan Political Review won second place in 1972 elections for the legislative Yuan (Parliament) as a non-KMT candidate .<sup>16</sup>

### **Emergence of Tanwai (Non-party) group**

In the elections, especially elections for the national legislative body, only a small number of seats were contested when the opposition began competing in elections in the middle of the 1970's. The intensive campaign for these limited number of seats convinced some opposition politicians that some sort of organization was essential in order to compete effectively with the well-organized KMT candidates.<sup>17</sup> In the 1977 local elections, the term "Tangwai" was used by the

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<sup>16</sup>

William Glenn, "Jittery Sent to a Year of Uncertainty," Far Eastern Economic Review, 9 January, 1976, 12.

<sup>17</sup>

Alexander Ya-li Lu, "Political Opposition in Taiwan: The Development of the Democratic Progressive Party," in Political Change in Taiwan, ed. by Tun-jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 124.

media to refer to the handful of non-KMT candidates who then made the attempt to coordinate their campaign. The term "Tangwai" literally means "outside the party." The leaders of the democratic opposition desired to rally all those who did not belong to the KMT to their fold. In addition, because formation of political parties were banned at the time, the opposition tactfully decided to form a "non-party."<sup>18</sup>

The KMT party foresaw the coming of such a organized opposition. In a secret KMT document, which leaked to the opposition in October 1977, it called the non-KMT candidates who competed in 1975 elections "deviationists" who were plotting to form an opposition party to promote a Taiwanese Independence Movement.<sup>19</sup> In those days the KMT had been ruthlessly cracking down on a group called "Taiwan Independence Movement (TIM) which openly

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Ibid.

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Far Eastern Economic Review, " KMT tars the Opposition," Far Eastern Economic Review, 4 November, 1977, 39.

called for the nation's independence.<sup>20</sup> Therefore this kind of allegations by the KMT was tantamount to a crackdown on the opposition "Tangwai." Nevertheless, the non-KMT (Tangwai) legislator Kang Ning-hsiang threatened an attack on the document's tenets, such as the KMT's permission to its candidates to distribute funds to the potential voters in 1975 elections, in the legislative Yuan on October 4, 1977. Finally, the KMT leadership assured Kang Ning-hsiang that 1977 elections would be open and fair for the opposition, in return for keeping quiet<sup>21</sup>.

In 1977 elections, Tangwai candidates won 30 percent of the votes, and four out of seventy seven provincial assembly seats. Under the restrictive political circumstances, it was no mean achievement.<sup>22</sup> Encouraged by the electoral

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<sup>20</sup>

Melinda Liu, "Case of a Rebel's Return," Far Eastern Economic Review, 18 February, 1977, 22.

<sup>21</sup>

Far Eastern Economic Review, "KMT tars the Opposition," Far Easter Economic Review, 4 November, 1977, 39.

<sup>22</sup>

J. Bruce Jacobs, "Political opposition and Taiwan's Political Future," Australian Journal of Chinese Affairs, No. 6, (30 January, 1981): 24-44.

outcome, the opposition (Tangwai) took a step towards unity with the broad support given by opposition candidates in December 1978 by announcing a united 12-point policy platform which called for an end to martial law, a general amnesty for political prisoners and the direct election of officials.<sup>23</sup>

In the same year, the opposition (Tangwai) had already formed the Tangwai Campaign Corps ( Tang-wai Chu Hsuan T'uan) to coordinate the campaigns of all non-KMT candidates in the supplementary election of that year.<sup>24</sup>

At the same time, opposition magazines resurfaced. In March-April 1979 Kang Ning-hsiang, who was the founder of the banned Taiwan Political Review, republished a similar, but more moderate, magazine called The Eighties due to some limited relaxation of the KMT censorship.<sup>25</sup> The Tangwai movement as a

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<sup>23</sup>

Bill Kazer, "Candidates Unite in Opposition," Far Eastern Economic Review, 15 December, 1978, 30.

<sup>24</sup>

Alexander Ya-li Lu, "Political Opposition in Taiwan: The Development of the Democratic Progressive Party," in Political Change in Taiwan, ed. Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 124.

<sup>25</sup>

Bill Kazer, "Pressing Ahead with Dissent," Far Eastern Economic Review, 6 July,

whole gathered momentum after the period of 1978-79, and some Tangwai leaders, such as Huang Hsin-chieh, Shih Ming-teh and Yao Chia-wen, planned to form a political party in defiance of the party ban. As a first step to achieve this objective, they founded Formosa Magazine as an instrument to propagate their ideas, criticize the KMT authorities and press for political reforms and to serve as an organizational core for a new party.<sup>26</sup>

Until the publication of Formosa Magazine, the opposition made use of two strategies to push for political reforms: the building of organizational set-ups to coordinate their electoral campaign, and the magazine movement. In the late 1970's, the opposition resorted to another strategy which was apparently radicalized and brought disastrous consequences to the opposition itself. It was the

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1979, 14.

<sup>26</sup>

Hung-Mao Tien, The Great Transition: Political and Social Change in the Republic of China, (Stanford University, Stanford, California: Hoover Institution Press, 1989), 95; and Alexander Ya-li Lu, "Political Opposition in Taiwan: The Development of the Democratic Progressive Party," in Political Change in Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London : Lynne Rienner Publishers, 1992), 124.

mass movement that made use of such tactics as street demonstrations and confrontation with security forces.

As discussed, the opposition had advanced considerably in the late 1970's with substantial electoral victories in the provincial assembly and the reestablishment of the magazine movement with the publication of Formosa magazine. These progresses were partly due to the limited political reforms which the KMT introduced in 1972 to appease the 1971-73 intellectual ferment for political reforms. The KMT also relaxed some restrictions on the publication of political criticism.<sup>27</sup> While conceding to the opposition to some extent, the KMT at the same time kept monitoring the whole range of opposition figures from the oldest figure, Lei Chan, who attempted to form the China Democratic Party in 1959-60, to the student leaders in their twenties.<sup>28</sup> Opposition activists were still picked up by the

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<sup>27</sup>

Bill Kazen, "Pressing Ahead with Dissent," Far Eastern Economic Review, 6 July, 1979, 14 .

<sup>28</sup>

Melinda Liu, "Insuring Against Accidents," Far Eastern Economic Review, 13 October, 1978, 22.

KMT government agents and interrogated. For example, Jane Chen, who was a campaign activist, was arrested and interrogated for 31 days in June 1977.<sup>29</sup> This double-edged policy of the KMT to concede to and suppress the opposition simultaneously must surely have frustrated the opposition.

Moreover, because of the piecemeal approach of the supplementary elections to the three national representative organs, there remained a evident contrast between the "hereditary" politics at the central (national) level and the democratic politics at the local level - a situation which grew less acceptable to the opposition as time went on.<sup>30</sup> The resulting disappointment of the opposition with this situation could be the reason for the opposition to switch to radicalized mass movements, street protests and confrontation with the authorities.

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Ibid.

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John F. Copper and George P. Chen, "Taiwan's Elections: Political Development and Democratization in the Republic Of China," Occasional papers/ Reprint Series in Contemporary Asian Studies, (University of Maryland, 1986 ), quoted in Tun-Jen Cheng, " Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (July 1989): 485 , n.28.

### The Mass Movement of the Opposition

The Opposition's mass movement occurred between 1977 and 1979.

The more radical leaders of the opposition ( Tangwai ) who initiated this movement hoped to build up a social force strong enough to make their democratic demands credible and to deter the KMT government from resorting to political suppression.<sup>31</sup> The first mass protest of considerable magnitude by the opposition took place in the central town of Chungli where the opposition supporters staged a mass protest against alleged irregularities in vote counting in a local election in 1977. The protest touched off a serious clash between angry voters, who had voted for the opposition, and police. A district police station was burned down and a number of casualties were reported. The incident indicated that the authority of the KMT was publicly challenged for the first time.<sup>32</sup>

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Tun-Jen Cheng, "Democratizing the quasi-Leninist Regime in Taiwan," World Politics, 41(4) (July 1989): 486.

<sup>32</sup>

Hung-Mao Tien and Chyuan-Jeng Shiau, "Taiwan's Democratization: A Summary,"



Following the Chungli incident, Taiwan experienced two more years of the radicalized movement: 1978 and 1979. In December 1978 national supplementary elections were cancelled by the KMT government due to the normalization of the U.S. - PRC relations announced on 15 December.<sup>33</sup> The suspension of a planned national election had unintentional effects of spurring the opposition to escalate efforts to mobilize support. The opposition (Tangwai) intensified street protests and public rallies throughout the country. Island-wide branch offices of the Formosa magazine became focal points for the opposition's campaigns which called for democracy and human rights.<sup>34</sup>

The opposition's mass movement strategy finally culminated in the Kaohsiung incident. A Chinese scholar, Alexander Ya-li Lu, argued that the

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world Affairs, 155(2) , (Fall 1992): 58.

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Cecilia Sun, Laura Lee-Chin and Alfred Ritter, "Democracy in Taiwan: Chronology," world Affairs, 155(2) , (Fall 1992): 53.

<sup>34</sup>

Hung-Mao Tien, Great Transition: Political and Social Change in the Republic of China, (Stanford University, Stanford, California : Hoover Institution Press, 1989), 96.

Kaohsiung incident is probably the most important event in Taiwan's political development before the founding of the Democratic Progressive Party.<sup>35</sup> On December 1979, a large demonstration sponsored by the opposition Formosa magazine was held in Kaohsiung, the second largest city in Taiwan, to celebrate international human rights day and protest against the authorities' alleged abuse of human rights. Violence broke out during the demonstration and 183 policemen were injured. The KMT government initially arrested 24 Tangwai leaders and immediately banned the Formosa magazine.<sup>36</sup> In the end more than 100 Tangwai leaders were arrested by the KMT government and sentenced to from several years to life-imprisonment for sedition or inciting the public to riot.<sup>37</sup> Because of the

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Alexander Ya-li Lu, " Political Opposition in Taiwan: The Development of the Democratic Progressive Party, " in Political Change In Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London : Lynne Rienner Publishers, 1992), 124.

<sup>36</sup>

Phil Karuta, " violence in the Name of Reason," Far Eastern Economic Review, 28 December 1979, 29.

<sup>37</sup>

Alexander Ya-li Lu, " Political Opposition in Taiwan : The Development of the Democratic Progressive Party," in Political Change in Taiwan, ed. by Tun-Jen Cheng

incident, the opposition was crippled and came close to self-destruction. As discussed, the more radical leaders of the Tangwai had initially hoped to deter the KMT government from resorting to political suppression by staging a mass movement. Actually, the strategy backfired with the KMT's crack-down on its leadership and the magazine movement in the end.

### **Moderation of the Opposition and the KMT's Re-institution of Elections**

After the Kaohsiung incident and the following crackdown, the opposition ( Tangwai ) apparently moderated its strategies and concentrated on regrouping its strength. Basically, it tried to project an image of moderation. A prominent Tangwai leader, Antonio Cheng, emphasized that the Tangwai leadership was more cautious, more practical in gauging how the society and the KMT would react to the opposition movement. Moreover, moderate leaders such as those led by Kang Ning-hsiang took to the forefront of the opposition leadership because most of the radical leaders were jailed after the Kaohsiung incident. Above all the

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and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 125.

Tangwai took up a policy of "balance and progress," apparently to stress its moderated stance immediately after the crackdown of 1979.<sup>38</sup>

On the part of the KMT, attempts were made to normalize the political process, shaken by the arrests and trials of Tangwai leaders after the Kaohsiung incident, by re-instituting elections. In June 1980, the KMT government announced a general election would be held in December of that year to replace the one which was cancelled by a presidential decree after Washington's diplomatic break with Taipei in December 1978. In addition, more seats to the national assembly (legislative Yuan and Control Yuan) were added by the KMT. The number of seats rose from 120 in 1978 to 204 in 1980.<sup>39</sup> The increase in the number of seats was officially said to be necessitated by Taiwan's population growth and the dying off of the old elected officials. The opposition leadership differently asserted that

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<sup>38</sup>

Andrew Tanzer, "Come to the Party," Far Eastern Economic Review, 30 October 1981, 15.

<sup>39</sup>

Phil Karuta, "Limiting Political Ambitions," Far Eastern Economic Review, 8 August 1980, 20.

this progress was the indication of the KMT's recognition of the need to integrate the masses into the electoral process, which had been exemplified by the popularity of the Formosa magazine and the mass rallies by the opposition.<sup>40</sup> Thus, with the opposition's moderation and the KMT's promise for fair election, the period from 1980 to 1986 (when the Democratic Progressive Party was formed) was characterized by peaceful competition and intensive bargaining between the KMT and the opposition (Tangwai).

Since December 1980 elections, the opposition recovered under the moderate leadership. Despite a campaign of intimidation by the KMT against independent candidates and suppression of discussion of major issues in the weeks before the elections, the 1980 supplementary elections were considered as largely fair by the KMT and Tangwai candidates, and by independent foreign observers. In the elections which passed without allegations of vote-rigging or corruption, the opposition scored some impressive victories, although the KMT won 80 percent of

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Ibid.

the ninety-seven contested seats for the legislative Yuan and 83 percent of those for the National Assembly.<sup>41</sup>

Since from the 1980 elections, the opposition presented itself as a unified, credible legal force. It continued to emphasize non-violence, but effectively used extra-legal methods to coordinate campaign efforts. For example, its leadership institutionalized a process that recommended candidates and supported their campaigns.<sup>42</sup> The prominent Tangwai leader, Kang Ning-hsiang, called a press conference and presented a common list of 31 candidates recommended by Tangwai members of the national legislature ( Legislative Yuan).<sup>43</sup> The fact that successful candidates were mostly from the list and that some veteran non-KMT politicians did not win simply because they were not on the list seems to

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<sup>41</sup>

Paul Wilson, "A Moderately Successful Poll," Far Eastern Economic Review, 12 December 1980, 8.

<sup>42</sup>

Tun-Jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (July 1989) : 487.

<sup>43</sup>

Andrew Tanzer, " Much Ado about Sponsoring," Far Eastern Economic Review, 13 November 1981, 20.

indicate that Tangwai supporters had developed some sense of party identity.<sup>44</sup> The opposition took more steps toward formation of a political party. In 1982, Tangwai leaders formed the Tangwai Campaign Assistance Association ( Tang-wai hsuen-chu huo-yuen Hui) to coordinate campaigns and to provide assistance to Tangwai candidates. On September 28, 1982, Fei Hsi-Ping, a prominent Tangwai figure, presented to the public a document entitled " Statement of Common Political Views on behalf of Tangwai. The most important points in the document were that (1) the future of Taiwan should be determined by the inhabitants of Taiwan, and (2) the Temporary Provisions should be nullified, the national legislature reorganized, and bans on political parties and newspapers ended.<sup>45</sup> In essence Tangwai was

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Alexander Ya-li Lu, " Political Opposition in Taiwan : the Development of the Democratic Progressive Party," in Political Change In Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 126.

<sup>45</sup>

Kang Ning-hsiang, "Crisis and Hope (Wei-chi Hsi-wing)," ( Taipei, 1983), 54-55. , quoted by Alexander Ya-li Lu, " Political Opposition in Taiwan: the Development of the Democratic Progressive Party," in Political Change in Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, ( Boulder and London: Lynne Rienner, 1992), 126.

acting as a political party by presenting its platform.

Not long after the Tangwai Campaign Assistance Association was formed and the common platform of Tangwai was announced, the Tangwai movement began to suffer factionalism. Two major factions were that of the moderates led by Tangwai veteran Kang Ning-hsiang and the relatively radical faction of new generation leaders made up of the relatives and lawyers of the Tangwai leaders who were jailed after the Kaohsiung incident and young leaders who rose to the leadership after the incident.<sup>46</sup> A third faction was formed in Kaohsiung by several marginal leaders and their supporters.<sup>47</sup> A major disagreement emerged between the moderates and the radical new-generation leaders. Those radical leaders did not appreciate the concessions that moderate leaders extracted from the KMT whip in the legislative Yuan. They were predisposed to repudiate and confront the KMT in toto rather than to bargain with it within the existing

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<sup>46</sup>

Andrew Tanzer, "Divide and Rule," Far Eastern Economic Review, 24 November 1983, 27.

<sup>47</sup>

Ibid.



system.<sup>48</sup>

These divisions in the opposition certainly confused voters. The poor performance of Tangwai candidates in 1983 elections for the legislative Yuan was the obvious consequence of Tangwai's factionalism. The KMT candidates won a landslide victory in the elections. Sixty three seats of the seventy five seats at stake went to the KMT while Tangwai candidate won only six seats.<sup>49</sup> Out of the chaos and frustration the Tangwai forces experienced in the elections came a new push for unity. To reintegrate the opposition, the embattled moderate leaders thereupon proposed to establish a formal organization called the Association for Public Policy (APP). The APP was formed in May 1984 by a number of Tangwai-elected officials to promote the top item on the Tangwai agenda : establishing a formal opposition

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C.L. Chou, "Politics of Alienation and Polarization: Taiwan's Tangwai in the 1980's," Bulletin of Concerned Asian Scholars, No. 18, (July-September, 1986): 22-23.

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Andrew Tanzer, " Strategy Wins Out," Far Eastern Economic Review, 15 December 1983, 15.

party.<sup>50</sup> The opposition leaders aimed the APP served as a permanent national "party" organization that could coordinate "party" activities during periods when elections were not pending.<sup>51</sup>

One important policy adopted by the APP to win popularity was "the principle of self-determination" as its foreign policy. The policy was a compromise between advocacy of Taiwan's independence and advocacy of the status quo. Though this policy did not appeal to both the KMT and the communists on the mainland who were both adamant on the unification, it began to gain in popularity among the people.<sup>52</sup> All in all, the APP served as a semi-party before an opposition political party could be formed.

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<sup>50</sup>

Carl Goldstein, "Eye on the Tangwai," Far Eastern Economic Review, 14 February 1985, 21.

<sup>51</sup>

John F. Copper, "Taiwan's 1986 National Election: Pushing Democracy Ahead," Asian Thought And Society, 7(35), (July 1987) : 119.

<sup>52</sup>

Tun-Jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41 (4), (July, 1989): 489.

### **Formation of the Democratic Progressive Party**

In March 1985, the APP inaugurated its first branch office in the southern town of Pintung, and announced its intention of opening fifteen more branch offices throughout the island in two months.<sup>53</sup> The emergence of the APP challenged the KMT's strategy of containing the opposition in order to preserve the existing political order. The initial response from the KMT was a total rejection of growing pressure by the opposition for change. Reflecting the views of the old conservative hard-liners,<sup>54</sup> the KMT called for a total crack-down on the unregistered APP movement unless it were curtailed.<sup>55</sup>

To face this pressure, the opposition resorted to the strategy of staging demonstrations but without violence. In May 1986, the opposition took to

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<sup>53</sup>

Carl Goldstein, "Branch Network Eluded," Far Eastern Economic Review, 20 March 1985, 46.

<sup>54</sup>

Carl Goldstein, "Power of the Old Guard," Far Eastern Economic Review, 10 April 1986, 16.

<sup>55</sup>

Free China Journal, 19 May, 1986, 1, cited by Hung-Mao Tien, The Great Transition: Political and Social Change in the Republic of China, (Stanford University, Stanford, California: Hoover Institution Press, 1989), 99.

streets to protest against the Martial Law on the 35<sup>th</sup> anniversary of its proclamation in 1949.<sup>56</sup> While threatening to disband the APP, the KMT urged bargaining and dialogue through a group of liberal university professors who maintained ties with both sides.<sup>57</sup> A compromise was reached after lower-level contacts, which approved by the President Chiang Chiang Kuo, between the KMT party officials and some Tangwai leaders. The KMT thus granted approval on 10 May 1986 to the opposition's plan to set up branch offices of the APP, but without attaching the term "Tangwai" to them.<sup>58</sup>

It seemed that the KMT chose to accommodate the opposition for two reasons. First, President Chiang Ching Kuo was a moderate reformist leader who preferred to co-opt or accommodate the democratic opposition rather than suppressing

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<sup>56</sup>

Carl Goldstein, "Everything but the Name," Far Eastern Economic Review, 29 May 1986, 13.

<sup>57</sup>

Carl Goldstein, "Branch Network Eluded," Far Eastern Economic Review, 20 March 1996, 46.

<sup>58</sup>

Carl Goldstein, "Everything but the Name," Far Eastern Economic Review, 29 May 1986, 13.

it . Second, the KMT itself was engulfed by external and internal problems. Internally, it was beset with the problem of succession to President Chiang Ching Kuo who was then in late 70's with poor health. The KMT party plenum in April 1986 did not bring about any definite decision on the secession issue, though Lee Tung Hui came forth as the most possible successor.<sup>59</sup> Externally, the KMT was befuddled by a scandal which indicated its intelligence officers were involved in the killing of a Chinese-American intellectual, Henry Liu, who was an anti-KMT critic. To make matters worse, one of Taiwan's major financial institutions, the Tenth Credit Union, collapsed due to massive frauds in its banking operations. The KMT was largely blamed for mismanagement and corruption.<sup>60</sup>

In mid-1986, partly to deflect public attention from the issues of political succession and the tarnished image of the KMT regime and partly to

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<sup>59</sup>

Carl Gold Stein, "Power of the Old Guard," Far Eastern Economic Review, 10 April, 1986, 16.

<sup>60</sup>

Carl Goldstein, "Testing Confidence," Far Eastern Economic Review, 21 November 1985, 20.

implement controlled political reforms, the KMT chairman, Chiang Ching Kuo, named a twelve-person blue-ribbon study group within the party to examine six crucial issues. They are the restructuring of the National Assembly, local autonomy, martial law, civic organizations, social reform, and the KMT's internal reform.<sup>61</sup>

While the KMT was entangled in its internal and external problems, the opposition took it as the best timing to form a political party. On September 28, 1986, the opposition held a convention in Taipei to nominate candidates for the forthcoming parliamentary elections. In the course of deliberations 132 Tangwai delegates at the convention unanimously approved a motion to form the Democratic Progressive Party (DPP), even though formation of political parties was still illegal. The party immediately chose 42 candidates to run in the upcoming elections of December 1986 and a three-part party platform was drawn outlining

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Yang San Chou and Andrew Nathan, "Democratizing Transition in Taiwan," Asian Survey, no. 27, (March 1987): 277-99.

the goals of the DPP.<sup>62</sup> This defiant move by the opposition to form the Democratic Progressive Party marked the beginning of the period in which Taiwan's politics was going to be gradually liberalized.

### **Liberalization of Taiwan's Politics**

The concept of liberalization was defined in chapter (1) as "a process in which restrictions of both civil and political rights are gradually lifted by an authoritarian regime ." In Taiwan, the process of liberalization occurred after the opposition took a daring and then illegal step to form the opposition party (DPP). This process in Taiwan was characterized by the lifting of restrictions on civil and political rights between 1986 and 1989. First martial law was lifted in July 1987, then restrictions on newspaper publications were relaxed in January, 1988, and the promulgation of the Law on the Formation of Civic Organization, which legalized the formation of political parties, was announced in January 1989. They

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<sup>62</sup>

Paul Mooney, "Braving the KMT ban," Far Eastern Economic Review, 9 October 1986, 19.

were the landmarks of this process.

After the Democratic Progressive Party (DPP) was formed, the party formally nominated party candidates for the parliamentary elections, ran a nationwide campaign and scored impressive gain in both legislative seats and popular vote.<sup>63</sup> The KMT, while still legally refusing acknowledge the existence of the DPP, extended de facto recognition by holding inter-party dialogues with the DPP leaders on numerous occasions and on an array of political issues.<sup>64</sup>

The issue of the DPP's existence as a legal political party was related to the issue of martial law which was introduced in 1947 and definitely banned the opposition parties. The KMT itself was split on the issue, with the moderates who preferred its revocation and the conservative hard-liners who advocated its

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<sup>63</sup>

Nicholas D. Kristof, "Opposition Party Strong in Taiwan Vote," The New York Times, 7 December 1986, 3 ; and Patrick L. Smith, " Taiwan's New Opposition Party becomes Force to be Reckoned," Christian Science Monitor, 8 December 1986, 15.

<sup>64</sup>

Hung-Mao Tien, "Social Change and Political Development in Taiwan," in Taiwan in A Time of Transition, ed. by Harry Feldman, Michael Y.M. Kau, and Ilpyong J. Kim, (New York: Paragon House, 1988), 19.



replacement with a similar new security law.<sup>65</sup> In the face of resistance from conservatives, President Chiang Ching Kuo pushed a decision on October 15, 1986 at the KMT standing committee meeting to announce the intention to lift martial law in the near future.<sup>66</sup>

While the issue of martial law was debated inside the KMT party, the DPP's strong showing in the December 1986 elections, in which the opposition (DPP) gained the largest-ever representation in the legislature and national assembly, delivered a clear message to the KMT about the need to continue the political liberalization process. The DPP won about 22 % of the total vote, compared to 17 % in 1983, and this clearly represented a solid affirmation of fledgling party's place in the island's politics. It also indicated that the ruling KMT party had

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<sup>65</sup>

Paul Mooney, "Braving the KMT Ban," Far Eastern Economic Review, 9 October 1986, 20.

<sup>66</sup>

Carl Goldstein, "The Winds of Change," Far Eastern Economic Review, 30 October 1986, 28.

no choice but to grant legal recognition to the DPP.<sup>67</sup> On July 15, 1987, the Emergency Decree which activated the martial law was evoked by the KMT claiming that it was moving on its own towards institutionalized democracy.<sup>68</sup>

The lifting of martial law opened the way for a further interactive process of liberalizing moves on the part of the regime and responses by politicians and public.<sup>69</sup> The KMT issued orders to relax restrictions on newspapers on January 1, 1988. Because the martial law was lifted, numerous groups took to the streets to air their grievances - an activity that could have been quickly suppressed in the past. In response, the KMT drafted the legislation to govern political activities which were no longer prevented by martial law. The Law on Assembly and

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<sup>67</sup>

Carl Goldstein, "A New Rising Star," Far Eastern Economic Review, 22 January 1987, 13.

<sup>68</sup>

Free China Review, "Editorial: Celebrations and Challenges" Free China Review, 38(10), (October 1988) : 5.

<sup>69</sup>

Constance Squires Meaney, "Liberalization, Democratization and the Role of the KMT, in Political Change in Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 100.

Parades which outlines three principles and specific areas that will be off-limit to demonstrations was announced on January 11, 1988. Moreover, in November 1988, the executive branch of the KMT government passed the statute on voluntary retirement of old parliamentarians.<sup>70</sup>

The most important of all, the liberalization process culminated in the promulgation of the Law on Organization of Civic Groups in January 1989. This law effectively legalized the formation of political parties. Although many scholars have assessed Taiwan's politics as a competitive, two-party system since the DPP's emergence in 1986,<sup>71</sup> formal recognition of opposition parties came only three years after the DPP's emergence. The formation of the DPP, the lifting of martial law, the freer press, the public demonstrations and legalization of opposition

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Cecilia Sun, Laura Lee-Chin and Alfred Ritter, "Democracy in Taiwan: A Chronology," World Affairs, 155(2), (Fall 1992): 53.

<sup>71</sup>

Tuan Y. Cheng, "Is There a Place for a Third Party in ROC politics?," Issues and Studies, 27(10), (October 1991) : 127; and John F. Copper, "Taiwan's 1986 National Elections: Pushing Democracy Ahead," Asian Thought and Society, 12(35), (July 1987): 115.

parties are all indicators of a liberalization process which occurred in Taiwan in the mid-1980's.

A Freedom House cross national survey of 1985 rated Taiwan a "partly free" society. In a scale of 1 to 7, with 1 offering the highest level of political rights or civil liberties and 7 the lowest, Taiwan was "5" in both categories.<sup>72</sup> In 1978 the index for civil liberties rose to "4" and in 1988 to "3" though the index for political rights remained the same.<sup>73</sup>

### **The Beginning of Democratization Process and It's Prospects**

By the late 1980's (1987-90), Taiwan's politics had been liberalized to a considerable extent. Opposition parties could legally exist and compete, people could demonstrate or protest without fear of suppression and mass media was freer than before. In chapter (1) we have asserted that democratization process follows

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<sup>72</sup>

Raymond D. Gastil, Freedom In the World : Political and Civil Liberties, 1985-86, ( New York : Greenwood Press, 1986), 33.

<sup>73</sup>

Raymond D. Gastil, Freedom In the World : Political and Civil Liberties , 1988-89, (New York : Freedom House, 1989), 52.

the liberalization process when a country under an authoritarian moves toward democracy. Moreover, the definition of democracy from chapter (1) described a system of government that meets three essential conditions: meaningful and extensive competition among individuals and organized groups, a highly inclusive level of political participation in the selection of leaders and policies, and a level of civil and political liberties sufficient to ensure the integrity of political competition and participation. In the light of this definition, we defined the concept of democratization as a process in which a system of government increasingly approaches these essential conditions and moves toward their consolidation. Regarding the Taiwan's democratization process, we will establish that the island's politics began to meet these essential conditions in the late 1980's and move to their consolidation over time.

After the abolition of martial law in 1987, new opposition parties other than the DPP emerged over a period of a few months. Before the DPP's formation in 1986, there were only the KMT party and two KMT-sponsored minor parties called the Young China Party (YCP) and the China Democratic Socialist Party (DSP).

The formation of new parties was banned until the lifting of the martial law. After the martial law was lifted and political parties were legalized, new opposition parties (other than the DPP) emerged and competed in the December 1989 elections. Some of these parties were Chinese Social Democratic Party (CSDP), Labor Party, Chinese Freedom Party and the New Democratic Independent Political Alliance.<sup>74</sup> Even though these parties were relatively small in size when compared to the DPP, their emergence and legitimate competition in the December 1989 elections symbolized a significant step in Taiwan's democratic transition. The 1989 elections were considered as an important test for democracy in Taiwan because, for the first time since the Nationalist government (KMT government) withdrew to Taiwan following its defeat in 1949 on the mainland China, the ruling KMT party competed in elections with other major opposition parties for the right to govern.<sup>75</sup>

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John F. Copper, "The Role of Minor Political Parties in Taiwan," World Affairs, 155(3), ( Winter 1993) : 95-103.

<sup>75</sup>

Martin L. Lasater, A Step Toward Democracy: The December 1989 Elections in Taiwan, Republic of China (Washington D. C: AEI Press, 1990), 1-2.

In the elections, the DPP won 38 % percent of popular vote and the KMT won 53 %. The DPP secured 21 parliamentary seats which was enough to propose legislation in Taiwan's parliament, while other non-DPP opposition parties won eight seats. The KMT won 75 parliamentarian seats. The December 1989 elections were witnessed by international poll-watchers including a US congress delegation headed by House Asia-Pacific Affairs Sub-committee Chairman, Stephen Solarz.<sup>76</sup> Despite some major irregularities, such as the KMT's systemic advantages in access to its broadcasting monopolies, gerrymandering and nonpareil financial power, the elections were appraised as fairer and freer than the elections in the past.<sup>77</sup>

In brief, since the 1989 elections, Taiwan's politics began to meet the first essential condition ( of our definition of democracy), that is, meaningful and

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<sup>76</sup>

Lincoln Kaye. " Opposition Onslaught," Far Eastern Economic Review 14 December 1989, 22.

<sup>77</sup>

Ibid, and Martin L. Lasater, A Step Toward Democracy : The December 1989 Elections in Taiwan, Republic of China, ( Washington D.C. : AEI Press, 1990), 57.

extensive competition among individuals and organized groups (political parties). Individuals and political organizations in Taiwan had been guaranteed civil and political liberties sufficient to ensure integrity of political competition ( as our third essential condition for democracy stipulates) by such laws as the Law on the Organization of Civic Groups (January 1989) and the Law on Assembly and Parades ( January 1988). These laws legalized political parties, demonstrations and protests. Even though some conditions were attached to the exercise of these rights,<sup>78</sup> individuals and political parties began to enjoy these rights legitimately in the late 1980's for the first time.

In the respect of political participation in the selection of leaders and policies, the opposition (represented by the DPP) had limited success in the late 1980's. In 1989 its share of parliamentary seats was only 21 out of a total of 101.

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<sup>78</sup>

These conditions were issued as "Three principles " which political parties and individuals must follow in the exercise of their civil and political rights. They are (1) to honor the Constitution, to support the government's anti-communist policy and to oppose separatism ( meaning Taiwan's independence). Carl Goldstein, "A New Security Blanket," Far Eastern Economic Review 22 January 1987, 12.



Non-DPP opposition parties held 8 seats. Despite the small number of membership in the legislature, the opposition (led by the DPP) was able to use its limited power as a vantage point for monitoring policy making and for investigating such sensitive and controversial issues as the budget and the management of foreign exchange reserves. Moreover, membership in the legislature allowed the opposition to gain some control over agenda setting via embarrassment and interpellation.<sup>79</sup> As a result, the KMT gradually accepted the DPP as an opponent and began to include it in policy making on important issues.<sup>80</sup> In brief, we will argue that in the late 1980's Taiwan's politics began to meet, on varying degree, three essential conditions of democracy because different individuals and political organizations started to compete and participate in the political process for the first time in Taiwan's history.

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Tun-Jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (July 1989): 192.

80

Teh-Fu Huang, "Electoral Competition and Democratic Transition in the Republic of China," Issues and Studies, 27 (10), (October, 1991): 116.

Not only the island's politics began to be characterized by those basic conditions of democracy, but also it was gradually moving toward their consolidation as the democratization process continued. Robert Dahl has argued that once a repressive regime moves away from the premises of total control and begins to allow some opposition, there is no natural stopping point until it reaches full-scale political competition or else reimposes total control.<sup>81</sup> In the case of Taiwan's democratization process, there are indications that the island have good prospects for the democratization to continue in the future.

First, while the authoritarian foundations of the KMT party were undermined by new social and economic interests and prodemocratic opposition forces which emerged during its developmental process, the party itself was being transformed from a Leninist party, which combined "party" and "state" into one, into an electoral institution. It is true that it will be difficult to implement the separation of party and state because the KMT's Leninist system of party-state

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Robert Dahl, "Introduction," in Regimes and Oppositions ed. by Robert A. Dahl (New Haven: Yale University Press, 1973).

control over the society had been deeply rooted for over forty years.

However, there are indications that the KMT "Party" and "state" was gradually separating. For example, the Council for Economic Planning and Development (CEPD) had been the KMT party-state's agency for economic policies. It existed and operated outside budget and normal civil service procedures. The agency was more powerful than the ministries because it was directly connected to the KMT party chairman. For most of the time before 1977, there was a major overlap between the chairman of the agency and other state organs. For instance, the State Premier and the head of the agency were the same person. After 1984, regulations were passed by the Legislative Yuan making the powerful CEPD a regular part of the government.<sup>82</sup> There were also abortive attempts so far within the KMT to terminate the long-standing practice of one person serving simultaneously as the President of the Republic of China and the Chairman of the

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Constance Squires Meaney, " Liberalization, Democratization and the Role of the KMT," in Political Change in Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 112-113.

KMT party.<sup>83</sup>

Moreover, thanks to the DPP's investigative power in the legislature, the personnel flow from the KMT party to the state and the financial flow from the state treasury to the KMT party have clarified. The KMT has begun to pursue a policy of self-reliance in its personnel and financial management. The KMT cadres has become more task-oriented and professionalized rather than being loyalty-driven ideologues. Through its Central Investment Company, the KMT has become an active equity holder in industry and a key player in financial market.<sup>84</sup> In brief, the KMT party was being separated from the state gradually over time. The more the KMT party separated from the state and loosens its control over state apparatus, the better for the democratic forces to push toward full-scale democracy.

The second reason why the democratization process in Taiwan could be moving ahead is that the military establishment, which is one of major

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<sup>83</sup>

Ibid.

<sup>84</sup>

Tun-Jen Cheng, "Democratizing a Quasi-Leninist Regime in Taiwan," World Politics, 441(4), (July 1989): 497.

power-holders in developing societies, was not as powerful in Taiwan as other developing societies in Latin America and Asia. It had been politically neutralized since the introduction of political commissar system in 1950's. It is true, nevertheless, that the military is still a power to be considered and the appointment of General Hau as Premier in May 1990 was an indication that the military establishment continued to count as an influential institution.<sup>85</sup> But the political commissar system still exists and even if the KMT party were to withdraw from the military, the propensity for military intervention in Taiwan's politics would likely remain low. Military paternalism based on personal and regional ties was eliminated after the reorganization and centralization of the military in early 1950's. A rotation system of military command is firmly established.<sup>86</sup> Moreover, as Taiwan's prosperity has reduced usual tensions, the military has not had to

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Hung-Mao Tien, "Transformation of Authoritarian Party State: Taiwan's Development Experience," in Political Change in Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London: Lynne Rienner Publishers, 1992), 51.

<sup>86</sup>

Tun-Jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (July 1989): 497.

intervene to deal with domestic conflict.<sup>87</sup> As long as this economic equality is maintained, the possibility of military intervention is low. In addition, the military in Taiwan is well compensated, and the military as an institution has carved out many profitable niches in the domestic economy, such as in construction and in state-owned enterprises. Political control and economic payoffs can be expected to continue to dissuade the military from entering politics.<sup>88</sup>

The third reason to believe Taiwan's democratization process is likely to continue is that conservative hard-liners in the KMT party, who were political opponents of the democratization process, are not as strong as in the past. Their goal was clearly to maintain party-state control of the society. But, the KMT legislature has been highly factionalized since the 1990 and moderate factions

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<sup>87</sup>

Edwin A. Winckler and Susan Greenhalgh, "Analytical Issues and Historical Episodes," in Contending Approaches to the Political Economy of Taiwan, ed. Edwin Winckler and Susan Greenhalgh (Armonk, N.Y : East Gate/M.E. Sharpe, 1988), 11.

<sup>88</sup>

Tun-Jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (July 1989) : 497.

became more powerful than the conservative ones.<sup>89</sup> The conservative old guards are gradually retiring from active political life, and a new generation more sympathetic to democratic values has emerge and has already begun to assume leadership positions. Moreover, with the ascendancy of President Lee Tang Hui after President Chiang Ching Kuo died in 1988, leaders of Taiwanese origin are replacing many senior leaders from the mainland. They form coalitions among themselves in the KMT party and the national legislature rather than with the old privileged members who were elected in the mainland in 1946.<sup>90</sup>

We have, so far, elaborated how prodemocratic forces in Taiwan pushed for political liberalization and made a democratic breakthrough in the period of 1970-89. Basically, we made use of the political-process approach to describe and analyze events leading to and during the liberalization and democratization

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<sup>89</sup>

Gunter Schubert, "Constitutional Politics in the Republic of China: The Rise of the Legislative Yuan," Issues and Studies, 28 (3) , (March 1992): 21-37.

<sup>90</sup>

Ibid. and Lu Ya-Li, "Political Development in the Republic Of China," in Development and Democracy in East Asia: Taiwan, South Korea, and the Philippines, ed. by Thomas Robinson, ( Washington D.C: The AEI Press, 1991), 45.

processes. We also briefly discussed the prospect for the continuation of the democratization process in the future. Employing the political-process approach, we have laid emphasis on the strategies of the opposition, such as mass movement, magazine movement, and the gradual formation of an opposition party.

In addition, we have also discussed to some extent how the KMT party responded to these moves the opposition. The KMT strategy in dealing with the opposition was that of a gradual accomodation rather than supression. In contrast to South Korea under military regimes and Philippines under Ferdinand Marcos, where challenges were met fairly consistently with repression leading to further polarization,<sup>91</sup> the response of the KMT to the growing and increasingly assertive opposition was, until 1985, a mix of selective repression with gradual accomodation , and gradual liberalizaton after 1986. In the following part, we will explore a unique factor which made it possible for such a strategy of gradual accomodation and political liberalizaition of the 1980's to be implemented. This

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Yangsun Chou and Andrew J. Nathan, "Democratizing Transition in Taiwan," Asian Suvey, 27(3), (March 1987) : 283.



is the role of President Chiang Ching Kuo.

### **The Role of President Chiang Ching Kuo**

The role of the leadership is significant in the totalitarian parties like the KMT party (1950-80's). The party was referred by scholars as "quasi-Leninist" or "Leninist" party. Its structure and relations with other organizations and the society resemble that of the Leninist parties, despite obvious ideological differences. The party interlocks with the government at the top. Its party chairman and the president of the ROC are the same person. The Central Standing Committee ( CSC ) of the KMT party, like the politburo of the Communist regimes, includes the top government officials.

Not only the structure, but also the organizational set-up of the KMT is similar to the totalitarian Leninist parties. Its control reached to every corner of the society. The military is overseen by the political commissar system. Its organizational branches were extended through all levels of government and into every social organization in both rural and urban sectors. In such a quasi-Leninist

or Leninist party, leadership included three related components: the ideology of Sun Yat-Sen (Sunism),<sup>92</sup> the fuhrerist leaderism of the Chiangs ( Presidents Chiang Kai Shek and Chiang Ching Kuo), and generational succession of the mainlander followers of Chiang Kai Shek. It was these components taken together that made the central pillar of nationalistic authoritarianism of the KMT not merely personal power of a particular leader but an institutionalized role of preeminent leader.<sup>93</sup> The significance of a person who stood at the top of such a Leninist party and its leadership needs not be elaborated.

The leadership of the KMT party played an important role in adapting the party to the new environmental challenge, that is, pressure by the new social and political forces for change in the course of the nation's development. The

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<sup>92</sup>

Sun Yat-Sen's ideology includes three principles: "nationalism," "democracy" and "social well-being" or " people's livelihood."

<sup>93</sup>

Edwin A. Winckler, "Taiwan Transition ?", in Political Change In Taiwan, ed. by Tun-Jen Cheng and Stephan Haggard, (Boulder and London : Lynne Rienner Publishers, 1992), 230.

concept of political adaptability is defined in the chapter one as an "acquired organizational characteristic which is a function of environmental challenge and age."<sup>94</sup> In the case of the KMT party, its political adaptation had to be implemented due to the environmental challenge. The leadership of the KMT party, especially late president Chiang Ching Kuo was instrumental in adapting the KMT party to the new environmental challenge by introducing political reforms of the 1970's and 1980's. The introduction of supplementary elections to replenish the aging national representatives (1972), the accepting of the DPP's emergence as the opposition party (1986), the lifting of martial law (1987) and the legislation of the Law on the Organization of Civic Groups (1988) which legalized the formation of political parties were landmarks of these political reforms.

Political reforms of the early 1970's coincided with the ascension of Chiang Ching Kuo to the premiership in 1972. He is the son of Generalissimo Chiang Kai Shek. Ray S. Cline, who lived in Taiwan as the CIA officer in charge

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<sup>94</sup>

Samuel Huntington, Political Order in Changing societies, (New Haven : Yale University Press, 1968), 13.

and became Chiang Ching Kuo's close friend, wrote that Chiang Ching Kuo had a vision of Taiwan becoming both a fortress of a free society and a showcase for democracy that would entrance the people of Asia, including the people of mainland China.<sup>95</sup> A distinguished scholar, Tun-Jen Cheng, remarked that the political reforms of the early 1970's would not have been possible without Chiang Ching Kuo's ascension to premiership.<sup>96</sup>

"The way of the reformer is hard," Samuel Huntington observed.<sup>97</sup>

There was so far President Chiang Ching Kuo who was confronted with conservative hard-liners of the KMT party. They feared any relaxation of political control on the society would create an opening for communist subversion. A reformer in such a setting must maintain a concentrated hold on power in order to

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<sup>95</sup>

Ray S. Cline, Chiang Ching Kuo Remembered : The Man And His Political Legacy, (Washington D.C. : The United States Global Strategy Council, 1989), 70.

<sup>96</sup>

Tun-Jen Cheng, " Democratizing the Quasi-Leninist Regime in Taiwan," World Politics, 41(4), (July 1989): 485.

<sup>97</sup>

Samuel Huntington, Political Order in Changing Societies, ( New Haven : Yale university Press, 1968), 344.

be able to disperse it, and must implement reform measures quickly enough to prevent the consolidation of conservative opposition, but not so quickly as to allow the pace of events get out of control.<sup>98</sup> Chiang Ching Kuo did exactly what such a political reformer need to do. He took measure to weaken the conservatives in the party. As soon he came to power in 1973 as the premier, Chiang Ching Kuo dismissed many of the old KMT leaders of Chiang Kai Shek's generation and instituted supplementary elections as part of a political reform. In addition to replacing old conservative members by supplementary elections, the KMT party under Chiang Ching Kuo recruited native Taiwanese into the KMT party, army, and government, including some high positions, in a process which scholars call "Taiwanization."

This process of co-opting native Taiwanese into the KMT regime's ruling circle began in the early 1970's when Chiang Ching Kuo emerged as the pivotal political leader. By 1973, three Taiwanese were appointed to the ruling

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Yangsun Chou and Andrew Nathan, "Democratizing Transition in Taiwan," Asian Survey, 27(3), (March 1987): 285.

KMT's central standing committee (CSC). Gradually, more and more native Taiwanese took over important positions in the KMT party. By 1988, the CSC of the KMT party had 16 Taiwanese members out of a total of 31 members.<sup>99</sup> The process of Taiwanization was basically introduced by the KMT party to solidify its legitimacy through inter-ethnic power sharing. These Taiwanese leaders were more sympathetic to democratic values and counterbalanced the conservatives in the party.<sup>100</sup>

While taking measures to weaken the conservative hard-liners, President Chiang Ching Kuo tried to accommodate the opposition (Tangwai) as it developed, despite the opposition from the security bureaucracy and many mainlanders in the party. In 1978, he became the president of the Republic of

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<sup>99</sup>

Hung-Mao Tien, "Social Change and Political Development in Taiwan," in Taiwan In A Time of Transition, ed. by Harvey Feldman, Michael Y.M. Kau and Ilpyong J. Kim, (New York : Paragon House, 1988), 12.

<sup>100</sup>

Lu Ya-Li, "Political Development in the Republic Of China," in Development and Democracy in East Asia: Taiwan, South Korea, and the Philippines, ed. by Thomas Robinson, (Washington D.C. : The AEI press, 1991), 45.

China. In the same year, he instructed KMT officials to meet with Tangwai figures under the auspices of a prominent newspaper publisher.<sup>101</sup>

In the early 1980's, the KMT was assessed by many scholars to be moving from "hard authoritarianism" to "soft authoritarianism" due to such liberalizing measures as the introduction of supplementary elections, the process of Taiwanization and tolerance of the opposition competition in elections (though as an opposition party).<sup>102</sup> In the mid-1980's the state of political reforms in Taiwan underwent a fundamental change, moving toward what can be called democratizing reform or democratization.

A scholar on Taiwan affairs, Ramon H. Myers, gave credit to the KMT leadership for initiating the political changes of 1980's which moved the political

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<sup>101</sup>

Yangsun Chou and Andrew Nathan, "Democratizing Transition in Taiwan," Asian Survey, 27(3), (March 1987): 283.

<sup>102</sup>

Edwin Winckler, "Institutionalization and Participation on Taiwan : From Hard to Soft Authoritarianism ?", The China Quarterly, no. 99, (September 1984): 481-499.

system toward representative democracy mode closely and rapidly.<sup>103</sup> As early as 1984, president Chiang Ching Kuo seemed to be preparing for the upcoming political reforms and the succession to his leadership. As the chairman of the KMT party and president of the Republic Of China, both initiative for reform and the power to implement it over substantial opposition of conservative hard-liners lay with him. In the early 1984, he demoted General Wang Sheng who was the head of general political warfare. He was considered by many analysts the second most powerful figure in the KMT. Wang Sheng was the most senior hard-liner in the party and his ambition to succeed Chiang Ching Kuo raised the specter of military intervention. After his demotion to become ambassador to Paraguay, the hard-liners' position in the KMT was considerably weakened.<sup>104</sup>

President Chiang Ching Kuo's commitment to democratic reforms was

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Ramon H. Myers, "Political Change and Democracy in the Republic Of china," Free China Journal, 3(47) , (December 1986): 2-3.

104

Dirk Bennett, "Chiang's Changes," Far Eastern Economic Review, 1 March , 1984, 11.



evident in his arrangements for the succession to him and the way he handled the emergence of the main opposition party (DPP). It was clear that he did not want his successor to be either a conservative hard-liner or a military officer or his relative. After the conservative General Weng Sheng was demoted, he chose a Taiwanese intellectual, Lee Tang Hui, as vice-president in February, 1984. Lee is a westernized intellectual who studied agricultural economics in the United States. To ensure Lee Tang Hui's succession after his death, president Chiang Ching Kuo stated in December 1984, on the 38<sup>th</sup> anniversary of the ROC constitution, that he would not allow himself to be succeeded as president by any member of his family nor by a military regime.<sup>105</sup>

To show his firmness in his decision, he posted his second son and potential successor, Chiang Hsia-Wu, to Singapore as deputy commercial counselor in the Taiwan mission. In June 1986, he appointed civilian official Wang Tao-Yuan as Minister of Defense, signalling his intent to diminish the role of the military in the

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Chong-Pin Lin and Man-Jung Mignon Chan, "Taiwan and Mainland : A Comparison on Democratization," World Affairs, 155(3), (Winter 1993) : 124.

cabinet.<sup>106</sup> By choosing a Taiwanese intellectual over a hard-liner general and refusing dynastic succession, president Chiang Ching Kuo seemed to wish the continuation of political reforms in the future.

In addition, his intention to promote political reforms was more evident in his handling of the emergence of the major opposition party (DPP). In the period of 1985-86, the opposition (Tangwai) and the KMT were engaged in a direct confrontation when the former went ahead with extending its branch offices throughout the island after forming a quasi-party organization called the Association for Public Policy. While hard-line leaders of the KMT party were intent on suppressing the opposition's move, Chiang Ching Kuo directed KMT officials to hold talks with the representatives of Tangwai through the good offices of four mediators. As a result, a compromise was reached between the KMT and Tangwai by approving the Tangwai's plan to set up branch offices of the APP but without

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Shih-Pao Hsin-wen Chou-K'an, no. 6 (June 22-28, 1986) : 4-7., as quoted by Yangsun Chou and Andrew Nathan, "Democratizing Transition in Taiwan," Asian Survey, 27(3) , (March 1989): 284.

attaching the term Tangwai to them.<sup>107</sup>

While the opposition had its own agenda to form a political party in 1986, President Chiang Ching Kuo seemed to have his own plan for political reforms. In March 1986, he reminded the KMT delegates to the party's Third Plenum of the 12<sup>th</sup> Central Committee of the party's long-standing goal of implementing democracy and stressed that time had come to make further progress toward this goal. He called for a twelve-person task force of the Standing Committee to suggest reform measures.<sup>108</sup> This measure was probably taken at the time out of genuine commitment to reforms as well as to improve the KMT's image which was tarnished by scandals at the time.

When the opposition announced the formation of its own party (DPP) defying the ban on the formation of political parties, there was a strong preference

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<sup>107</sup>

Carl Goldstein, "Everything but the Name," Far Eastern Economic Review, 29 May, 1986, 13.

<sup>108</sup>

Shih-pao Hsin-wen Chou-K'an, no.86 (December 18-24, 1986) as quoted by Yangsun Chou and Andrew Nathan, "Democratizing Transition in Taiwan," Asian Survey, 27(3), ( March 1987): 286.

among the KMT conservatives to respond by arresting the participants of the new party. President Chiang Ching Kuo, however, chose to declare the new party illegal and refused to recognize it, meanwhile speeding the pace of drafting the new civil organizations law that would legalize the party retroactively. He extended the de facto recognition of the DPP by holding inter-party dialogues with the DPP leaders on numerous occasions and on an array of issues.<sup>109</sup> On October 7, 1986 when Katherine Graham interviewed Chiang Ching Kuo, he stated that the decree imposing martial law would soon be lifted and that new political parties could be formed as long as they agreed to three conditions: party members must uphold the 1947 constitution of the ROC, be anti-communist and oppose any move to establish an independent Taiwan.<sup>110</sup>

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<sup>109</sup>

Hung-Mao Tien, "Social change and Political Development in Taiwan," in Taiwan in A Time of Transition, ed. by Harry Feldman, Michael Y.M. Kau and Ilpyong J. Kim, (New York : Paragon House, 1988), 19 ; and Yangsun Chou and Andrew Nathan, "Democratizing Transition in Taiwan," Asian Survey, 27(3), (March 1987): 288.

<sup>110</sup>

Ramon Myers, " Political Theory and Recent Political Developments in the Republic of China," Asian Survey, 27(9), ( September 1987): 1006.

On October 15, 1986, President Chiang Ching Kuo pushed resolutions through the KMT central committee adopting two key reform proposals: the first called for the abolition of martial law and its replacement with a national security law: and the second resolution called for the revision of the Law on Civil Organizations so as to reverse the ban on formation of new political parties.<sup>111</sup> Finally, Taiwan's political reforms culminated in the lifting of martial law in October 1987 and the legalization of political parties in January 1988.

It was remarkable that Taiwan's political reforms were implemented without upsetting the conservatives in the KMT party who still comprised a political wing the party in the party, though weaker than in the past. Most important of all, political reforms were adopted without radicalizing the party elites in the face of opposition challenge. Despite the accelerated transition to democracy, the KMT managed to maintain its privileges and political control in some way or other thus appeasing the party elites, especially the conservatives. First, though

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Carl Goldstein, "The winds of Change," Far Eastern Economic Review, 30 October, 1986, 28.

opposition parties were allowed to form and compete against the KMT party in elections, there were limited to three conditions of support to the constitution, the government's anti-communist and anti-independence policies. Second, in spite of competitive elections, the entire legislature was not completely open to popular elections because the members elected in 1946 retained their privileged position until their death.<sup>112</sup> This pleased the KMT elites, especially the conservatives.

Because of these limitations to the political reforms, Taiwan has a long way to go so as to be completely democratized. Nevertheless, the emergence of the major opposition party (DPP), the lifting of martial law and legalization of political parties plus other liberalizing measures in the period of 1986-87 were significant developments in Taiwan's democratic transition. These steps were collectively referred to by scholars as the "democratic breakthrough in Taiwan."

In order for such a breakthrough to occur, we have discussed that

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Although the Executive Yuan passed the statute on voluntary retirement of those senior parliamentarians in November 1988, these parliamentarians could maintain their position if they chose to give it up voluntarily.

the leadership of the KMT party, especially late president Chiang Ching Kuo, was instrumental to a large extent. The importance of strong democratic commitments on the part of political leaders was evident in Taiwan's democratic transition. Juan Linz remarked that democratically loyal leaders reject the use and rhetoric of violence an illegal or unconstitutional means and refuse to condone or tolerate anti-democratic actions by other participants.<sup>113</sup> We, then, can say president Chiang Ching Kuo was such a political leader for his part in the nation's democratic transition. His accommodating and shrewd political leadership, showing keen timing and some political courage, must be partially credited for democratic transformations in Taiwan.<sup>114</sup>

At this point, we will conclude the discussions of this chapter. We

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Juan Linz, The Breakdown of Democratic Regime : Crisis, Breakdown and Reequilibration, (Baltimore, MD : John Hopkins University Press, 1978), 27-38.

114

Lary Diamond, Juan J. Linz and Seymour Martin Lipset, "Introduction : Comparing Experiences with Democracy," in Politics in Developing Countries: Comparing Experiences with Democracy, ed. by Lary Diamond, Juan J. Linz and Seymour Martin Lipset, ( Boulder and London : Lynne Rienner Publishers, 1990), 16.

have studied the strategic interactions between the democratic opposition and the authoritarian KMT in the political process leading to the liberalization and democratization of Taiwan's society. Basically, the ability of the opposition to set strategies depending on different circumstances and to maintain its coherence was found to be instrumental in pushing for the democratic transition under the authoritarian KMT. On the part of the KMT, the responses to the opposition's demands for political liberalization were based on the strategy of gradual accommodation of the opposition at controlled pace. While the opposition succeeded in securing the rights to organization of political parties and to legitimate competition in elections, the KMT was able to adapt to new political environment without upsetting its conservative wing.



## CHAPTER V

### THEORETICAL DISCUSSIONS AND CONCLUSIONS

#### Summary and Conclusions

In the early 1990's, Taiwan was partially through a democratic transition and may now be termed neither authoritarian nor democratic. Taiwan has liberalized its authoritarianism system but not yet institutionalized its democracy. The nation's democratization process is likely to continue as it had

begun as a struggle between the democrats and anti-democrats.<sup>1</sup>

Taiwan's democratization process was connected to the nation's economic development and the subsequent improvement of socioeconomic conditions. The authoritarian state led the country to prosperity with economic equality. In the course of the economic development, the country's socioeconomic conditions were radically changed. The composition of Taiwan's social classes were transformed, giving rise to a large, affluent and educated middle class. The population was more concentrated in the urban areas, creating new social ties in the society. The nation's education and literacy was dramatically improved. The mass media became freer, and, thanks to new communication technologies, it became more and more difficult for the authoritarian state to control the flow of information. Above all, numerous types of civic organizations proliferated and were released from the corporatist control of the state. Such a growing

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Edwin A. Winckler, "Taiwan Transition ?," Political Change In Taiwan, ed. Tun-Jen Cheng Stephan Haggard, ( Boulder and London : Lynne Rienner Publishers, 1992), 221.

complexity of the society made it more and more difficult for the party-state to control group activities and led to the emergence of pro-democratic forces in the 1970's.

Any regime with a monopoly on state power has every incentive as well as an immense capacity to prevent the growth of dissent and opposition in order to prolong its political life.<sup>2</sup> This was true with the KMT regime until 1985. It resorted to selective repression and gradual accommodation of the democratic process to extend its political life. Taiwan's pro-democratic forces should be given credit for being able to set different strategies depending on different circumstances to push for political reforms and finally the democratic breakthrough in 1986, despite the suppression by the government.

The democratic opposition started with what was called the magazine movement, and grew up while competing against the powerful KMT in elections.

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<sup>2</sup>

Leonard Schapiro," Introduction," in Transitions From Authoritarian Rule: Comparative Perspectives, ed. Leonard Schapiro (Baltimore : The John Hopkins University Press, 1986).

At the same time it resorted to a piecemeal approach to form a political party by gradually setting up pseudo-party organizations one after another before the party could be formed to test the KMT's response. The Tangwai Campaign Corps (1978), the Tangwai Campaign Assistance Association (1982), and the Association for Public Policy were the forerunners of the Democratic Progressive Party. The strategy of mass movement which employed violent confrontational techniques proved to be disastrous in 1979 to the opposition. The same strategy, but without violent confrontation, was used advantageously by the opposition to pressure the KMT in 1985 when the KMT threatened suppression after the opposition extended the branch offices of the Association for Public Policy throughout the country.

While the democratic opposition is largely given credit for its part in the democratization process, the role of President Chiang Ching Kuo should partially be credited for making it possible for such a transition occur smoothly and peacefully. As a reformist leader with immense political power, he confronted and weakened the conservatives in the KMT party and pushed for political

reforms in the face of strong opposition from them.

In sum, Taiwan's democratic transition owes to three major factors : the socioeconomic improvements and their positive effects in the society which undermined the authoritarian state and created the social bases for democracy, the shrewdness and ability of the democratic opposition to set an agenda and promote different strategies to push for political reforms in the face of an authoritarian regime and, finally, the role of President Chiang Ching Kuo which helped political reforms take place faster and smoother than might have been otherwise.

We employed two theoretical approaches to study the democratic transition in Taiwan which occurred following the nation's economic development.

The first approach is based on the hypothesis of modernization school which asserted that "democracy is related to the state of economic development. The more well-to-do a nation, the chance it will sustain democracy."<sup>3</sup> This hypothesis asserted that the likelihood of political democracy increase as socioeconomic

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Seymour Martin Lipset, Political Man : Social Bases of Politics, ( New York : Garden City, 1960), 31.

conditions improve.<sup>4</sup> This school of thought argued that socioeconomic changes, such as expansion of autonomous entrepreneurial middle classes, urbanization, higher literacy rate and better education, mass media expansion, the emergence of an autonomous civil society, preceded the establishment of a competitive political process.

The second approach employed in this study was proposed by Dankwart A. Rustow and Samuel Huntington. This approach emphasized the emergence of new (democratic) institutions which generated new social interests and a political process through which democrats and anti-democrats could interact. Employing this approach, we learned that the ability of Taiwan's democratic opposition to set an agenda and strategies to push for political liberalization under a quasi-Leninist authoritarian regime was the most important factor in the political process which eventually led to the liberalization of the society. In the final analysis, both approaches employed in this study are equally significant

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Seymour Martin Lipset, "Some Social Requisites of Democracy," Political Science Review, 53 (1), (March 1959): 69-105.

and supplementing each other since the socioeconomic-precondition approach explains the environmental factors conducive to democracy and the political-process approach explains the dynamics of the political process which brought about the democratic transition.

This case study put forth two points concerning those two theoretical approaches. First, the socioeconomic-conditions approach can be significant in the study development-democracy issue. One of the arguments against the applicability of this approach insisted that studying of preconditions for democratic transition (including socioeconomic preconditions) is futile because such studies do not fit the deviant cases.<sup>5</sup> The point is that, even though a certain degree of wealth or socioeconomic improvements are not preconditions which are literally necessary to democratic transition, the existence of these conditions can undermine the foundations of an authoritarian state and they can become fertile grounds for prodemocratic forces to grow up. The experiences of Taiwan and

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Terry Lynn Karl, "Dilemma of Democratization in Latin America," Comparative Politics, 23(1), (October 1980): 2-4.

other East Asian countries demonstrated the truth of the truth of this point. It would be a mistake to swing entirely to other extreme and ignore the environmental factors (such as socioeconomic improvements) that may affect democratic development.<sup>6</sup> In short, a socioeconomic-conditions approach can be usefully employed in the study of democratic transition.

The second theoretical approach used in this study stresses the role of the political process by which democratic forces and authoritarian state interact. In this case study, we learned that a unique factor, that of the role of President Chiang Ching Kuo, was crucial in such a process in Taiwan because his commitments to political reforms were significant in facilitating Taiwan's democratic transition. Without this unique factor, Taiwan's democratization process could not be as smooth and fast as it was. An interesting point is that such a unique factor also existed in South Korea's democratic transition process. The historic event of the Seoul Olympic (1988) in South Korea made both sides of the

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<sup>6</sup>

Samuel Huntington, "Will More Countries Become Democratic ?" Political Science Quarterly, 99 (2) , (Summer 1984 ) : 198.



authoritarian regime and the radicalized democratic opposition soften their stances and led to compromise and mutual accommodation. Such factors can not be generally valid for every case of democratic transition, since they do not occur in all cases. Nevertheless, if they exist in a case or cases in consideration, their importance should identified and assessed in terms of their contribution to democratic transition. It is because outcomes of such democratic transitions can be different if these factors did not exist.

The approach employed in this case study can be used to analyze other political transitions. In South Korea, economic development made it possible for the social reform and substantial improvements in the welfare of lower-income groups. These socioeconomic improvements in turn stimulated political consciousness and democratic opposition in a fashion quite similar to Taiwan's case, South Korea's democratization process rested upon its socioeconomic improvements and the ability of the democratic to reconcile differences and maintain coherence in the course of its political transition.

In Thailand, prodemocratic forces are trying to change its political

system which is traditionally dominated by the military and bureaucratic forces. The nation's economic development gave rise to a large, educated middle class which played a major role in the 1992 popular revolt against the military regime. The Thai military had to bow to the popular pressure for the first time and transferred power to a civilian interim government. New social and political forces such as the middle class have become important players in Thailand's democratization process, creating a dialogue on democratic change similar to the case of Taiwan.

Another South East Asian country where the ruling regime was beginning to fall under the societal pressure is Indonesia. The country's politics is dominated by the state political party (GOLKAR) and the military. As its economy developed, there emerged indications that the country is likely to liberalize its politics. The year 1993 saw extensive public discussions on greater political "openness" and a possible curtailing of the military's power. Protests by students, strikes by trade unions and pressure by different social interests on the government, which were usually oppressed by the military in the past, occurred in recent years.

Our theoretical formulation can fit the development in Indonesia in which economic

prosperity connected to the rise of social and political protests for change.

### **Challenging Cases and the Overall Theoretical Implications of the Research**

Therefore, we can in many Asian cases at least see that economic development and appropriate form of dialogue, perhaps associated with creative leadership, can promote stable economic and political development. What can we say about situations where economic change has occurred, and a political dialogue has been stimulated, but with fewer of the types of positive outcomes just describe?

In short, what can we say about the durability of what we have produced here, a set of political modifications to standard modernization theory? Let us look at several cases where the process of economic and political change were somewhat similar to Taiwan's, but where outcomes seem otherwise to fall short. We will consider briefly the cases of Brazil, Mexico and Nigeria.

In Brazil, economic development not only diversified its social and political interests but also intensified its unequal income distribution. This situation resulted in the pressure on Brazil's military regimes which finally had to liberalize

the political system. Despite the policies of "decompression" and "opening" adopted by Presidents Geisel and Figueiredo in the late 1970's and early 1980's to avert social conflicts, prospect for democracy in Brazil is still hampered by poverty, corrupt leadership, and political confusion and unrest.

Even though Mexico ranked between third and seventh among the twenty nations on a ratings for Latin American Democracy,<sup>7</sup> the country is still dominated by a dominant party system. The dominant party still does not tolerate challenges to its rule, it still controls the society and electoral fraud is still a problem. Like Brazil, one of the major problems in Mexico is the inequality in income-distribution. Income distribution in Mexico did not improve even during the decades of the nation's economic growth (1955-1977).

In Nigeria, democratic institutions were twice introduced, following carefully staged transitions. Both of these efforts were ruined by anti-democratic behavior and then ended by popular military coups. The major problem in this

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Kenneth F. Johnson and Philip L. Kelly, "Political Democracy in Latin America," LASA Forum 16(4) (1986): 19-22.

nation is the cultural fragmentation. Ethnic complexity in Nigeria has generated intense and sometimes catastrophic political conflicts which led to democratic breakdown.

In the overview above of the prospects for democracy in a number of countries, it is evident that countries which achieved economic equality during their course of economic development are enjoying better prospects for democratic transition. Equality of income distribution in Japan, Taiwan, South Korea, and Thailand can be seen along with good prospects for the democratic transitions. In contrast, those countries which developed but without economic equality faced uncertainties in the course of their transition to democracy. Brazil, with its phenomenal problem of unequal income distribution, best represents this connection of economic inequality and uncertainty of democracy. Mexico is another example to testify such a connection. In sum, achievement of economic equality before or during the course of economic development is an important factor for a society moving towards democracy.

In addition, the case of Nigeria exemplifies the failure of democracy

due to cultural fragmentation in the society. The country's attempts at democratic transitions were undermined by anti-democratic behavior and conflicts caused by its ethnic complexity. As institutionalized systems of competition and conflict, democratic institutions are especially liable to the disintegration of competition into enmity and conflict to chaos. The existence of cultural and ethnic divisions could intensify such a problem of disintegration. In contrast, countries with cultural cohesion are less likely to face this problem. Cultural cohesion in East Asian countries such as Japan, Taiwan, South Korea, Singapore and Thailand is an important associated or mediating factor in their economic and political development.

It would appear that the applicability of the theory we used to describe the Taiwan case does require that we incorporate a few more factors than we did in this case. The fact is that we did consider in the analysis of Taiwan the fact of the nation's basic social equality. We also noted the extent to which common cultural (Confucian) values are operating. The role of creative leadership was another significant factor in Taiwan's case. What we see in the three

apparently "limiting" cases is situations where one or more of these factors were missing.

Therefore, we would conclude with an affirmation of a still more complete amalgam of the socioeconomic and political factors we have considered here. We would affirm that economic change can open opportunities, which a positive political dialogue can then advance. But the possibilities this will happen are certainly advanced when the participants in the political process see themselves as part of a common community, and have achieved at least a modest level of social and economic equality.

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