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DEMOCRATIZING THE QUASI-LENINIST REGIME IN TAIWAN

By TUN-JEN CHENG*

AFTER nearly four decades of authoritarian rule by a Leninist party—the Nationalist Party or Kuomintang (KMT), democratic forces are now gaining ground in Taiwan. Since the mid-seventies, political space for electoral competition in Taiwan has gradually opened up, the degree of political contest has intensified, and the scope of political discourse in the public domain has widened. In the mid-eighties, various authoritarian legal constructs—notably the thirty-eight-year-old decree of martial law and the prohibition of new political parties and new newspapers—were dismantled, and rules for democratic politics are being established. Civic organizations are forming, and they are articulating their interests. Entry barriers to organized political competition have been removed and four new opposition parties have appeared. The archaic "Long Parliament" that lasted forty-one years and enabled the KMT to dominate political power is being phased out. In Alfred Stepan's terms, a civil society—that is, the arenas, movements, and organizations for expressing and advancing manifold social interests—has emerged, while the arenas and arrangements for political competition are being created under an authoritarian regime.[1]

Although the movement toward democratization in Taiwan is beyond any doubt, the interpretation of this trend is the subject of many debates. What factors best explain its origin? Is democracy the likely outcome? If so, how stable would such a democracy be?

The trend toward democracy in Taiwan can be construed as a consequence of rapid economic growth and social change in a capitalist economy. Almost all socioeconomic correlates of democracy that theorists of modernization have isolated—that is, high levels of urbanization, indus-

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[1] Stepan, *Rethinking Military Politics* (Princeton: Princeton University Press, 1988), 3-4.

trialization, per capita income, literacy rates, and mass communication—are now present in Taiwan.[2] Democratic impulses are obviously consequences of economic and social transformation that the KMT regime itself has helped to create. Taiwan is, as Lucian Pye has recently suggested, "possibly the best working example of the theory that economic 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 common to developing countries."[3]

Democratic inclinations or impulses alone do not ensure regime transformation, however. The demand for democracy does not always create its own supply. Economic development may move a country to "a zone of political transition,"[4] but the direction of political change is not preordained. Instead of fostering democracy, economic performance may well make an authoritarian regime more resilient, if not more legitimate, or it may even give rise to authoritarianism. An authoritarian regime may succeed in co-opting or containing counter-elites. In the calculus of the attentive public, the opportunity cost of democratic movement may be too high to bear. Minimum concessions to popular demand for a greater say in politics may well extend the life of an existing authoritarian regime. In the end, democratic ferment may serve to consolidate authoritarianism.

Indeed, one informed observer forecast in 1984 that the KMT regime in Taiwan would merely "soften"—that is, reduce the degree and extent of political control—rather than allow democratization to run its full course.[5] At least two factors lend support to this expectation. First, as a Leninist party, the KMT would seem to constitute a more formidable barrier to democracy than do non-Leninist leadership structures, such as the military in bureaucratic authoritarian regimes like those in South Korea's and Brazil's recent history. With a high organizational capacity, a dominant ideology, and, above all, a deep penetration of society, a Leninist party is predisposed to steer the course of political change. Moreover, a Leninist party may be expected to do its utmost to resist the painful process of institutional *transformation* from a hegemonic, privileged party into an ordinary party in a competitive political arena. By contrast, a re-

[2] Seymour Martin Lipset, *Political Man*, expanded ed. (Baltimore: The John Hopkins University Press, 1981); Phillips Cutright, "National Political Development: Measurement and Analysis," *American Sociological Review* 28 (April 1963), 253-64.

[3] Pye, *Asian Power and Politics* (Cambridge: The Belknap Press of Harvard University Press, 1985), 233.

[4] Samuel P. Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly* 9 (Summer 1984), 201.

[5] Edwin A. Winckler, "Institutionalization and Participation on Taiwan: From Hard to Soft Authoritarianism?" *China Quarterly* 99 (September 1984), 481-99.

treat to its niche of national security presents a move of role *contraction* for the ruling military in a bureaucratic authoritarian regime facing economic adversity, and can theoretically even strengthen its hand. Whether a Leninist party is more competent than the military to manage political change depends on its possession of power bases and economic resources. Lacking a national power base and facing the task of distributing economic adjustment costs, for example, the Leninist parties in the Soviet-affiliated Polish regime and in independent, yet decentralized, Yugoslavia find themselves at present on the verge of disintegration and in need of the military for their rule.

Second, unlike some other third-world countries, Taiwan has little legacy of democracy. Institutional diffusion during the colonial era came from an authoritarian, imperial Japan, rather than from a liberal democratic Western power, as was the case in the Philippines, for example. Unlike Singapore and India, Taiwan was decolonized through a wholesale transfer of power and resources from a defeated colonial power to the KMT regime: this process took place without any political struggle. In addition, unlike most of Latin America, where oligopolistic competition in the last century and populist mobilization in the interwar and early postwar periods of this century had permitted active labor unions, outspoken churches, and political parties, postwar Taiwan did not inherit any democratic infrastructures. The cost of democracy to be created rather than revived is therefore very high when compared with the cost of accepting a reformed KMT regime.

If the advent of democracy in a society that enjoys economic prosperity is probable but not inevitable, how can one explain the genesis of democratic transition and the viability of an emerging democracy in Taiwan? Obviously it is necessary to go beyond the wealth theory of democracy, which merely identifies the arguably "necessary" conditions, as spelled out above, for a functioning democracy. (Some democratic regimes have long existed without these "necessary" conditions in such less developed countries as Costa Rica, India, and Colombia.) This paper will take the socioeconomic conditions conducive to democratic development as a given, and focus on the processes by which democratic forces in the society emerge, grow, and outmaneuver the regime in establishing a new institutional framework of political processes. This exercise is an application of the rule-of-the-game approach to democratic transition that was first enunciated by Dankwart A. Rustow and has recently been elaborated by Adam Przeworski.[6] In analyzing the process of democratization,

[6] Rustow, "Transition to Democracy: Toward a Dynamic Model," *Comparative Politics* 2 (April 1970), 337-63; Adam Przeworski, "Some Problems in the Study of the Transition to

this rule-of-the-game approach first identifies the agents of political change, then examines the bargaining situations faced by key political actors individually or in coalition, and finally assesses how democratic rules are internalized and upheld by contending political forces.

This paper takes a fundamental position advancing the principal argument about the formation of democracy in Taiwan: the analysis of democratization should focus on the origin and development of political opposition. One only needs to recount how an authoritarian regime restricted and deterred the movement to democracy; after all, 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.[7] Although an authoritarian regime often sums up its purposes in a finite and concrete way, it can easily redefine goals and tasks so as to extend its political life. Because authoritarian regimes seldom relinquish their monopoly on power voluntarily and usually make concessions for the sake of political expediency rather than democratic values, the rise and growth of political opposition should be the focus of the studies of democratic transition.

The success of democratic transition in Taiwan has been largely attributed to the political entrepreneurship of the new opposition, as reflected in its ability to set the agenda, to use extralegal methods in finessing the repressive legal framework, to shift the bargaining arenas, and eventually to force the ruling elite to institute a new set of rules. This new political opposition is essentially a middle-class movement, the consequence of rapid economic development; it differs intrinsically from the old political opposition of intellectual liberalism that originated in the May Fourth Movement. Many of its members are social-science trained intellectuals with professional skills and legal expertise. Moreover, they are socially connected to small and medium businesses.

We begin with a conceptualization of the KMT as an authoritarian regime, managed by a Leninist party. The rise and fall of an opposition of liberal intellectuals in the early years illustrates the extremely limited space that was then allowed for democratic movements. Next, we consider the socioeconomic changes that weakened the tight control of the KMT and bred the new opposition. After examining the democratic movement, we offer an explanation on why it achieved a breakthrough. We

Democracy," in Guillermo O'Donnell and Philippe C. Schmitter, eds., *Transitions from Authoritarian Rule: Comparative Perspective* (Baltimore: The John Hopkins University Press, 1986).

[7] Leonard Schapiro, "Introduction," in Schapiro, ed., *Political Opposition in One-Party States* (New York: John Wiley, 1972); Robert A. Dahl, "Introduction," in Dahl, ed., *Regimes and Oppositions* (New Haven: Yale University Press, 1973).

conclude with some thoughts on the viability of a democracy that is still in the making.

Quasi-Leninist Authoritarianism

Postcolonial Taiwan fell to the KMT regime, which had been built on a continental scale but was soon compressed into an island society. The KMT regime, established in 1927 and entrusted with the task of national construction, had survived the Japanese invasion, but not the communist revolution on mainland China. In 1950, the regime, with 1.5 million people—mostly state employees and military personnel—moved to Taiwan, which at that time had an indigenous population of 7 million. Several factors contributed to the effective consolidation of the KMT's political power in Taiwan.

First, the indigenous elite was never strategically positioned in the state machinery. For a variety of reasons, the Japanese colonial government had recruited fewer local elites in Taiwan than in Korea.[8] Upon Japan's defeat in 1945, a large contingent of KMT expatriates quickly displaced the former colonial administrators; in 1947, an island-wide revolt (caused by the mismanagement of a corrupt KMT governor) resulted in the decimation of the local elite.[9]

Second, the defeat of the KMT regime on the mainland motivated and, ironically, facilitated a thorough political reform in 1951 by which the party apparatus acquired a high degree of organizational capacity and a semblance of corporatist structure. Upon its arrival in Taiwan, the KMT purged factional leaders within its own ranks (many had already fled abroad), built a commissar system in the army, extended its organizational branches throughout all levels of government and, following land reform, into every social organization in both rural and urban sectors. Defining "the people" as its social base, the KMT organized a youth corps, recruited leading farmers, formed labor unions in the state sector, and prevented the emergence of independent labor unions—all through leadership control and exclusive representation of these social groups.[10]

Third, because of regime relocation, national elections were conveniently suspended. Removed from their mainland constituencies, the national representatives were exempt from reelection for an indefinite period. They served in three organs: the National Assembly, whose main

[8] Edward I-te Chen, "Japanese Colonialism in Korea and Formosa: A Comparison of the Systems of Political Control," *Harvard Journal of Asiatic Studies* 30 (1970), 126-58.

[9] George H. Kerr, *Formosa Betrayed* (Boston: Houghton Mifflin, 1965).

[10] *Tzu Yu Chung Kuo* 1 (Taipei, 1961), 1.

function is to elect a president every six years; the Legislative *Yuan* (literally branch), which enacts legislation; and the Control *Yuan*, a watchdog organization that monitors the efficacy and discipline of government officials. Tightly controlled by the KMT (and well paid), an overwhelming majority of the members of these bodies were inactive. Meanwhile, opposition parties disintegrated during their retreat to Taiwan and survived only on the KMT's subvention.

Fourth, the inheritance of colonial properties and the inflow of foreign aid—an economic payoff for political incorporation into the Western alliance during the cold war—made the KMT regime resource-rich in comparison with any social groupings. In the 1950s, the state controlled all foreign exchange derived from aid and state-managed agrarian export; it monopolized the banking sector, and state-owned enterprises accounted for half the industrial production. Reversing the prewar relationship between the KMT and business, in which the former essentially depended on the support (but often violated the interests) of the Shanghai capitalists, business in Taiwan came to depend on an autonomous KMT state.[11]

Most scholars have described the KMT regime in Taiwan between 1950 and the mid-1980s as authoritarian.[12] However, if one used Juan Linz's definition of an authoritarian regime as one characterized by a limited but not responsible pluralism, a mentality rather than an ideology, and control rather than mobilization, the fit is not exact. Intra-elite pluralism was punished; social conformity and national unity were emphasized. While syncretic and vague, Sun Yat-sen's three principles of the people, or *san min chi i*—namely, nationalism, democracy, and the people's livelihood (a very moderate form of state capitalism)—constituted the dominant ideology that precluded the advocacy of any other ideology. The KMT did not stop at exercising control over society. It sought to penetrate

[11] Parks M. Coble, Jr., "The Kuomintang Regime and the Shanghai Capitalists, 1927-1929," *China Quarterly* 77 (March 1979), 1-24; Joseph Fewsmith, *Party, State, and Local Elites in Republican China* (Honolulu: University of Hawaii Press, 1986); Richard C. Bush, "Industry and Politics in Kuomintang China: The Nationalist Regime and Lower Yangtze Chinese Cotton Mill Owners, 1927-1937," Ph.D. diss. (Columbia University, 1978); Tun-jen Cheng, "Political Regimes and Development Strategies: South Korea and Taiwan," in Gary Gereffi and Donald Wyman, eds. *Manufactured Miracles: Patterns of Development in Latin America and East Asia* (Princeton: Princeton University Press, forthcoming).

[12] Hung-chao-Tai, "The Kuomintang and Modernization in Taiwan," in Samuel P. Huntington and Clement Moore, eds., *Authoritarian Politics in Modern Society* (New York: Basic Books, 1970); Na-teh Wu, "Emergence of the Opposition within an Authoritarian Regime: The Case of Taiwan," mimeo (University of Chicago, 1980); Winckler (fn. 5); Jürgen Domes, "Political Differentiation in Taiwan: Group Formation within the Ruling Party and the Opposition Circles, 1979–1980," *Asian Survey* 21 (October 1981), 1023-42; Thomas B. Gold, *State and Society in the Taiwan Miracle* (New York: Sharp, 1986); Chalmers Johnson, "Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea and Taiwan," in Robert Scalapino et al., *Asian Economic Development—Present and Future* (Berkeley, CA: Institute of East Asian Studies, 1987).

all organizations in order to prevent political competition and to secure resources for regime-defined political goals, even though effective mobilization was limited to the state sector and students.

In terms of party structure and party-state relationship, the KMT regime in this period was a Leninist one.[13] There was organizational parallelism between the party and the state: party organs controlled administrative units at various levels of government as well as the military via a commissar system. "Opposition parties" were marginalized and transformed into "friendship parties" of the ruling party. Party cadres were socialized as revolutionary vanguards. Decision making within the party was achieved by democratic centralism. Party cells also penetrated the existing social organizations. The KMT was an elitist party using mass organizations to mobilize support from large segments of the population for the national tasks that the regime imposed on society.

Two "structural" features distinguished the KMT from other Leninist regimes. First, unlike Leninist parties elsewhere, the KMT did not subscribe to the principle of proletarian dictatorship or the monopoly of political power by a communist party. Instead, the KMT's ideology advocated democracy via tutelage. The 1947 Constitution called on the KMT to readjust the party-state relationship from one of superimposition and party dictation to one of indirect influence via party members. From the viewpoint of the Constitution, the KMT was meant to be but one of many competing democratic parties and no longer the revolutionary party tutoring the government and society. The 1950 party reform, however, restored the KMT's position as a "revolutionary-democratic" party—a charismatic party with a niche in politics because of its leadership in the national revolution.[14] Such a reconfirmation of the party's traditional role enabled the KMT to shoulder the self-imposed historical mission of "retaking mainland China and completing national construction." The political hegemony of the KMT was thus not enshrined in the Constitution, but based on several so-called temporary provisions that were attached to, but actually superseded, the Constitution in the name of the national emergency arising from the confrontation with the communist regime on mainland China.

While suspending national elections, the KMT regime did permit political participation at the local level. Direct elections for both executive and council positions at the county, township, and village levels have been

[13] Mark Mancall, "Introduction," in Mancall, ed., *Formosa Today* (New York: Praeger, 1963); Yangsan Chou and Andrew J. Nathan, "Democratizing Transition in Taiwan," *Asian Survey* 27 (March 1987), 277-99.

[14] Kenneth Jowitt, "An Organizational Approach to the Study of Political Culture in Marxist-Leninist Systems," *American Political Science Review* 68 (January-March 1974), 89-98.

held regularly since 1950. The provincial senate, originally composed of delegates elected by county councils, has been turned into the provincial assembly, subject to periodic direct elections since 1959 (although the governor has always remained appointive). Subnational politics adhered to an ingenious political design, which gave elective officials extremely limited budget-approving power and negligible regulatory power. It indicated the KMT regime's commitment to the goal of full democracy without having to announce a timetable. "Putting on a democratic face" as such also justified Taiwan's membership in the Western political camp. In addition, subnational democracy was a political safety valve that dissipated the political energy of disgruntled ex-landlords (comparable to the local councils that absorbed the de-aristocratized samurai in Meiji Japan). Finally, because of the domination of the media by the KMT, as well as its organizational and financial resources, local elections were also a mechanism for the KMT to co-opt local elites. The subnational elections instituted by the KMT regime in Taiwan were competitive, real, and local interest-based, totally unlike those of a Leninist regime.[15]

Second, while not lacking in socialist ideas, the KMT regime was embedded in a capitalist economy in which private ownership and market exchange were the norm, and state ownership and exchange by decree were exceptions. The KMT never embraced the ideological goal of a Leninist state. Its ideology lacked what one scholar has called a "goal culture"—that is, a pronounced commitment to an explicit program of social transformation with which to attain the sacrosanct goal of a communist society.[16] The principle of people's livelihood, one of the three pillars of *san min chi i*, espouses economic equality but does not specify any preferred means to attain it, such as industrial democracy, social ownership, or other redistributive policies. As suggested above, it has been interpreted as legitimizing a moderate form of state capitalism, and was used to justify, not the imposition of a ceiling on private enterprises, but an ill-defined floor of state-owned enterprises as a safeguard against the private sector. In fact, the imperatives of its own anticommunist stand, the necessity for compensating the agrarian elite during land reform, as well as the persuasion of United States aid-giving agencies induced the KMT regime to divest itself of some state-owned enterprises and to foster a few private enterprises as early as the 1950s.

[15] Bruce J. Jacobs, "Paradoxes in the Politics of Taiwan: Lessons for Comparative Politics," *The Journal of the Australian Political Science Association* 13 (November 1978), 239-47; Arthur J. Lerman, *Taiwan's Politics: The Provincial Assemblyman's World* (Washington, DC: University Press of America, 1978).

[16] Chalmers Johnson, "Comparing Communist Nations," in Johnson, ed., *Change in Communist Systems* (Stanford: Stanford University Press, 1970).

Initially, the principal aim of the regime was to recover mainland China by military means. All major economic infrastructure projects were appraised in terms of economic benefits and their impact on military preparedness. The party incessantly conducted surveys on social conditions and kept social organizations in a combat mode. In place of national party politics, ad hoc consultations were conducted with elites from all walks of life. All aspects of local elections were tightly controlled so as to contain the growth of political opposition, which was regarded as a divisive force harmful to the national task of retaking mainland China. Campaigning, for example, was limited to ten days; qualifications for candidacy were constantly revised; election days were proclaimed unexpectedly; no supraparty supervisory body was permitted. As a result, the KMT predominated in local politics. Nonmembers surfaced during each election, but they were a sort of "quasi-opposition."[17] Such political actors were few and unorganized, primarily trying to distance themselves from the KMT rather than challenging the legitimacy of the existing political regime.

Under the tight political and social control of the KMT regime, only a few liberal intellectuals, under the cover of limited academic freedom, managed to air their dissent. During the mainland era, these liberal intellectuals had been part of the political circles that urged the KMT to make a quick transition from tutelage to a constitutional democracy. Regrouped in Taiwan, and in the atmosphere of the KMT's reform, the liberals found their political role in constructive criticism. With the support of several liberal-minded (American-educated) KMT elites and the subvention of the Asia Foundation, these intellectuals initiated a journal called *Free China Fortnightly* (FCF) to promote liberal democracy by means of political criticism and social education. The FCF group, tolerated for a decade (1950-1960) in spite of the early eclipse of its political sponsors, was the only focal point for political dissent. In the end, the group was relentlessly suppressed when it decided to coalesce with the indigenous Taiwanese elite to form an independent social organization as a first step to establishing a new political party.

The rise and decline of the FCF group defined the boundaries of political tolerance of the KMT regime as well as the limited capacity of the early political dissidents to expand their effectiveness. At most, the KMT regime would permit a political opposition that was individual-based, fragmented, and locally oriented rather than collective, coalescing, and nationwide. For its part, the FCF group as the backbone of democratic forces

[17] Juan J. Linz, "Opposition In and Under an Authoritarian Regime: The Case of Spain," in Dahl (fn. 7), 191.

in the fifties suffered from its early origins and other constraints inherent in the Taiwanese social structure at that time. It owed its existence to the sponsorship of a few state elites; most of its founding members were para-state elites, previously affiliated with the KMT in one way or another. As a spinoff of the KMT elite, the FCF group lacked any grass-roots base. Second, the core members of the group were liberal intellectuals trained in the humanities, especially in philosophy, who excelled primarily at intellectual discourse and social education. It took them a decade to seek an alliance with indigenous Taiwanese political activists. A large portion of the latter were local notables, all of them professionals, but trained mostly in medical science and the like, rather than in the legal or social science disciplines that would have imparted the skills of political bargaining. These intellectuals and physicians were survivors of the past; they were not rooted in the contemporary social structure, which was basically composed of small farmers (a class politically captured by the KMT because of land reform) and state employees (a natural constituency of the KMT). Thus, not only was the political opposition of the fifties unprepared for strategic bargaining with the regime; society itself was not amenable to the mobilization of political opposition.

Socioeconomic Change and Political Opposition

The decade that followed the purge of the FCF group in 1960 was a dark age. The KMT regime tightened its grip on the society, arrested political dissidents who dared to voice their views, appointed retired military leaders to govern the province of Taiwan, and silenced any sort of political discourse. The consolidation of political power, however, was instrumental to economic growth, which had begun earlier but accelerated in the sixties. The choice of development strategy, economic policy making, and the changes in various incentive schemes were insulated from the sorts of political debates and societal pressures that are common in a democratic system. At the same time, the whole society was directed toward economic growth.

From the sixties on, economic development with which to make Taiwan a model of socioeconomic progress became an overriding goal that was to support, but not supplant, the long-term objective of retaking the mainland. The re-setting of national goals was probably due to a pronounced change in the parameters of national security. That is, following the 1958 Taiwan Straits crisis, it became clear that United States support of Taiwan was strictly limited to the defense of Taiwan; therefore the possibility of retaking mainland China by military means became remote.

After Communist China announced the completion of an atomic installation in 1964, the prospect became even dimmer.[18]

At the same time that international security conditions forced the KMT to establish the priority of economic growth, that very growth seemed imperiled. By the late fifties, Taiwan's domestic market had become nearly saturated by import-substituting industry. Where were future markets for its goods to be found? The KMT turned to Chinese-American economists for advice,[19] and, under subtle pressure by the U.S. aid-giving agency, undertook economic reforms between 1958 and 1961, reorienting the economy toward export markets, freezing the state sector, and encouraging private entrepreneurship.

The story of Taiwan's achievement of export-led growth has been told many times. Between 1960 and 1980, Taiwan's gross national product increased at an annual rate of 9 percent; its exports expanded at around 20 percent a year; the industrial share of its production increased from 25 to 45 percent; income became more equitably distributed (the ratio of earners in the highest quintile to those in the lowest dropped from 5.5 to 4.18); and its inflation rate in the sixties was as low as 2 percent.[20] No one was left out of the process of economic development: one was either making it happen or realizing its benefits.

Rapid growth, however, had liberalizing social consequences that the KMT had not fully anticipated. With the economy taking off, Taiwan displayed the features common to all growing capitalist societies: the literacy rate increased; mass communication intensified; per capita income rose; and a differentiated urban sector—including labor, a professional middle class, and a business entrepreneurial class—came into being. The business class was remarkable for its independence. Although individual enterprises were small and unorganized, they were beyond the capture of the party-state. To prevent the formation of big capital, the KMT had avoided organizing businesses or picking out "national champions." As a result, small and medium enterprises dominated industrial production and exports. As major employers and foreign exchange earners, these small and medium businesses were quite independent of the KMT.[21]

The emerging bifurcation of the political and socioeconomic elite was

[18] Mervin Gurtov, "Taiwan: Looking to the Mainland," *Asian Survey* 8 (January 1968), 16-20.

[19] Samuel P. S. Ho, "Economics, Economic Bureaucracy, and Taiwan's Economic Development," *Pacific Affairs* 60 (Summer 1987), 226-47.

[20] Computed from *Taiwan Statistics Data Book* (Taipei: Council for Economic Development and Planning), various issues.

[21] Tun-jen Cheng, "Politics of Industrial Transformation," Ph.D. diss. (University of California, Berkeley, 1987), chap. 3.

intensified by the fact that it largely mirrored the sub-ethnic division between mainlander and Taiwanese populations.[22] As national politics was primarily reserved for mainlanders, the indigenous Taiwanese pursued economic advancement for social upward mobility. Thus, while economic resources were diffused, they came to be held largely by the Taiwanese.

These changes were occurring at the same time that the KMT's institutional capacity for mobilization and control, once so overpowering and well developed, was rapidly eroding. In some sense, this was because the KMT regime no longer entertained the idea of a military counterattack to return to mainland China. But in large part, the dynamic capitalist system had simply outgrown the regime's political capacity. In the institutional gap that emerged, the deficiency of the KMT cadre system is a notable example. Despite various efforts to reorganize the cadre system along occupational-functional lines, it is still largely based on administrative regions. The ever-expanding civic and economic associations are simply beyond the capacity of the KMT to monitor, much less to control. Moreover, there is a limit to which the regime can penetrate internationally oriented organizations, such as the Junior Chambers of Commerce, the Lions Clubs, and the Rotary Clubs.

It is not surprising that democratic ideas began to grow at the same time. In this maturing, open, capitalist economy, producers and sellers came more and more to internalize a market culture that honors contracts, depends on impersonal relations, respects consumers' tastes, and observes the rules of the game for competition. It became easy, for example, to accept the notion that democracy is a kind of political market in which government and politicians respond to public opinion.[23] Viewed from the demand side, if consumers determine a firm's success in the market place, why should not voters' preferences determine the acceptability of public officials or public policy? Viewed from the supply side, if businessmen can compete, why are political entrepreneurs still denied entry to the electoral market at the national level?

In the early-industrializing countries of Western Europe, the democratic impulse originated in the industrial bourgeoisie, particularly the textile and other nondurable consumer-goods industries.[24] One reason is

[22] Alan Cole, "The Political Roles of Taiwanese Entrepreneurs," *Asian Survey* 8 (September 1968), 645-54.

[23] Shirley Kuo, "Wo kuo ching chi fa chan tui min chu hua ti ying hsiang" [The Impact of Economic Development on Democratization in Taiwan], *Chung yang jih pao*, August 5, 1986, p. 1.

[24] James R. Kurth, "Industrial Change and Political Change: A European Perspective," in David Collier, ed., *The New Authoritarianism in Latin America* (Princeton: Princeton University Press, 1979), 318-62.

that the consumer-goods sector did not need state assistance in capital accumulation and mobilization: it was not as capital-intensive as the producer-goods sector, and consumer goods from early industrializers were relatively competitive in the international market. Nor did this sector need the state's assistance to demobilize socialist workers. Yet, for access to the domestic market and to labor, it needed to eliminate internal trade barriers as well as the local guilds that immobilized the work force. The Western industrial bourgeoisie therefore pushed for representation in national political arenas to restrict state power and to ensure a laissez-faire economy.

In Taiwan the experience has been different. The bourgeoisie was not hindered by a landowner class, the latter having been eliminated by the state through land reform. In addition, the state in Taiwan acted on behalf of, but not at the behest of, the interests of the bourgeoisie—as, for example, in various state-initiated policies for export promotion. Moreover, labor in small and medium enterprises was treated paternalistically; it was neither organized nor was it prepared for collective action. Hence, there was no need for the government's coercive power to maintain industrial peace.

The main activists for political change in Taiwan were the newly emerging middle-class intellectuals who had come of age during the period of rapid economic growth. This new elite, consisting predominantly of Taiwanese from the countryside, demanded a liberal democracy, as the FCF group had in the fifties. Unlike the FCF leaders, who were scholars mostly trained in philosophy, education, and history, leaders of the new democratic movement were trained in the social sciences—notably in political science, law, and sociology. Like the FCF leaders, however, these new advocates of democracy are, in Reinhard Bendix's terms, educated elites reacting to ideas and institutions of a reference society and ready to apply them at home.[35] They adopted Western democratic ideals as well as democratic procedures, institutional design, political techniques, and legal frameworks. This new democratic leadership was better equipped with organizational skills and more likely to take political action than the FCF group had been. While the latter propagated ideas and educated, the former put ideas into practice and mobilized.

Although we have no empirical study of the career patterns of these new Taiwanese elites, there is strong reason to assume that the middle-class intellectuals who fueled the democratic movement were connected to leaders of small and medium businesses via various social ties based on school, regional, and workplace affiliations. Such businesses, especially

[35] Bendix, *Kings or People* (Berkeley: University of California Press, 1978), 12-13, 292.

those in the export sector, offered political funds and a fall-back career to leaders of the political opposition. In many cases, the latter even had successful business careers in the export sector. The social science schools of major universities supply graduates both to thirty thousand export houses and to the political opposition.

Leaders of the democratic movement became oppositionists between 1972 (the year the KMT introduced political reform under new leadership) and 1977 (the year members of the political opposition coalesced to take collective action and scored an electoral victory). The movement of the political opposition actually started as a political reform movement at the beginning of the seventies; the response of the new KMT leadership was a slow process of political co-optation and a modicum of political liberalization in the form of allowing some latitude of political discourse. The large number of political activists and the limited scope of political reform led in the end to the formation of a counterelite that challenged the foundations of the KMT regime.

The political reform movement was initially triggered by Taiwan's forced severance of its formal ties with many Western countries and its loss of membership in the United Nations to Communist China. This diplomatic setback had a dramatic impact on the whole society and led the well-educated young elite, in Almond and Powell's words, to "acquire new conceptions of the role of politics in their lives and new goals for which they may strive."[26] While the initial reaction to the deteriorating external environment was patriotic, young intellectuals soon turned their attention to domestic society and politics, which they believed they could and should influence. Between 1969 and 1972, they conducted several social surveys, notably on the plight of the rural sector. They also questioned the structural deficiency of the regime, especially concerning the issue of the competence and legitimacy of the three branches of the National Congress that had not faced reelection since 1946, and had not made room for new members from Taiwan. There was what Reinhard Bendix would call an intellectual mobilization.

In 1973, the KMT regime responded to this intellectual ferment with several policy changes. In the socioeconomic arena, agricultural policy was drastically altered; the rural sector changed from one that had been heavily squeezed into one that has been heavily subsidized and protected ever since. In the political domain, young people—highly educated, and mostly Taiwanese—were recruited for party and government positions;

[26] Gabriel A. Almond and G. Bingham Powell, *Comparative Politics: A Developmental Approach* (Boston: Little, Brown, 1966), 65.

supplementary elections were instituted to replenish the aging national representatives.[27]

These reforms coincided with the dynamics of leadership succession. Indeed, they would not have been possible without Chiang Ching-kuo's ascension to the premiership. He dismissed many of the old KMT leaders of the Chiang Kai-shek generation and instituted supplementary elections as a part of political reform. The latter was a necessary step to alleviate the serious problem of gerontocracy in the three national representative bodies. Members were aging or dying faster than they could be replaced by the KMT regime, either by enlisting alternates or by using secret, undemocratic methods (such as nominations from mainlander associations of various provinces). At the same time, the new agricultural policy seemed to have consolidated the KMT's power base in rural areas.

These initial political reforms had actually been designed more to co-opt the opposition than to expand participation. They were used to consolidate the KMT's leadership and position in society, especially in the rural sector. They had the unintentional effect, however, of expanding the pool of the new political elite from which the opposition was drawn.

Because of political co-optation, openings at the national level were quite limited for the political competition; not all ambitious leaders could be or wanted to be routed through the KMT. Because of the piecemeal approach of supplementary elections for the three national representative organs, there remained an evident contrast between "hereditary" politics at the central level and democratic politics at the local level—a situation that grew less acceptable as time went on.[28] The resulting disappointment with these political reforms led to the exodus of many of the new elite from the KMT; they collectively shifted their attention to the 1977 local elections and, together with a few dissident legislators, formed a solid group of political opposition.

The decade between 1977 and 1986 witnessed an accelerated democratic movement in Taiwan. The central thrust of the democratic forces was toward building a legitimate opposition party. Progress was by no means linear. It can be divided into two phases: the first, 1977-1979, was one of violence-prone confrontation between the opposition and the KMT; the second, 1980-1986, was one of intensive bargaining between the two sides. The first phase was a dramatic cycle of boom and bust for the dem-

[27] Mab Huang, *Intellectual Ferment for Political Reforms in Taiwan, 1971-73* (Ann Arbor: Center for Chinese Studies, University of Michigan, 1976).

[28] John F. Copper with 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).

ocratic movement that came close to self-destruction. In the second phase, the revived movement experienced some setbacks, but its gains were steady and cumulative.

Unquestionably, the announcement of local elections in 1977 stimulated an expansion in the democratic movement. The elections were marred by a riot in a poll station of Tao Yuan county, an event that began to tip the balance toward the conservative group within the KMT. Members of the political opposition campaigned as a group and won one-quarter of the magistrate posts and 30 percent of the seats in Taiwan's Provincial Assembly. The opposition delegation was large enough to stall the Assembly, but insufficient to pass any resolutions—a situation that was frustrating on various occasions. The sweet electoral victory and the sour provincial politics that followed caused the majority of opposition leaders to radicalize the democratic movement by taking to the streets and mobilizing the masses. These more radical leaders instantly emerged as the mainstream faction of the democratic movement. They were called the Formosa Magazine Group, or FMG, after the title of their principal journal. Their hope was to build up a social force strong enough to make their democratic demands credible and to deter the government from resorting to political suppression. Their initial efforts, however, only resulted in furthering the rise of the conservative faction within the KMT, which advocated suppression and intimidation by rapid deployment of the police force.

The suspension of a planned national election in late 1978, when Taiwan was shocked by President Jimmy Carter's withdrawal of recognition from its government, had the unintentional effect of spurring the FMG to escalate its efforts to mobilize support. The decision to defer the election, taken unilaterally by the government, was interpreted by the opposition as indicating an indefinite postponement. The FMG, through the island-wide branch offices of its publication, immediately intensified its campaign for democracy and human rights. Mass rallies and political agitation in the autumn of 1979 continuously pushed the limits of political tolerance and often verged on violence. In December 1979, these actions backfired when a violent confrontation with the police occurred at Kaoshiung and the regime quickly jailed most of the leaders of the radical opposition.

The Democratic Breakthrough

With moderates in control of the opposition movement after the Kaoshiung incident, the KMT regime sought to "normalize" the political

process by reinstituting elections. In addition, it added more "supplementary positions" for electoral competition in the three national representative organs, enacted electoral laws to reduce the scope of administrative discretion over campaign activities, reiterated its commitment to democracy, and began to groom some liberal cadres for the task of continuing dialogue with the opposition. Democratization as conceived by the KMT was clearly an incremental process. It meant a gradual infusion of new blood among the aging national representatives—by means of a highly circumscribed election in which the opposition was denied the right to organize a party or parties of its own. Indeed, the KMT regime continued to prevent the expansion of the opposition as before, but it now applied the techniques of political restriction more subtly.

Under the stewardship of the moderate wing, the democratic movement recovered, winning 25 percent of the popular vote and 15 percent of the contested seats in the 1980 national election, and gaining momentum in two local elections that ensued. The opposition presented itself as a unified, credible political force. It emphasized nonviolence, but used extra-legal devices to coordinate campaign efforts. For example, its leadership institutionalized a process that recommended candidates and supported their campaigns. Electoral coordination was especially important because the electoral system Taiwan has adopted—a single-vote, multimember district system—tends to intensify competition among candidates of the same party. Opposition candidates also drafted a common platform that essentially demanded political liberalization (annulling martial-law decrees; restoring freedom to speak, publish, associate, and rally); reelection of the entire membership of the three national representative organs; direct election of the president, the provincial governors, and others, in that order. This common platform provided a clear benchmark for the opposition.

The progress that the opposition made in domestic elections was furthered by the discovery of overseas resources that it could tap. On their 1982 trip to the United States, four prominent moderate opposition leaders, invited by the State Department as a *team* to visit the U.S. Congress, were introduced to overseas Taiwanese organizations, several of whom were already active in the lawful lobbying business. This trip broadened the horizon of opposition members and transformed the social ties between them and overseas Taiwanese into a political nexus. The opposition thereby made a quantum jump in its own foreign relations. Previously the FMG had only maintained loose contacts with private human rights organizations, such as Amnesty International, which have little bargaining power vis-à-vis the government. Now the opposition had

found an arena in the United States (as a security provider) through which the KMT regime (as a security consumer) might be indirectly influenced.

While the opposition remained unified immediately after the 1980 elections, legislative politics soon threatened to split up its leadership between the moderate senior leaders and the more radical junior leaders. The jailing of FMG leaders allowed moderates to become what Angela Berger, in another context, has called "prime leaders," credited with the rebirth of the opposition.[29] Moreover, the jailing of FMG leaders provided opportunities in the lower ranks of the leadership for young opposition members who had witnessed, but not taken part in, the previous radicalized opposition movement. Seeking recognition outside the Legislative *Yuan*, these young "lesser leaders" (Berger's term) were predisposed to repudiate the KMT regime in toto rather than to bargain with it within the existing system. They did not appreciate the concessions that the moderate leaders had extracted from the KMT party whip in the Legislative *Yuan*;[30] they also heated up the foreign policy issues—especially the issue of Taiwan's sovereignty and destiny, which had been on the political agenda of the opposition since 1982. Here, the "lesser," more radical leaders blatantly espoused the goal of Taiwan's independence while the "prime" moderate opposition leaders toyed with the "German formula" of using a basic law to postpone the issue of unification indefinitely.

This internal disunity in the opposition movement helps to explain its poor performance in the 1983 national election, in which both the movement and the moderates within it were weakened. To reintegrate the beleaguered opposition, its embattled moderate leaders thereupon proposed to establish a formal organization called the Association for Public Policy (APP). They hoped that this organization would function during and between elections, enabling the opposition to coordinate electoral strategies, minimize factionalism, and harmonize various policy stands. It was to fill the knowledge gap of the opposition in many policy issue areas, such as foreign policy, labor, and environmental protection, so as to enable the opposition to engage in a unified legislative debate and to appeal to its potential constituencies. The branches of the APP were also seen as an infrastructure for a political opposition party in the future. In short, the APP was proposed as a proxy for and a prelude to forming a new party.

The APP was formally established in 1984 and had some success. It ab-

[29] Berger, *Opposition in a Dominant-Party System* (Berkeley: University of California Press, 1969), 14.

[30] C. L. Chiou, "Politics of Alienation and Polarization: Taiwan's Tangwai in the 1980s," *Bulletin of Concerned Asian Scholars* 18 (July-September 1986), 16-28.

sorbed many "lesser" leaders and formulated an agenda for democratic reform. On foreign policy, the APP successfully highlighted the principle of self-determination as a compromise between advocacy of Taiwan's independence and advocacy of the status quo. Although the principle of self-determination was utterly unacceptable to both the KMT and the communist regimes, who were both adamant on the unification of mainland China and Taiwan, it nevertheless began to gain in popularity. The few local chapters of the APP that were formed proved to be an effective organizational base for the political opposition. Meanwhile, party committees in the APP's local chapters and the committee for party constitution in the APP's main office commenced studies on the political party system.

The formation and expansion of the APP ran counter to the KMT's strategy to splinter the opposition movement. While threatening to disband the APP and its branches, the regime avoided taking any punitive action; instead, it urged bargaining and dialogue via a third small independent group of liberal professors plus a voluntarily retired member of the Control *Yuan*. However, several rounds of negotiations resulted in a stalemate: the KMT would admit the APP to two localities only—a minor concession that delegates of the opposition could not accept.

While using nearly every social gathering to demand democracy and to declare "the inalienable right of self-determination" for Taiwan's future, the opposition avoided violent action in the streets. For its part, the KMT regime was internally befuddled by various speculations about the political succession in the post-Chiang Ching-kuo era and externally troubled by the alleged wrongdoing of the security apparatus—an implication in the killing of several Chinese-Americans. In mid-1986, to deflect public attention from the issues of self-determination, political succession, and the tarnished international image of the regime, the KMT's chairman named a twelve-person blue-ribbon study group within the party to examine six crucial political issues: the restructuring of the National Congress, local autonomy, martial law, civic organizations, social reform, and the KMT's internal reform.[31]

In late September 1986, during the KMT's serious study of democratization, leaders of the political opposition announced the establishment of a new political party, the Democratic Progressive Party (DPP). The leadership of the KMT, in a condition of high uncertainty regarding the regime's reaction to the DPP, staged a coup in mid-October by proclaiming the end of the martial law decree and of the prohibition of political asso-

[31] Chou and Nathan (fn. 13).

ciations, including parties. In December 1986, the DPP and the KMT competed as the two principal parties in the national election, and the KMT acted as an ordinary party in an emerging two-party system. The regime carried out the above decisions in 1987 and, in spite of strong resistance from the old generation of national delegates, moved to rejuvenate the membership of the three national representative organs by means of regular elections.

From the above reconstruction of events, it is evident that the political opposition has succeeded in turning itself from a target of suppression into an accepted competitor in politics. How can we explain this breakthrough? It seems that, for KMT elites, the concessions vindicated their longtime commitment to the idea of democracy; for opposition elites, the KMT's concessions were inevitable, necessary, and proof of the compelling power of democratic forces. These two contrasting views are overstated: the democratic breakthrough should be construed as the result of a series of calculated moves by both the rulers and the opposition. Only through analyzing the structure of the bargaining situation can one understand the logic of these moves that shaped the course of democratic transition.

The emergence of a political opposition in 1977 created a situation of strategic interaction between the KMT party-state and its challengers. Each move of one side was conditioned by one of the other's. The two sides were locked into a continuous process of bargaining wherein communication was possible and actions were observable. In this situation, both sides, often as rational actors, made decisions based on given information and the available options for results that they regarded as the most desirable *ex ante*. The opposition hoped to achieve a quick transition to full democracy (a total reelection for all political offices in a fair competition among parties), while the regime wanted to have a gradual and extended process of democratization.

Neither the regime nor the opposition was a unitary actor. On the side of the political opposition, as we have seen, there were both radical and moderate groups: the former were more disposed to risk-taking and even violence while the latter were more risk-averse and willing to negotiate. On the side of the KMT, there were conservative as well as reformist groups; the former were more troubled by possible negative effects of the democratic transition while the latter were more concerned with the increasing costs of freezing the status quo. These twin dichotomies complicated the bargaining situation, but not by as much as they might have: the shifting balance between hardliners and softliners in the KMT tended to correspond with the alteration of moderate and radical elements in the opposition.

Other studies show that agenda setting and bargaining arenas also shaped the structure of bargaining and its outcome.[32] The party that has the power to set the agenda can prevent issues that are unfavorable to itself from reaching the bargaining table, or it can sequence the agenda in a way that will maximize its gains and minimize its losses. Different bargaining arenas impose different constraints on each side. A party is expected to shift the bargaining to arenas where it has a comparative advantage.

The opposition presented its demands in the following order: individual liberty from martial-law constraints, political freedom to associate and to dissent, complete reelection of the members of the legislative branch of the central government, and direct elections for the chief executive positions. Essentially, the decontrols of civic society would precede the contest for political power. The sequence seemed logical because a meaningful political contest is premised on the exercise of civil and political rights.[33]

It was not in the KMT's interest to impose a timetable for change, especially one set by the opposition; and, because it had control over the state apparatus, the legislative arena, and the media, the KMT could veto the democratization agenda proposed by the opposition. The KMT, in its own democratization agenda, actually reversed the logical sequence of democratic transition. Until 1986, it kept increasing the scope of supplementary elections while disallowing, in the name of national security, all opposition parties and public debates on political liberalization. Setting a purely electoral agenda enabled the KMT to minimize the opposition's gain in the extended process of democratic transition. Moreover, a very tight election law constrained campaign activity, and preelection crackdowns crippled critical publications.

There were four bargaining spheres: the streets, the Legislative *Yuan*, the third-party mediated dialogue, and overseas arenas (notably the U.S. Congress). In the streets, the opposition could take action at any time and in a place of its own choosing so as to address issues and views that were excluded from the KMT-controlled media. But this was also an arena where mob rule was possible, where the opposition was vulnerable under martial law, and where it would unavoidably be perceived as radical.

The second arena, the legislature, was dominated by the KMT. The opposition's electoral strength could not be fully translated into parliamentary power since only around 30 percent of the parliamentary seats were open to competition. Thus, although the opposition generally received 30

[32] John W. Kingdon, *Agendas, Alternatives, and Public Policies* (Boston: Little, Brown, 1984).
[33] O'Donnell and Schmitter (fn. 6); Stepan (fn. 1), 6.

percent of the votes, it won only 20 percent of the contested seats (due, in part, to maldistribution of its electoral base); its representation in the Legislative *Yuan* amounted to only around 6 percent. The KMT's manipulation of regulations, such as raising the quorum for submitting a bill, further curtailed the legislative power of the opposition. As T. J. Pempel has argued, for a political opposition in a dominant party system, there is an inherent dilemma: boycott and obstruction bring no credit, while compromise for small gains involves the risk of being accused of collusion.[34] This arena could be an important one, however. There have been few members of the opposition in the legislature, but they were able to use it 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 permits the opposition to gain some control over agenda setting via embarrassment and interpellation.

The defining feature of the third arena, the mediated dialogue instituted in 1987, was an explicit process of give-and-take. This arena could be a potential trap for the political opposition because of two asymmetric conditions. First, a compromise reached at the bargaining table is, by definition, a second-best solution. The likelihood of being discredited by internal critics for such a compromise was low for the KMT softliners, but high for the moderate wing of the opposition. Softliners might justify the deal as a minimal necessary concession, but the moderate opposition might have difficulty in contending that they had extracted the maximum possible gain. Second, the KMT had an institutional hierarchy, but the structure of the opposition was often fluid and poorly coordinated. In addition, the KMT's supreme leader could arbitrate between the conservative and reformist groups within the party, but the leadership of the opposition was still being formed. The KMT negotiator as an agent served only one principal, but the negotiator for the opposition had multiple principles and was often uncertain about his bargaining position.

The fourth arena owed its existence to the Taiwanese communities in the United States and to Taiwan's dependence on the U.S. for weapon supply, market access, and the implied underwriting of its security. Overseas Taiwanese had attempted to link the issue of human rights for political prisoners to the island's qualification for a preferential tariff. Although Washington had never imposed any economic sanctions on Taiwan, the possibility remains. Moreover, the lobbying efforts of overseas Taiwanese do make the issue of democratic transition more conspic-

[34] T. J. Pempel, "The Dilemma of Parliamentary Opposition in Japan," *Polity* 8 (Fall 1975), 63-79.

uous to some influential American congressmen. In addition, several of the overseas Taiwanese organizations espoused revolution and armed struggle for Taiwan's liberation. The existence of Taiwanese revolutionaries overseas had the effect of making the domestic opposition seem more rational and moderate, and thus more acceptable to the KMT. In short, the opposition had the upper hand in the fourth bargaining arena.

In view of this structure of bargaining between the KMT regime and the political opposition, it is clear why the FMG had failed in the seventies. The 1977 election riot resulted in the ascent of the conservative wing within the KMT, while the Assembly's politics radicalized the majority of leaders in the political opposition. Locked in a situation of strategic interaction, the radical opposition and conservative KMT cadres did not communicate: the former did not heed the warnings of the latter, while the latter did not consult with the former about the suspension of elections. The result was that the FMG miscalculated and adopted an irrational strategy of seeking an instant breakthrough to democracy. The FMG's second mistake was to concentrate its efforts in only one bargaining arena—the streets—where martial law made it most vulnerable to suppression by the government.

The subsequent success of the moderate wing of the political opposition can be explained by its adoption of a different strategy. In 1983, it began to force the KMT to restructure the agenda. It did so by entering the debate on Taiwan's future—an issue that concerns everyone in Taiwan—and calling for either self-determination or a "German solution," thereby forcing the KMT to address the issue of democratization immediately. Indeed, once it had been placed on the agenda, the KMT softliners quickly saw the potential of using democratization to call attention to the widening gap between Taiwan and mainland China, to hurt the latter's political image, and to blunt its diplomatic offensive for reunification. These side effects gave the KMT a justification, if not an incentive, to make concessions to the opposition.

The DPP leaders also changed arenas, deemphasizing the bargaining table and instead working in a coordinated fashion in the three other arenas: the Legislative *Yuan*, the streets, and overseas. By playing the game in the Legislative *Yuan*, they obtained information and secured a hand in rewriting the rules. They used street demonstrations to amplify their voices, but did not resort to violence—the younger and more restive supporters being restrained by reminders of the debacle of the FMG. Thus, despite some strained relations between prime and lesser leaders, mass movement in the streets and opposition in the Legislative *Yuan* were skillfully coordinated.

The overseas arena was also involved. Ever since its formation in 1982 for the purpose of lobbying, the Formosan Association for Public Affairs (FAPA) has set its agenda in accordance with that of the APP, and later the DPP.[35] The attempted return of exiled dissidents to Taiwan was timed to highlight the cause of the democratic movement. Indeed, the DPP's assertion that the formation of the party had long been planned is highly credible in view of the immediate attention paid to it by several leading U.S. senators who were contacted by the FAPA when the DPP was born.[36] The KMT regime, accused of violating human rights in U.S. territories, was susceptible to political moves on Capitol Hill. One way for the KMT to shore up its relations with Washington was to move Taiwan's politics toward democratization.

Skillful as the moderate opposition was, its success in securing the legitimization of opposition parties and a commitment to an accelerated transition to democracy must also be attributed to the shrewdness of the KMT in managing the change with the least cost to itself. It did this in three ways.

First, it secured, at least for a time, its cardinal policies. The formation of civic and political organizations and the exercise of political freedom was accepted, but only within the legal bounds of three restrictive principles—namely, no use of violence, no advocacy of communism, and, most importantly, no advocacy of separatism (Taiwan independence). These safeguards allowed the regime to exclude what Otto Kirchheimer has called "opposition in principle."[37] By not suppressing the DPP even though it had been illegally formed, and by making a wholesale concession to the DPP's demands for democratization, the KMT regime placed itself in a strong bargaining position to demand the DPP's compliance with the three principles. The DPP reciprocated by not including in its charter the principle of self-determination, which the KMT strongly opposed for fear it would eventually lead to Taiwan's independence.

Second, in spite of competitive elections, the KMT moved to secure—at least for a time—its domination of the legislature. It did this partly by not agreeing to open the entire legislature to popular elections all at once, but insisting that the members elected in 1946 retain their privileged positions until their deaths. This pleased the conservatives and helped to secure continued KMT dominance. Even after the entire representation has

[35] *Asian-American Times*, November 9, 1987, p. 1.

[36] *Min chi chou k'an*, June 11, 1987, p. 1; Ching Yu, "Chu tang shih yu chi hua ti hsing tung" [Establishing a new party was a deliberate and planned action], *Shih pao chou k'an*, October 4, 1986, p. 11.

[37] Kirchheimer, "The Waning of Opposition in Parliamentary Regimes," *Social Research* 24 (Summer 1957), 127-56.

been democratically elected, the KMT's position seems likely to remain strong because of its ability to influence the electoral and party rules. With the exception of the three principles mentioned above, the revised election law of 1983 has very low entry barriers for new political parties. This has actually led to a mushrooming of new parties from the constituencies that the DPP had hoped to take over. The law also provides for single-vote, multimember districts, a system biased against a medium-size party like the DPP which has to compete with the leading party in most districts. This system works best for the leading party which can nominate optimal candidates and allocate votes accordingly in most or all districts, and for small parties which can concentrate their votes in a few districts.[38] Combining these rules on political competition with the ability to reward constituencies, the KMT is incubating in Taiwan a system in which one party is dominant, like that of Japan, rather than a two-party system, like that of the United States.

Third, it managed to hold off the democratizing breakthrough until many of the subethnic and intraparty tensions had been relieved. Ever since the democratic ferment surfaced in the early 1970s, the KMT has been trying to indigenize the party. By the mid-1980s, 45 percent of the Central Standing Committee's members and 75 percent of the cadres in the KMT were native Taiwanese. And ever since the political opposition became a formidable force in the late 1970s, the KMT has begun to democratize itself, instituting an open nominating system and a nonbinding primary system. By delaying the process of democratization, the KMT managed to separate this issue from others that might otherwise have coalesced to produce a violent revolutionary upheaval.

From Quasi-Democracy to Full Democracy?

Although Taiwan has definitely crossed an important threshold of democratic transition, the question remains whether the incipient democratic institutions will grow and endure. Robert Dahl has argued that once a repressive regime moves away from the premise 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.[39] History has all too often seen the stymieing of democratization trends and the lapse of new democracies, as in Weimar Germany, Taisho

[38] Arend Lijphart et al., "The Limited Vote and the Single Nontransferable Vote: Lessons from the Japanese and Spanish Examples," in Bernard Grofman and Arend Lijphart, eds., *Electoral Laws and Their Political Consequences* (New York: Agathon Press, 1986), 154-69.

[39] Dahl (fn. 7).

Japan, and, in the 1960s, the southern cone of Latin America. There are, however, a number of points that suggest that Taiwan may be on an irreversible course of democratization.

First, the KMT itself has internalized some democratic values. In a speech on Constitution Day 1984, Chiang Ching-kuo, the late chairman of the KMT, recognized—for the first time in the KMT's history—the existence of a "pluralist" society with diverse interests.[40] In the same speech, Chiang Ching-kuo affirmed the legitimacy of people's holding different points of view. After the birth of the DPP, Lee Huan, secretary general of the KMT, announced that the KMT, as an *ordinary* party, would compete with other parties peacefully and on an equal footing. And the KMT's training program ceased to socialize party cadres as revolutionary vanguards.[41] Such a normative perspective of its role in an emerging democracy is a drastic departure from the self-perception of the KMT during the past seven decades, when it saw itself as a revolutionary party which alone represented the national interest.

That this conversion is genuine is attested to by a number of facts. Internally, the KMT is institutionalizing its democratic procedures. Changes have been made in the rules governing the selection of candidates who run for public office on the KMT ticket, of delegates to the party congress, and even of the party leadership. Nomination is no longer a top-down process, but proceeds from the bottom up, beginning with open registration, a kind of nonbinding primary reflecting the preferences of rank-and-file members, and the selection of candidates by a nominating committee largely based on the results of the primary. Around two-thirds of the delegates to the Thirteenth Party Congress in June 1988 were selected through a competitive electoral process. This congress elected, from the floor, the Central Committee members from a long list of candidates who had either been recommended by the party's Organization Committee or nominated from the floor. The membership of the Central Standing Committee has, however, not yet been opened to competitive election.

Externally, the KMT is disengaging from the administration of the state and has increasingly become an electoral institution preoccupied with periodic political contests rather than a Leninist organization devoted to matching ideological goals with state policy. The separation of the party from the state is the task that remains the biggest challenge to a Leninist party. The personnel flow from the KMT to the state and the financial pipeline from the state treasury to the KMT have been made clear, thanks to the DPP's use of investigative power in the Legislative *Yuan*. Respond-

[40] *Chung yang jih pao*, December 25, 1984, p. 3.
[41] *Ibid.*, August 4, 1987, p. 2.

ing to the DPP's and, to some extent, the media's criticisms, the KMT has begun to pursue a policy of self-reliance in its personnel and financial management. KMT cadres are being professionalized; that is, they are better paid, provided with pensions, task-oriented rather than merely loyalty-driven, and specialized in electoral strategy. Through its Central Investment Company, the KMT has become an active equity holder in industry and a key player in the financial market. In addition to transforming itself into an entity separate from the state apparatus, it is also withdrawing from the largely state-run educational system, in response to the students' and, to some extent, the faculties' demands for campus autonomy. It still retains some influence in the judiciary, especially over political libel suits. However, a supraparty supervisory body—now mostly composed of liberal scholars instead of the judiciary—monitors and judges the fairness of the electoral process.

A second reason why the democratization process probably cannot be stopped is that so-called veto groups, those with the potential and tendency to interfere with democratization, are no longer influential. Within the KMT, the ultra-rightist or conservative wing has lost its clout. The reformist wing is now in firm control of the party organization and supports all the young KMT office holders in the three national representative organs; they form coalitions among themselves rather than with the old privileged members who were elected in 1946.

The military, a frequent veto group in many third-world polities, has been politically neutralized since the introduction of the commissar system in 1950. Even if the party were to withdraw from the military, the propensity for military intervention in Taiwan politics would remain low. Military paternalism based on personal and regional ties was completely eliminated after the reorganization and centralization of the early 1950s. A rotation system of military command is firmly established. The military elite 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.

The third argument for the continued development of democracy in Taiwan has to do with the linkage between social cleavages and political forces. Taiwan's political forces are no longer solely structured by the sub-ethnic cleavage. Crosscutting social cleavages now complicate rather than radicalize the political contest.

The sub-ethnic cleavage between Taiwanese and mainlanders, as reflected in the political platform and elite composition of the opposition,

provided the basic social framework within which the democratic movement unfolded. The principle of self-determination and the demand for democratic rights were invariably priority items in various platforms of the political opposition. Each reflected the gap between the two groups. The first was endorsed by very few mainlanders, but entertained by many Taiwanese. The second, the demand for democracy, was a middle-class issue that transcended the sub-ethnic cleavage. Democratization could be and had been interpreted as a redistribution of political power between the mainlanders and the Taiwanese. Although many liberal, intellectual mainlanders had supported the opposition for the purpose of creating a counterforce to balance the KMT, at most only a dozen were found in the leadership stratum of the opposition, and none in the rank and file. Thus, although the supporters of democracy were not exclusively Taiwanese, the opposition presented itself as a Taiwanese political force and it was so perceived.

As democratization proceeded, the issue of sub-ethnic cleavage lost its hegemony, though not its salience, in political dynamics. For one thing, the KMT leadership became increasingly indigenized. An overwhelming majority of KMT candidates for public office—the reservoir of new leaders—are now Taiwanese. The balance in the Central Standing Committee of the KMT is also tipping in favor of the Taiwanese. Since the democratic breakthrough in 1986, other socioeconomic factors have begun to strengthen the horizontal patterns of politics, particularly labor-capital relations. With the dismantling of martial law and the promulgation of a labor law and of laws governing civic organizations, labor unions have been legitimized. In view of the size of the working population (six million, about one-third of the total population), it is likely that issues involving working conditions, welfare, wages, and organizational rights will begin to command political attention. The significance of labor issues indicates the relevance of class cleavage to Taiwan's democratizing polity.

This is not to say that class has replaced, or will inevitably replace, sub-ethnic differences as the most fundamental cleavage in Taiwan's society. For one thing, the boundary between the self-employed sector and workers in small and medium enterprises is difficult to draw and easy to cross. Some workers, especially apprentices in small enterprises, often become owners of small shops.[42] Only one-sixth of the workers are employed in large enterprises where they might be more accessible to political activists. Moreover, a substantial number of lower-middle income and even low-income people perceive themselves as a vaguely defined middle

[42] Hill Gates, "Dependency and the Part-Time Proletariat in Taiwan," *Modern China* 5 (July 1979), 381-408.

class—not a surprising phenomenon in societies with high social mobility and a low degree of income inequality such as Taiwan and Japan.[43] Other issues have become equally salient. A notable example is the conflict between the polluting industries and local residents, which involves the need to balance two competing goals, economic development and environmental protection. This issue has become high on the political agenda because ultimately the public has to decide on the trade-off between the costs of development and the costs of environmental protection. The social cleavage in this issue area is based on localities and regions, not on class.

Facing multiple social cleavages and diverse interests, both the KMT and the DPP, as their party constitutions reveal, are attempting to become catch-all parties. The KMT has defined its social base as the "people"; for the DPP, it is the "masses."[44] Several empirical studies of electoral behavior show no clearcut profiles of their supporters,[45] suggesting that both parties are still "discovering" their constituencies. Meanwhile, new parties, addressing single-issue areas, are being formed on behalf of clearly defined social groups. The emergence of the Worker's Party in late 1987 is a notable example that may indicate the surfacing of single-issue parties that will represent consumer, professional, and environmental groups; but, as of now, there is no clearcut bond between political forces and social interests.

The ultimate test of democracy is the acceptance of electoral results for a change in power. In the foreseeable future, it is unlikely that this test of democracy will have to be applied, since the DPP is not in a winning position. It has never been able to break the 30-percent barrier and its electoral base is not wide, while the KMT has the resources and the institutional framework to maintain itself nationwide. Still, it would be extremely costly to reverse the trend toward democracy.

[43] Yung Wei, "Hsiang tuan chi ho hsieh min chu ti tau lu mai chin" [Make headway to unity, harmony, and democracy], *Chung yang jih pao*, October 7, 1982, p. 3.

[44] The Secretariat, *The Party Constitution of the KMT* (Taipei, 1988); the Secretariat, *The Party Constitution of the DPP* (Taipei, 1987).

[45] Fu Hu and Ying-long Yu, "Hsuan min ti tou pieh chu hsiang: chieh k'ou yu lei hsing ti fen hsi" [Voting orientation of the electorates: A structural and typological analysis], paper presented to the Chinese Political Science Association, Taipei, September 9, 1983.