Democratization and the Political Economy of Taiwan

Author(s): Wen H. Kuo

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I. Transformations in Developing States: Two Studies

Democratization and the Political Economy of Taiwan

Wen H. Kuo

Several newly industrialized Asian countries are identified as "developmental states." Such states have used the political power at their center to shape, guide, and encourage the achievement of explicit economic objectives and are known for high economic growth since the 1960s (Leftwich 1995; Evans 1987; Haggard and Cheng 1987; Johnson 1987; Wade 1990; White 1984). In discussing the structural conditions that made economic development successful in these countries, researchers have observed several development-associated features. For example, the availability of committed developmental elites and a competent economic bureaucracy are frequently identified as key elements in these remarkable economies, as is the existence of an autonomous state apparatus that is repressive, authoritarian. and insulated from a weak and subordinated civil society (Castells 1992; Leftwich 1995).

The above description of these newly industrialized Asian countries is based partially on the experience of economic development in Taiwan and South Korea in the 1960s and 1970s. However, development since then has substantially departed from the original course as described by "developmental state" scholars. In the 1990s, both Taiwan and South Korea took the path to full democratization. The questions raised here are: which factors have contributed to the decline of authoritarian rule in these developmental states and how has democratic transformation been achieved? Although existing studies on the relationship between economic development and democracy argue that such a transformation is the direct outcome of economic development (Lipset 1959) and that the very success of that economic development is bound to undermine the autonomy of the state (Harris 1992), it is unclear through what political process the passive, weak, and suppressed civil society turns itself around and becomes the force for democratic transformation.

5

To address the complex relationship between the state and civil society in the developmental states, this study will investigate the political process of Taiwan. The following discussion will attempt to identity what political pressures and activities were directed by the civil society toward the authoritarian state since the 1970s. It will show that democratic transformation has been made possible through the joint actions of political national elites and nonelites alike. Further, the demands for constitutional democracy and an open political system subject to public contestation and participation have been an important source of strain and conflict between the society and the state as well as an important source of movement toward democratization.

ANALYTICAL METHOD

Two existing sociological perspectives have offered observations on the democratic transformation process in industrializing countries. The first perspective, known as the "elite consensus thesis," accentuates the determining roles played by national elites in the democratization process. This theory postulates that the oscillation between authoritarian and democratic regimes is a function of the degree of consensus among national elites. When the members of the elite are unified by a shared tacit consensus on the rules of the game, a stable regime is more likely to be produced and modern democracy more likely to evolve. On the other hand, elite disunity (i.e., war between elite factions) creates unstable democracies. Burton and Higley (1989) advanced this view based on their historical analyses of the development of Western democracies. They contended that elite unity is a result of elite settlement, a process in which the elite settle differences and negotiate compromises between both elite and nonelite factions. In addition, Burton and Higley claim that elite settlement is the result of relatively autonomous elite choices, which cannot be predicted or explained in terms of social, economic, and cultural forces (Burton and Higley 1987, p. 304).

The second perspective on the democratic transformation process stresses the influence of social class in the course of economic development. This theory has two variants. One suggests that the expansion of the middle class is a key impetus to democratic transformation. It is argued that economic development alters society from a pyramid-shaped to a diamond-shaped social stratification system. As the majority of the population becomes middle class and relatively well-off, it is less susceptible to anti-democratic parties and ideologies. It is also more likely to support moderate prodemocratic parties (Muller 1995; Lipset 1959). In addition, the rising expectations of the middle class—in combination with the ability of the

middle class to mobilize political input and demand for political reforms—permit the civil society to extract concessions from leaders of the authoritarian state (Koo 1991). In contrast, the second variant stipulates a social class compromise model. Using a neo-Marxist approach, the model holds that state policies in economic development consist essentially of only two types: capital accumulation (which represents the interests of capitalists) and consumption (which represents the interests of the working class). It is argued that, when regime officers have adequate resources and are able to balance the demands for capital accumulation and those for consumption, the stability of democracy will prevail. Otherwise, even a democratic regime established by electoral process (such as the regimes of Leftist parties in Latin America) will be overturned by the cohesive capitalist faction and its allies in favor of an authoritarian regime, as has been observed in some Latin American countries (Newhouser 1992).

The two theses are relevant to our discussion here for their focus on the roles played by national elites, the middle class, and government policies in the transformation process. However, modification needs to be made if they are going to illuminate accurately political development in Taiwan. First, in contrast to the class compromise model, which reduces state policies into only two types, this investigation assumes the existence of a multiplicity of state policies and the unique influence each policy might have on the democratic transformation process. Students of the industrializing countries of Korea, Singapore, and the Philippines, for example, have linked political issues such as external communist threat or internal ethnic or communist insurgence with the slow progress of democratic transformation (Lee 1990). Furthermore, the following explication shall make clear that most of the democratic movements in Taiwan were directed toward issues in the political arena rather than solely to issues of accumulation and distribution. Secondly, by giving prominence to elite consensus, the thesis may underestimate the impact that disunity, either among national elites or between elite and nonelite, may have on the democratic transformation process. It is not theoretically transparent that disunity among elites cannot act to facilitate democratization, given that elite factions and elite disagreement over national issues and policies tend to be common in democracies. Moreover, as Newhouser (1992) indicated, three crucial issues need to be further clarified by the thesis: what are the bases of elite disunity, what motivates elites to compromise, and why, for elites, a democracy might be preferable to an authoritarian regime?

The analytical method advanced here can be simply labeled the "dynamic political interaction" model. It assumes many kinds of political interactions exist in the process of democratic transformation, and one needs to identity and specify what, how, and why some kinds of political inter-

action critically influence political outcomes, for example, democratic trans-
formation in a specific time. The method makes two basic assumptions that
are drawn from some existing studies. One is that political transformation
tends to move in several stages of development, which could be progressive
or regressive. In each stage, certain types of political interaction tend to
be more dominant than others. By political interaction we refer to the in-
teraction between state and civil society, ruling party with opposition party,
and elites of these parties with each other, or the triple interaction among
ruling elites, opposition party, and the civil society. For our purposes here,
we follow the suggestions made by previous studies (Watchman 1994; Tien
1988; Hu 1993) to divide the process of democratic transformation in Tai-
wan into three major phases. In the initial stage, called the liberalization
phase, democratic movements were organized to pry open the suppressive
regime, gaining greater personal and political liberties for the populace
(Watchman 1994). However, initial liberalization or simply opening up a
regime had yielded limited success in expanding freedom and liberty to the
populace. Thus, in the next stage, movement toward democracy demanded
political reforms beyond the simple opening up of a regime. Such move-
ment called for a redefinition of the rules of the political game, a reor-
ganization of the institutional arrangement of the polity in its party system,
electoral system and state apparatus, and a surge of civil society oriented
to democratic ideology and practice (Watchman 1994). In this transforma-
tion the stage, the traditional base of political legitimacy had been seriously
questioned. It provoked resistance to change and heightened the anxiety
level of the society regarding its future social and political order. In the
third stage, a system of public contestation and electorial participation is
finally in place. However, the young democracy has a high degree of un-
certainty as to its political identity. As major political players push different
political agenda and use different political viewpoints to define what the
democratic system should become, political discords and conflicts tend to
occur frequently.

The second assumption of the method holds that in the democratic
transformation process, the authoritarian regime seldom relinquished its
monopolistic power voluntarily (Tien and Chu 1994). Following the sug-
gestions of Prezeworski *et al.* (1986), who documented the importance of
rationally calculated interaction between ruling elite and opposition forces
in the transition toward democracy, the method assumes that concession
to democratic demands tends to be involuntary, often piecemeal, and has
become a dominant, rationally calculated political move designed to pre-
serve the legitimacy and power of the regime. Thus, for the democratic
transformation process to move forward, opposition forces in their inter-
action with ruling elites needed to employ a multiplicity of skillful political

maneuvers and tactics. Political entrepreneurship determine what kinds of interaction are sought (Cheng 1989). Whether to use mobilization of the public, skillful bargaining, compromise, or negotiation with those ruling elites depends on what is crucial to obtain the desired impact.

Moreover, since in the democratic transformation process, what were previously considered the appropriate rules of the game are constantly contested, political tension and discord are inevitable. This creates elite factions and competition for popular support. It is assumed, then, that in this process elites may have unity on some issues, but not on all. The emergence of "hard-liners," "right-wingers," "liberal reformers," or "democratic reformers" and their relative power strengths affect the course of democratic transformation and the final level of democratization (Huntington 1991).

Based on this dynamic political interaction model, we shall briefly recount the democratic transformation process in Taiwan for the purpose of identifying what kinds of political interaction prevailed in each stage. We shall also seek to describe the context that made some political interactions especially important at that time, particularly some of the more recent.

FEATURES OF THE AUTHORITARIAN REGIME AND THE INITIAL PHASE OF LIBERALIZATION

Students of politics in Taiwan have indicated that many political issues in the current phase of democratic transformation are rooted in the years of the Chiang Kai-shek regime (1949–75). The regime demonstrated quite well what have been deemed the characteristics of an early phase of a developmental state: authoritarian leaders, a weak civil society, a suppressive political mechanism. and the use of economic development as a political instrument to gain popular support. During the period. Taiwan installed a state-led, industrial, and export-oriented economy, which led to rapid industrialization, urbanization, economic accumulation, and higher levels of domestic production and national income (Gold 1986). However, civil society was kept weak. After the crackdown on the initial Taiwanese rebellion, the ruling party, the Nationalist Party (Kuomintang, KMT) imposed martial law and suspended the basic constitution on the premise that national security was threatened by war with the Chinese communist regime. Various emergency rules and temporary provisions gave the party-state the power to suppress personal freedom and liberty, to ban the founding of new political parties, and to outlaw strikes and demonstrations. Moreover, the hegemonic one-party system maintained a corporatist control over society (Tien 1989; Hu 1993), which turned labor unions, educational institutions, civic organizations, local electoral processes, mass media, and the press into

political rings of party-state control supporting the regime's legitimacy. Under this system, political opposition was extremely difficult to develop. Although the export boom created a new group of Taiwanese economic elites, especially in the small business sector, their avoidance of politics as well as the threat of reprisal from the authoritarian regime hindered the development of democratic forces. Dissident leaders were either executed, jailed, or forced into exile.

The party-state also had exclusive control over the state apparatus. The power of President Chiang was elevated to "strongman" status that gave him control over the central decision-making body (the National Security Council), the executive branch (the premier), the legislative branches of government, and the military. In addition, his personal status was further enhanced by virtue of his position as the chairman of the Nationalist Party (Halbeisen 1993). Moreover, members of the executive and legislative branches consisted uniformly of political elites from mainland China. The top government officials' terms and appointments were single-handedly controlled by the ruling party. The terms of mainland legislators (elected in China) were frozen under the suspension of the basic constitution. This gave Taiwanese citizens little representation in national political decisions, even when by-elections were later installed to elect Taiwanese representatives to the central government's parliamentary branches. Political participation by the citizenry was confined to local elections that were conducted to elect city mayors, county magistrates, and members of provincial assemblies. In short, this is that period of the classical developmental state characterized by an oppressive party-state and a subordinated civil society. The dominant form of political interaction pitted the state against the populace's aspiration to democratic changes.

The multiple features of the authoritarian regime were increasingly under pressure to change after the death of Chiang Kai-shek. Between the mid seventies and mid eighties, Taiwan's structural condition had undergone important changes. Increasingly its labor-intensive industries became less competitive in the international market. Rising wages and social prosperity from the success of the export boom began to price Taiwan out of its low-cost labor niche in the global market (Clark 1994). Periodic economic downturns caused by the energy crisis during the seventies further exacerbated its worsening economic conditions. Economic technocrats in the government responded to the emerging problems in two ways: one was to pursue industrial upgrading by moving low-tech assembly to more high-tech production; the other was to increase massive government spending in large infrastructure and to establish heavy industrial projects through state corporations (Gold 1986; Wade 1990; Clark 1994).

During the tenure of Chiang Ching Kuo(CCK)'s presidency (1978-88), the political environment became increasingly unfavorable to authoritarian rule. Taiwan was further isolated in the international community when the normalization of diplomatic relations between the U.S. and China took place in 1978. The de-recognition undermined the KMT's claim that they represented the sole legitimate central government of China. Taiwan also experienced diplomatic setbacks when two of CCK's close allies—Park Chung Hee in South Korea and Ferdinand Marcos in the Philippines—were overthrown. Internally, economic growth produced a society increasingly dominated by a middle class who supported progressive economic policies and also became increasingly impatient with the authoritarian regime. Further, there was a growing awareness of the deficiencies of the political order among activists and intellectuals within and outside of the KMT (Halbeisen 1993). In addition, more and more of the general public and politically active citizens gave their support to opposition forces. Popular support for non-KMT candidates surged to about one-third of the popular vote in the Provincial Assembly election and 30% in the contest of mayors and magistrates. Opposition leaders had also become daring in their challenges to authoritarian laws. They staged various quasi-political rallies and increasingly improved their organizational capacity. In the meantime, the civil society also expanded its activity through engagements in various social protests.

Two measures were adopted by Chiang Ching Kuo to boost popular support for the ruling elites: the Taiwanization of political decision-making bodies and the acceptance of incipient pluralization and liberalization. The former led to the increase of Taiwanese representation in state apparatus, in party congress. and in the central decision-making organ of the party (Tien 1988; Domes 1993). The latter curtailed restrictions on political activities, increased tolerance of opposition forces, and abolished some features of authoritarian rule by the end of his presidency.

That liberalization did not encounter serious intraparty opposition was not unexpected. Within the KMT, CCK himself maintained a status with authority similar to "strongman" by holding the offices of president and chairman of the KMT. This status made his decision less likely to be openly challenged within the party. Further, his political reform was made to accommodate the rising tide of democratization demands from the society. Reform pressure at this time gathered more momentum as opposition non-partisan leaders—mainly Taiwanese local elites running for election—now joined together to run campaigns as a quasi-party organization. They ran on a single nonpartisan ticket, organized joint advertisements and public support during elections, made recommendations of candidates, participated in publishing opposition monthlies and bi-weeklies, and openly

pressed demands for various political reforms through campaign platforms or other media (Hu 1993; Domes 1993).

In addition, within the KMT, reformist forces had been gaining ascendancy over the conservative coalition. The reformists—social and natural scientists with advanced degrees from abroad, some developmental technocrats, a large group of regional and local Taiwanese politicians, and young, newly elected parliamentary representatives—argued that national security and social stability could be guaranteed best by an expansion of political participation and competition in a controlled and managed process. Oppositely, the conservatives stressed the priority of national security over democratization and recommended maintaining authoritarian features (Domes 1993). Members of this group included military leaders, older ruling elites of the party, some bureaucrats, and politicians close to CCK at the time.

CCK publicly stated his support of reform and change in several interviews with the foreign press. When, in 1986, 186 opposition leaders announced the formation of the new Democratic Progressive Party (DPP), he was reported to hold meetings with civilian and military leaders to fend off a possible crackdown on opposition forces—even though the act openly defied the ban on the formation of new political parties (Chou and Nathan 1987). Most crucially, the strong opposition of conservative groups within the party was overcome on many occasions only through CCK's personal intervention (Domes 1993). By the end of his presidency, liberalization had moved toward the lifting of martial law, which restored the rights for freedom of speech, demonstration, and press, as well as the right to strike, and led to the adoption of an amendment to the Law on Civic Organizations providing a legal basis for the establishment of new political parties. Still, despite these changes. the basic institutional arrangement maintaining the KMT's political monopoly of the party-state was kept intact.

In brief, during the liberalization phase, the ruling elites initiated some political reform measures, and incorporated some Taiwanese politicians into the party-state's central decision bodies to boost its legitimacy. However, the main political objective was to preserve the existing power structure through its policies of economic accumulation and growth. Yet without a substantial restructure of its political system and a restoration of the constitution, the majority of the populace lacked basic political rights, representation and participation in the national governments. Thus, in the later stage of this phase, as we can see, the major form of political interaction adopted by opposition forces was to pressure the ruling elites to accept the movement of democratization, especially the phasing out of emergency decrees and the legalization of new opposition political parties. The power structure of the KMT was aware of the increased organizational capacities

of the opposition forces and the surge of the civil society's demand for political changes. The ability of the KMT's leadership to accommodate some political changes and the ascendancy of the reformist forces within the party over hardliners were also conducive to liberalization.

INSTITUTIONAL TRANSFORMATION AND THE NEW KMT PARTY LEADERSHIP

In the mid eighties political change in Taiwan entered a transformation phase. This political development was parallel to the structural changes in its economy. The latter became increasingly dominated by the growing high-tech sector and financial industries. In the meantime, many manufacturing industries moved offshore to the southeast coast of China to overcome the problem of labor shortage. These investments made by the Taiwanese capitalists helped to expand China's exports and led to a growing economic interdependence between the two areas. In this transformation phase, democratization progressed to a point that some institutional rearrangements were made. Further, political participation became more pluralistic in nature, characterized by larger numbers of participants and encompassing wider social elements. However, the change also intensified group contest for influence on political agenda, which included, among other issues, the modification of Taiwan's relationship with China. In this political environment, the KMT no longer could determine the speed and content of democratization. It responded and reacted to proposals and political agendas pushed by the opposition parties and to those pressed by civil organizations and interest groups (Halbeisen, 1993). This dynamic of political interaction has continued to the present days when its democratic transformation has already entered a stage of functioning democracy.

The task of democratic transformation fall on the shoulders of Lee Ting-hui and the reformists in the KMT. Lee—the current Taiwanese president and the first directly elected by popular vote in 1996—succeeded by constitutional fiat after Chiang Ching-Kuo's death. Although Lee has also assumed the position of KMT chairman, his status within the KMT is no longer comparable to that of CCK. Further, the political environment he must work with has rapidly changed from a KMT monopoly to a pluralistic outlook. Many factors contributed to this transformation, one particularly crucial one was the removal of the martial law and the other Temporary Provisions. The termination of these laws ushered in a flourish of new political parties. In a by-election for the Legislative Yuan and a provincial election in 1992, for example, fourteen political parties altogether fielded candidates (Domes, 1993). And as of 1993, some 74 parties were reported

to have been formed. In addition, the restoration of press freedom yielded a large increase of newspapers and publications critical of the government, impairing the KMT's control of the media and press.

In response to such changes and as a driving force behind such changes, the civil society became less acquiescent. The use of street demonstrations and protests to voice dissatisfaction with governmental policies were on the rise among groups including environmentalists, anti-nuclear power protesters, veterans, women rights, labor activists, college students and farmers. The most important development of all was the rapid growing influence of the Democratic Progress Party. Due to its success in the national elections in 86 and 89, many leaders of the DPP has became national elites. Either through political campaigns or serving in the capacity as key parliamentary members, mayors, and magistrates, whose reform proposals for additional democratization often received great societal attention and media interest. The DPP was particularly critical of many remaining old institutional arrangements.

In the midst of these political shifts, the Taiwanization of the KMT leadership and state apparatus was accelerated, and the laws that gave emergency powers to the president and froze the tenure of the members of the parliamentary branches were terminated by ending the "period of communist rebellion." Lee also restored the political rights of dissidents, organized a national conference participated in by the elites of all parties, and directed the KMT-controlled National Assembly to revise the constitution (Dryer 1991). However, the task of retiring the parliamentary members elected in China met with serious resistance. It was a case of asking the members of the National Assembly to enact laws to end their own terms. It took mounting public pressure, including demonstrations organized by college students, strong criticism from DPP members, and a ruling from the Council of Grand Justice of the Judicial Yuan to make the total renewal of all central parliamentary members become a reality through elections. The council ruled that all members of the parliamentary branches elected in 1947 and in Taiwan in 1969 would have to retire by December 1991.

This particular change in institutional arrangement can be considered a breakthrough for democratization. It laid the legal basis for electing new parliamentary members on public contest, and it permitted the opposition forces to use their seats in the parliamentary branches as official platforms from which they could vigorously question governmental policy and proposals. However, this change—along with other features of democratization—caused considerable anxiety and apprehension in the conservative bloc of the KMT. In the conservatives' view, the Taiwanization of the state apparatus and the party, and the election of national representatives by

the citizenry of Taiwan were a major revision of the KMT government, which had always held that it was the government of China proper, not just of Taiwan. The conservatives' reaction was further justified when the opposition DPP not only protested the constitutional revision being conducted by the KMT-dominated National Assembly but also proposed the drafting of a constitution separating Taiwan and China.

The concern over preserving the government's Chinese identity became an important part of intraparty dynamics. It prompted the KMT leadership to establish the National Reunification Council to clarity its relationship with China. Later in the revision of the constitution, the KMT leadership also opted to maintain most of the basic structure of the state apparatus specified in the constitution. However, some democratization features were added. For example, the terms of the president and the members of the National Assembly were reduced to four years, and the direct election of the governor and the mayors of the two largest cities were also established.

The factional chasm between conservatives and reformists within the KMT leadership became wider over time. During the 1991 debate on one critical issue of constitution revision—how to select a president—the two sides already had very divergent opinions. It was reported that the issue became so divisive in the Central Committee of the KMT that it had to be deferred for many months (Chu 1993). The conservatives—led by the "nonmainstream faction"—favored an electoral college system. They argued that a president elected by direct popular vote in Taiwan could give the impression of being a "president of Taiwan," thus implying independence (Chu 1993). The reformists and Lee Ting-hui, on the other hand, favored the direct election system to give people greater participation in government. Later, the two factions collided again over the issue of whether to maintain a "one-China" or "two-China" policy and over the issue of party reform in the KMT's party congress. In 1993 this divisiveness led several "nonmainstream" members, mostly second-generation migrants from China, to break away to form a new political party, the New Party, whose explicit position was support for reunification with China and opposition to the pursuit of a separate international political identity for Taiwan.

However, the most serious discord within the KMT leadership developed later over the party nomination issue in the presidential election. One vice chairman of the party had long aspired to run for the presidency, but the KMT and Lee Ting-hui's supporters nominated Lee to run for the first direct election of president. He and the other vice chairmen of the KMT—two leaders of the "nonmainstream" faction who had openly supported the New Party's candidates in the previous legislative campaign—defied the

KMT's rules and registered to run as independent candidates for president
and vice president. The two were ousted from the party and defeated by
Lee in the 1996 presidential election.

ELECTORAL COMPETITION AND PLURALIZATION

It is more difficult to identify when precisely the third phase of demo-
cratic transformation started due to the continuity of political events. But
if the open split within the KMT is considered to be a turning point, then
democratic transformation could be viewed as entering the phase of func-
tioning right after the party system became pluralistic. Unlike the transfor-
mation phase, which was dominated by the political interaction between
the ruling party and a major opposition party within the context of rising
participation by the civil society, in this phase the system of open electoral
competition is in place, which permits multiple players and multiple parities
to participate in the public contestation of votes and support. This is a
phase dominated by the triple interaction among the ruling party, the op-
position parties, and the civil society. The last, through various civil organi-
zations, citizen groups, and interest groups, has became more assertive in
the cultivation of public opinion, using media and collective action tactics
to rally support for their political actions. They have been exerting pres-
sures on the state and networked with the various political parties to ad-
vance their legislative proposals or special projects. In the meantime, the
political parties have also become more dependent on the support of these
civil groups. The media have reported frequently on the influence of local
political factions in the domination process of political parties and in the
elections themselves. Public perception also believes that many incidents
of corruption are indicative of a closer tie between business, money, and
politics. In short, it seems to be evident that the civil society has become
an active player in the triple interaction.

It is to be further noted that during the last several years Taiwan's
economy has continued its structural transformation to high-tech industries.
Research and development have been intensified, and trade has been in-
creasingly dominated by the export of high value-added goods. However,
the exit of investment capital has created problems of increasing unem-
ployment. Growing dependence on China's manpower to sustain its eco-
nomic growth and foreign trade made it vulnerable to China's political
influence. In the following we shall use voting data to address political
changes during this functioning democracy phase.

The data in Table I show that since the initiation of the competitive
party system in 1986, the dominance of the KMT over the electoral process

has gradually eroded. Although the popularity of Lee Ting-hui won him the first direct election of president by a majority vote (54%) in a four-way competition in 1996, the KMT has been steadily losing its popular support in national elections. During the 1986 to 1995 national legislative elections, the percentage of votes cast for KMT candidates shrank from 69% to 46%. Similarly, in the National Assembly elections between 1991 and 1996. the drop in popular votes was also substantial, from 71% to 49.7%. The declines give the KMT a slim majority in both parliamentary branches and suggest that the KMT will have great difficulties passing measures that require more than a single majority vote.

The erosion of the KMT has come from two main sources: the rise of the DPP and the formation of the New Party, which draws votes from migrants from China, migrants' descendants, previous supporters of the KMT, and members of the younger population. The DPP's popular votes in national legislative elections increased from 22.22% to 33.17% from 1986 to 1995 while the New Party's popular votes increased from 1.92% to 12.95% between 1992 and 1995. As indicated above, the DPP aspired to the legitimacy of the KMT government since the years of Chiang Ching Kuo. The DPP was founded initially as a democratic movement, and its leaders first joined together as the Tangwai (outside the ruling KMT) forces

Table I. The Distribution of Popular Votes in National Elections (%) and Seats in Parliament, 1983–1996

Parties	Legislative Yuan					National Assembly		President
	1983	1986	1989	1992	1995	1991	1996	1996
KMT	72.86	69.06	60.60	60.50	46.06	71.0	49.7	54.0
DPP	16.68	22.22	28.2	31.86	33.17	23.9	29.9	21.1
NP				1.92	12.95	13.7		
Others	10.48	8.72	11.20	5.72	7.82	5.1	6.7	24.9

	Seats in Parliament			
	Legislative Yuan		National Assembly	
	1992	1995	1991	1996
KMT	96	85	254	183
DPP	50	54	66	99
NP		21		46
Others	15	4	5	6
Total	161	164	325	334

Source: Central Election Commision, the Executive Yuan.

and then developed into an opposition party to pressure the KMT into making the presidency and the parliament representative of Taiwan voters (Wachman 1994). Indeed, it is largely due to the relentless efforts of DPP leaders—either their organization of street demonstrations, their interparty negotiations, their tactics in the parliamentary procedures, or their votes in the Legislature and National Assembly—that many of the issues long advocated by the DPP are represented in the institutional arrangement of the new democracy. Such issues include the lifting of martial law, the holding of full parliamentary elections, the election of governor and big city mayors, the return of political dissidents from exile, the abolishment of the 1948 Temporary Provisions, and the direct election of the president. In short, the DPP has been able to put the KMT on the defensive on many governmental and reform issues. With the support of the civil society, the DPP scored a series of electoral victories in the 1986, 1989, and 1992 election of legislators. The party realignment secured the DPP one third of the seats in the legislative branch, suggesting that the DDP has become a formidable opposition force.

However, voter support for the DPP has not grown thus far in a manner satisfactory to its leaders. The DPP suffered a setback in the 1991 National Assembly election, and. since then, its share of votes in the national elections has stayed in the neighborhood of 30% although the party has experienced considerably greater success in local elections. This problem of slow progress seemed to be caused by several factors, such as the weakness of its campaign organization and the negative perception among some sectors of the population of its mass mobilization tactics, but it might also be related to the national identity issue that the DPP raised in the election campaign.

In 1991 the radical faction within the DPP prevailed at the DPP's fifth national congress and specified in its party platform a desire to "build a Taiwanese republic with independent sovereignty." This turned the 1991 National Assembly election into a referendum on Taiwan's independence and created great anxiety among voters afraid of possible Chinese military action against Taiwan. The election results dealt a heavy blow to the DPP and the issue of Taiwan's independence (Domes 1993). Later, the DPP played down this issue in local and national elections and included populist demands such as increased spending on welfare and elderly pensions in their election platform. The inclusion of these populist demands suggests they are important campaign strategies adopted by the DPP to win further voter support. However, their effectiveness still has to be proven since the KMT has also adopted the same strategy, making their own counterproposals.

In 1996 the DPP held 54 out of 164 seats in the Legislature and 99 out of 334 seats in the National Assembly. By the number of these seats alone, it appears that the DPP will not be able to overcome the dominance of the ruling KMT. Later, an alliance was formed between the New Party and the DDP in some legislative efforts to challenge the dominance of KMT. However, this strategy turned out to be unacceptable to the independence-oriented elites of the DPP. In their view, a sharp distinction exists between the DPP and New Party on the issue of Taiwan's identity—one for independence and the other for reunification with China. The legislative alliance, in other words, is a marriage of convenience; it does not serve to advance the course of establishing an independent Taiwanese identity. Subsequently, these elites formed a new political party and separated from the DPP.

DISCUSSION AND CONCLUSION

The above brief account of Taiwan's democratic transformation suggests that many kinds of interaction exist among political players in a democratic transformation process. Our discussion suggests that by focusing on the major political players, the political interaction could be delineated as follows: (1) ruling party versus opposition forces or party; (2) elites versus civil society; (3) elite discords or conflicts within the ruling party; (4) elite discords within the opposition party; (5) conflicts within civil society; for example, private citizen groups or neighborhood groups protest against polluted private industries either owned by local or foreign capital; or hostility between Chinese immigrants and Taiwanese; and (6) triple interactions among ruling party, opposition, and the civil society.

This study has illustrated that not every kind of interaction has played the same important role in each stage of democratic transformation. While a particular kind of interaction was dominant at one stage, in the next stage, due to the transformation of political forces, another kind of political interaction tends to replace or supplement the earlier dominant one. Table II displays this relationship based on Taiwan's democratic transformation process. Specifically, we suggest that elites versus the civil society was dominant in the classical stage of developmental state. This kind of interaction was shown to be facilitated by two structural conditions: first, the relative autonomy of the state and its ruling elites, which allowed the implementation of economic accumulation policies through export expansion to enhance their legitimacy; second, the oppressive measures imposed by authoritarian rule also deterred and blocked the democratic movements of the relative powerlessness of the civil society. In the next phase, liberali-

Table II. Political Interaction and Phases of Democratic Transformation

	Phase of Democratic Transformation			
	Classical Developmental State	Liberalization	Transformation	Functioning Democracy
Political Interaction	Ruling Elites Versus Civil Society	Ruling Party Versus the Opposition Forces	Ruling Party Versus the Opposition Party	Ruling Party Versus the Oppoition Parties
			Elites Discords: Ruling and Opposition Parties	Triple Interaction

zation, the foci of political interaction turned to the ruling elites and the rising civil society as represented by its not yet fully organized local political activists. Later, these local political leaders formed quasi-party organizations to unify opposition forces and strove to remove the emergency decrees. The objectives of interaction at this stage, then, seem to focus on establishing a legal frame of constitutional democracy and institutionalization of opposition. In the next phase, transformation, there was a growing interaction and political exchange between the ruling party and the opposition party. What pace democratization should take and what institutional rearrangement should be made were the focal points to be negotiated and compromised by the participating parties. However, in this phase of transformation, preserving existing power increasingly became a key concern for those ruling elites with vested interests in the ruling party. Resistance to transformation policy proposals followed and opposition was organized among the conservative wing of the ruling party. This led to elite discords or conflicts since the party chairman of the ruling party could no longer have monopoly over power. Similarly, discords also developed in the opposition party but for a different reason. Their initial success in election produced division along ideological lines on the national identity issue and also on the issue of what tactics should be adopted to advance further voter support. Finally, the table shows that in the latest phase of transformation, the political interaction again has taken on a different trajectory. The triple interaction among the ruling party, the civil society, and the opposition parties has dominated the recent political scene. All parties now seek to gain popular support, and the civil society through its various special interest groups has also become more active in making its political preferences known.

The identification of a linkage between the phase of democratic transformation and the political interaction, however, raises a further question as to why a particular kind or several kinds of interaction seem to have become more dominant at a specific time. The explanation could be complicated. Many existing studies have pointed to the importance of specifying the socioeconomic context of each transformation stage, and the joint effects of the economic development, the surge of the middle class, or the shift of geopolitics might have on these changes (Wade 1990; Haggard and Cheng 1987; Castells 1992; Gold 1986). To some extent, this study has also touched upon these factors. However, we have also sought to focus directly on the dynamics of group interaction. This method of analysis permits examining the articulation of group interests within the political process itself. And we found that as far as Taiwan's democratic transformation was concerned, there is a complicated interaction process in the articulation of group interests. For example, in the liberalization phase, the society's growing aspiration for democratization provided a social milieu conducive for organizing an opposition party. However, whether the opposition can become a viable political entity depends to a large extent on the effectiveness of its leadership and organization, as well as on whether the political struggle can lead to the attainment of a legalized political status for the party. Thus, in this phase of liberalization, major interaction between the ruling party and the opposition forces revolved around issues such as the restoration of constitutional rights and the formalization of an opposition party. In the transformation phase, by contrast, the political dynamic turned attention to what and how the existing outdated institutional arrangements, which are unsuitable for the rising democratic tide, should be modified and adjusted. The interaction between the ruling and opposition party continued to be central for democratization. However, the institutional rearrangement efforts, on the other hand, produced stronger reactions or resistance among those ruling elites who are either facing the loss of power or being threatened by these changes. It is not surprising to find, then, that during this phase of interaction, elite conflicts, factions, and competition became an inherent part of the political changes. Elite discords on the content, speed, and scope of democratization reflected that these divergent groups experienced differential political outcomes. The balance of political payoffs implicated in these changes influenced their course of action.

The focus on group dynamics by this study also suggests that the roles the elite conflicts, factions, and competition have in a democratization process should be carefully detailed in order to understand their impact on democratic transformation. Our discussion demonstrates that as an outcome of different interest articulation among national elites, discords have influenced a party's strength, the election, and the party system. The lack

of solidarity is related to some extent to the differences in ethnic back-
ground (Chinese migrants or Taiwanese). However, the more important
reason seems to be the differences in political views regarding the speed
and scope of the implementation of democratization.

As was mentioned earlier, elite consensus is asserted by Higley and
Burton (1989) as a necessary condition for democratization. Elite consensus
is interpreted by this thesis as the national elites' tacit agreement on the
rules of the game and their shared aspiration to achieve democratic con-
stitutionalism peacefully through negotiation and compromise, even if the
elites still differ in specific policies or legislative proposals. The discussion
on Taiwan illustrated that to a large extent the experience is not in con-
tradiction to this thesis when consensus is interpreted in this fashion. It
appears that since the liberalization stage, the ruling party has aspired to
democratic changes and was gradually pressured to give up using suppres-
sive measures, including violence against democratic movements. However,
this study underlines the importance of treating the consensus on the rules
of the game in itself as a subject of political struggle. It is evident that
only through many years of political confrontation and interaction may a
basic framework of democracy became an acquired objective. At present,
the contents of democracy and the institutional framework of democracy
are subjects of hot contention among national elites. The function of elite
conflicts and conflict resolution over these political issues should be rec-
ognized as an integral part of the process that transformed the authoritar-
ian regime.

In addition, the discussion of political change in Taiwan shows that
this late twentieth-century democratization, or "third wave," as it is called
by Huntington (1991), is the result of a combination of "causes." A
strengthened civil society, the rise of opposition forces, a competitive elec-
toral system, elite disunity, and adaptive ruling leaders all contributed to
the democratic transformation process. Hence we have not attributed the
democratic transformation as an event solely to economic policies of ac-
cumulation and consumption. Since the transformation phase, constitu-
tional and policy issues related to democratization have dominated the
political arena. The issue of distribution and accumulation has continued
to play a dynamic role in electoral competition, but it has not emerged as
a prime single issue determining the stability of the democratic transfor-
mation process. This may be explained by the fact that, in comparison to
Latin American countries, Taiwan has a higher level of social equality. A
combination of social equality and economic growth is less likely to hinder
the democratic transformation and its stability.

In short, this study has sought to identify how the stages of democratic
transformation and the dominant kinds of interaction among major political

players are related. Beside showing the socioeconomic context of these dif-
ferent periods of democratic transformation, the articulation of interests in
the intergroup dynamics has been specified as an important factor that ex-
plained why Taiwan's democratic transformation has evolved from a party-
state to the current stage of functioning democracy, dominated by a
pluralist system and a triple interaction between the ruling party, opposition
parties, and the civil society. However, since this is a case study, the gen-
eralizability of the observations made by this study must be further com-
pared with cases from other developmental states.

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