

# **FIFTY YEARS AFTER "2-2-8": THE LINGERING LEGACY OF STATE TERROR IN THE CONSOLIDATION OF BOURGEOIS DEMOCRACY IN TAIWAN**

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## **ABSTRACT**

Taiwan's economic growth and democratization have been widely lauded. While acknowledging impressive advances, this article is deeply critical of both.

For forty years Taiwan's ruling Kuomintang suppressed challenges on issues of national identity, social equity and sustainable development. Even as the Chinese mainland martial law regime has given way to an ascendant native Taiwanese bourgeoisie in ostensible democratization, the corruption and evasion endemic to the earlier period has persisted and has aborted the urgently-needed resolution of accumulated problems in international status and in social costs to health and environment. Recent welfare-state legislation may be primarily a populist veneer to prolong the current political economy. The failure of the President to rally national unity on the 50th anniversary of the 1947 massacres is a sign of a lack of political commitment to such resolution.

Although Taiwan has been led to success in export-industrialization under auspices of the U.S. in its Cold War standoff with the Peoples Republic of China (Long: 1991; Cumings: 1984), the prognosis for long-term prosperity and welfare for its population is not promising. The distortion of infrastructure due to land speculation and corruption in public construction constitutes a bottleneck to further development and a drain on the national budget. Failure to control industrial pollution, garbage-dumping, vehicular proliferation, and urban land misuse sorely strains the quality of life. Taiwanese capital is already seeking lower-cost labor inputs in China, Southeast Asia, and elsewhere. Well-to-do Taiwanese have bought homes abroad in large numbers. But the working class and the ravaged landscape they occupy cannot emigrate; nor can they compel the globalized and mobile capitalists to pick up the formidable and wasteful costs of late remedy.

## **THE UNRESOLVED TENSION OF THE 1947 MASSACRES**

February 28, 1997 marked the fiftieth anniversary of the event that set the major configuration of the political economy of post-World War II Taiwan. On that day in 1947, Chinese troops fired on native Taiwanese protestors. A year and a half before that Japan vacated its colonial possessions; carpet-bagger Nationalist Chinese (Kuomintang or KMT for short) administrators took over Taiwan and soon created economic chaos. Over the following weeks troops sent by the Nanking government massacred at least 18,000. Many were killed in the troops' random attacks; there were pitched battles with resisting high school students; educated Taiwanese, especially community leaders, were systematically rounded up and executed. It is not surprising then that there was no further protest when in 1949 Chiang Kai-shek and his minions, fleeing the successful Chinese Communist armies, set Taipei as the "temporary" capital of the Republic of China. The regime further dispossessed the Taiwanese gentry through land reform in 1949-52, and captured a large portion of the rice harvest to feed its bloated bureaucracy, military, and public corporation dependents.

Thus "2-2-8" created a gulf of power, identity and class between native Taiwanese and "mainlanders"; it became the rallying cry of the Taiwan Independence Movement, kept alive among Taiwanese exiles. As for class, mainlanders (15% of the late 1950's population of ten million) were segmented between two extremes, impoverished soldiers and powerful or sinecured government functionaries, but both were dependent on the

regime. Native Taiwanese were predominantly farmers and workers, though educated through primary school under the Japanese-period social provisions. A fraction of Taiwanese gentry and industrialists, previously privileged through collaboration with the Japanese, also collaborated with the Kuomintang.

This structure was not greatly changed until the 1970's, when rapid export-led industrialization brought large numbers of Taiwanese, in particular small factory owners, into the middle class and beyond. Furthermore, forced assimilation through education in Mandarin language created a new generation with less mainlander/native differentiation, at least in the north around the capital city. All the same, advocating formal independence for Taiwan \* even though contact with the mainland "enemy" had been forbidden for decades \* was still punishable with imprisonment long after the taboo was breached by the democratic movement of 1977-79. The ROC likewise has refused to limit its territorial claims to just the area it controls, and to date it has not renounced its claims to mainland China, Mongolia, and Tibet.

In March 1996 Lee Teng-hui, a native-born Taiwanese who had a decade earlier been anointed by President Chiang Ching-kuo (successor to his father, Chiang Kai-shek), became the first popularly-elected president in Taiwan. As the inheritor of the vast patronage machine of the Kuomintang, Lee's victory was hardly a surprise. Moreover, many credited him with easing out the last public remnant of the military regime, general-turned-Premier, Hau Pei-tsun, in early 1993. Even supporters of the Taiwan Independence Movement lauded him as the first native Taiwanese president, and some made much of his reported youthful association with Taiwan independence socialists, though he later became an obedient technocrat of the Kuomintang and to the present publicly mouths its one-China rhetoric. The Peoples Republic of China held a similar perception of his real intentions; it vilified Lee as moving towards Taiwan independence. The PRC further threatened the elections through military exercises and missile firings across the Taiwan straits. This perversely seemed to boost Lee's ratings as the "safe" candidate maintaining the status quo (de facto sovereignty for Taiwan), in contrast to the candidate of the major opposition party, who advocated establishment of the Republic of Taiwan, perhaps a dangerous provocation to China.

Lee Teng-hui had indeed courted the sentiments of native Taiwanese when two years ago he stated to a Japanese reporter that "the Kuomintang is a foreign regime" \* setting off a storm within the Kuomintang Party, of which he himself is chairman. Finally, Lee had also allowed the previously-repressed topic of the 2-2-8 massacres to reach official recognition, by appointing a commission to write an account and ordering the construction of a large memorial on the grounds of a park adjoining the presidential palace. The wording of the brass plaque to accompany the memorial was a subject of prolonged controversy, mainly on the issue of acknowledging that Chiang Kai-shek himself authorized the massacres; but a commission representing government and opposition finally came to a compromise that omitted this key point.

To some observers it seemed that the fiftieth anniversary of 2-2-8 would be the occasion for Lee Teng-hui to consolidate an image as the populist leader, healing the wounds of the past and moving to a bold new future. This would be a future with the capitalist class (now composed of both mainlander and Taiwanese fractions; see Namazaki: 1986) firmly at the helm of the nation-state, but ideally one in which national prosperity would allow welfare state provisions to soothe social tensions. The opposition party, heir to the democratic movement of the late 1970's and led by former political prisoners and dissidents who once championed Taiwan Independence, had already shown their eagerness to join a coalition cabinet; they had distanced themselves from disruptive labor and environmental protests. It would seem easy for Lee Teng-hui to amass a few thousand cheering supporters and transform the mournfulness of the commemoration into an affirmation of the success of the democratic transition and his own leadership of it. That is what I expected to see.

Such an outcome might be anticipated in Taiwan, particularly following on similar recent events in Korea, because Taiwan and Korea have often moved in political parallel, no doubt due to their common history of Japanese colonialism, their role in American Cold War planning, their early export-led industrialization under U.S. auspices, and their renewed linkage with a resurgent Japan (Cumings: 1984). The parallels can be seen in recent political history: In December 1979 the Taiwan government squelched the newly-organized opposition challenge by arresting nearly all dissident elected official and candidates following the Kaohsiung

(or Meilidao) Incident, a rally that was turned into a riot by agents provocateurs. In May 1980 the Korean government staged a violent military put-down when students demanding democracy took control of the city of Kwangju; at least four hundred civilians were killed. Both governments faced labor and farmer agitation in the late 1980's, in reaction to their internal accommodations to US pressures to open their markets. In 1992 Kim Young Sam, originally a moderate opposition leader, became the presidential candidate of the ruling party of the civilianized military regime. He may have moved beyond the original intentions of his mentors, but he also gave the ruling party legitimacy by vigorously prosecuting the regime's past excesses \* even to the point of jailing his two presidential predecessors for mutiny and manslaughter in the Kwangju Incident, as well as corruption (Crowell and Shameen: 1996). They received heavy sentences on August 26, 1996. Kim thus seemed to consolidate support from the liberal middle class. Then in early 1997 Kim moved suddenly to strip labor of protections against layoff and factory closings, no doubt at the behest of capitalists faced with a sluggish economy, rising labor costs and, as in Taiwan, in the process of moving labor-intensive manufacturing abroad.

Though developments in Taiwan have been much slower, the convergence of former military dictatorship and its liberal opposition on the basis of middle-class prosperity, as will be recounted further below, seems a clear parallel. It would be only a pale imitation of the Korean evolution if Lee Teng-hui appropriated the mantle of 2-2-8. In fact at one point he was quoted to have intoned "I too am a victim!".

But this was not the outcome of the day of commemoration, February 28, 1997. Lee absented himself from the plaque-unveiling ceremony, for no urgent reason. He sent instead the Premier and Vice President Lien Chan \* the son of one of the three main "half-mountain" families [Note 1] that benefited handsomely from their collaboration with the Kuomintang in the 1950's. Lien Chan made a brief "let bygones be bygones" speech and left before protesting relatives of victims could penetrate a police line. Then the park area was left to small milling circles of elderly witnesses to the era of repression, many festooned with the emblems of fringe political groups such as the Taiwan Independence Army. Meanwhile a line of a hundred or more young people waited in line patiently to enter the new museum next to the memorial. Within an hour and a half of its unveiling, the plaque was publicly smashed with a sledgehammer by one of the 2-2-8 relatives' associations; the picture of this action made front page news and was widely applauded or at least accepted. The fiftieth anniversary did not bring reconciliation.

Not merely Lee Teng-hui but also the opposition Democratic Progressive Party failed to capitalize on the occasion. Since the Taipei mayorship was won by the DPP in 1995, DPP control of the capital city government has provided a major avenue for expression of a political consciousness different from that of the past officialdom. But there was scant attendance at the DPP ceremony carried out at the city hall on February 27. Whereas in previous years the congruence of DPP party leaders with the Presbyterian Church of Taiwan and white terror survivors would have been apparent in nearly every event, on this important anniversary DPP leaders were conspicuously absent from commemorations carried out by other concerned social and political groups around the city. DPP leaders prided themselves rather on having pieced together enough support, in addition to their own control of one-third of the legislature, to declare 2-2-8 a national holiday. But their feasting and drinking together with the KMT and New Party legislative leaders in celebration of passing the holiday bill became the butt of sarcasm, especially from Taiwan independence supporters.

All of this provided further indications of a shift in political alliances that has been most obvious since December 1995, when the previous chairman of the DPP, Shih Ming-teh, a political prisoner for twenty-five years, entered into an alliance with the New Party in order to make a grab for the position of head of the legislature. (This was anathema to many DPP supporters because the New Party, the second largest opposition party in the legislature, insists on Chinese nationalism and is largely composed of the recalcitrant "mainlander" and pro-military portion of the KMT that broke away in reaction against Lee Teng-hui's Taiwanization of the KMT.) Then the DPP, following Lee Teng-hui's landslide win in the March 1996 presidential elections, sidled away from its 1991 plank demanding establishment of the Republic of Taiwan and new international relations under that name.

The New Party gambit outraged the most fervent advocates of Taiwan independence among the DPP's rank-and-file supporters. It further alienated the Taiwan Professors Association, the organization that emerged from the 1990 student movement that forced popular elections at the national level, and which requires allegiance to Taiwan nationalism as a condition for membership. Professors serving as party consultants had provided a moral aura for the party; scholars are respected under the common Confucian ethic. But the DPP's creeping collusion with moneyed interests had long disturbed the professors, and even earlier the DPP had dropped the ball on a crucial nuclear plant referendum. The New Party ploy was the last straw for the professors. After months of preparation, in October 1996 the professors announced their intention to form a new competing party, and the founding rally of the Taiwan Independence Party was held on December 10, 1996 [Note 2].

The Taiwan Independence Party ("Nation-Building" or Chien Kuo Dang in Chinese, abbreviated TAIP in English) is the group that appeared in the 2-2-8 commemorations to have won the sentiments of a large portion of the more resolute Taiwan independence supporters. TAIP's bus tour of massacre sites together with surviving relatives and witnesses was widely covered by television reporters; TAIP was prominent in organizing a candlelight march on February 27 for which an unexpectedly large number, 10,000 marchers, showed up. On the way, near the site of the first incident, a street theater group symbolically but chillingly acted out the increasing anxiety of Taiwanese society on the eve of February 28, 1947; the scene culminated in rape and murder. Taipei City had also given over the auditorium of the national library for a three-day conference on 2-2-8 prepared by the Taiwan Historical Association, and this provided TAIP with another stage setting for its message. It remains to be seen whether this publicity translates into electoral successes that can match those of the DPP, but the TAIP seems destined to take over some of the DPP's social base.

Other groups less socially prominent than TAIP also were visible on February 28, 1997. Among them [Note 3], the Association for Taiwan Independence, led by the 80-year-old Taiwanese communist Shih Ming (the nom de guerre means "history is clear"), formed a disciplined cavalcade of twenty campaign trucks and twenty taxis that snaked slowly through the downtown area, holding up traffic with impunity. Shih Ming and his offshoot groups insist that Taiwan national independence and social justice can only be achieved by uprooting the whole economic and military structure of the KMT; as they see it the parliamentary game is only a ruse. As usual, they disdained requesting parade permission from the police. In front of the train station the group burned General Peng Meng-chi, the butcher of 2-2-8, in effigy, along with a smaller paper image labelled "Lee Teng-hui, Puppet". Then they neatly swept up the ashes.

So the symbol of 2-2-8 has not been coopted into the service of the ruling structure, even though the Kuomintang has managed to substantially coopt the Democratic Progressive Party.

The change in the position of the major opposition party, the Democratic Progressive Party, and the reaction to it, is not merely symbolic. A major ongoing issue is the revision of the Republic of China Constitution, a prolonged process in which a disturbing step is currently underway. In July 1996 Lee Teng-hui set up an ex officio commission for interparty negotiation on constitutional revision, the National Development Conference. The Taiwanized KMT and the opposition DPP have agreed between them on a number of changes to be passed in the upcoming May-June 1997 session of the National Assembly. The first major agreement, the planned phase-out of the Taiwan "provincial" level of government, which is redundant with the ROC national government on Taiwan, appeared to move the country closer to the reality of its territorial holdings and also closer to de facto Taiwan independence. In addition to this, the future termination of small city mayoral and city council elections (their powers would devolve to elected county magistrates and county councils) seems to be a further rationalization that might also help break the power of unruly and violent local gangs, as Lee Teng-hui's government has sworn to do. However, the DPP also agreed to several constitutional changes on the national level that seem to be steps backward from the ideal of democratic procedure, concentrating greater power in the hands of the president. Most alarming among them are provisions removing the legislature's right to reject the president's choice of premier, and allowing the president to disband the legislature. Moreover, the powers of the Control Yuan members to independently investigate and indict corruption in all areas of government, powers never vigorously applied in the martial law period, will be stunted by the new constitutional revisions. Under the previous strongman presidents, the appointed

judiciary neglected to contend even obvious questions of constitutional legality; now similar lapses of democratic procedure are being rationalized and legitimized with a veneer of process in the National Assembly. Speculation abounds that the current DPP chairman, Hsu Hsin-liang, who has been pushing for a Korean-style union between the ruling and opposition parties since 1990, expects a return in cabinet-level appointments.

If we see these political events and signs in a larger perspective, they are part of the consolidation and legitimization of bourgeois democracy on the basis of capitalist command and middle-class complacency. The former champions of democracy have been taken up in highly-compensated offices and are busied in parliamentary procedures. Of course that middle-class complacency is predicated on the relative prosperity and rise in living standards following on the export economy success in Taiwan, as in Korea. It is also based on the advance of some government-sponsored welfare measures that seem to promise a populist social compromise, which will be discussed further in the next section.

But like Taiwan's ambiguous national identity, this transformation has not reached closure in Taiwan. The grievances of 2-2-8 remain largely unresolved; it seems that the burden of the past was too much for Lee Teng-hui to face, in his own calculations. Moreover, in the standoff with China, the future is uncertain; no national leaders now face this difficult issue squarely.

Why such a failure of nerve in a country that is relatively rich and defensible?

Ever since 1949, when Chiang Kai-shek made a "temporary" retreat from mainland China, the rulers of Taiwan have nursed a sojourner mentality. To them, the island of Taiwan has been in practice a stepping stone to another mainland far to the east across the Pacific -- America. It took them thirty years to begin to admit that they were not going to defeat the Chinese communists. In the meanwhile they punished anyone who pointed out the foreseeable outcomes, or who exposed the number of government bureaucrats who themselves held US "green cards" and could flee on short-term notice.

Such a mentality of short-term expedience combined with evasion of long-term consequences has long been habituated in planning and political practices \* and now it has been inherited by Taiwan's capitalist class. How that has happened will be seen in the following sections of this article. This, I believe, is decisive in the present political economy, and may take Taiwan on a somewhat different tack than Korea, though the two are faced with similar challenges of transition from a low-wage labor-intensive export economy to a high-wage capital- and technology-intensive economy.

## **THE LEGACY OF STATE TERROR IN TAIWAN'S DEMOCRACY OF THE 1990'S**

The Kuomintang ruled for four decades, 1947-1987, under the reign of martial law, a world's record for its duration. Those who invested in and promoted "The Republic of China" on Taiwan -- in particular American Cold War warriors like Ronald Reagan and others who were courted by Taiwan's China lobby -- dismissed Taiwan's martial law as a formality that barely affected the daily life of the population. That was not the experience, however, of those who questioned national policy or who sought to expose social injustice.

In 1971, twenty-two years after Mao Ze-dong's armies took Beijing, the Republic of China was finally forced to vacate the "China" seat on the United Nation's Security Council and yield it to the Peoples Republic of China. It is likely that at that time the Kuomintang regime could have claimed a seat in the General Assembly just to represent the population on Taiwan, but it disdained to do so [Note 4]. Despite growing international recognition of the PRC, on Taiwan the aging remnants of the national assemblies elected in China in 1947 continued to serve as rubber-stamp approval for Kuomintang edicts. Those who questioned this nonsensical structure or requested representative government within Taiwan were commonly sentenced to ten or more years imprisonment for "splitting the national territory" or "Taiwan independence" sedition; such advocacy was still threatened with punishment as late as 1991. Now that in 1997 China uses the self-same "one China" policy to isolate Taiwan in international diplomacy and to ostracize Taiwanese representatives

even from non-governmental organization forums such as at the 1995 United Nations Conference on Women in Beijing, the cost of the previous prolonged refusal to adjust to reality -- to at least cease the ROC claim to sovereignty over China, Mongolia and Tibet -- is obvious.

Why this ostrich-like avoidance? The obvious answer is that the fiction of representation of the whole Chinese nation under continuing civil war had long served the immediate political and economic interests of the ruling Kuomintang. It provided the excuse for the suspension of civil liberties and constitutional provisions "during the period of communist insurgency". This suspension of democratic procedure in turn was necessary for the maintenance of dominance by the ruling party and mainlander minority, a dominance that provided special positions and revenues.

Minute regulation of the native Taiwanese majority was made possible by the system of population registration and police stations laid down by the Japanese colonizers, as well as by the tremendous scale of the Kuomintang intelligence forces from all of China now concentrated within the island of Taiwan. The files of the intelligence agencies have never been opened to civilian observers. But some former political prisoners have estimated "white terror" period executions at about 5,000; Shih Ming-teh once figured that perhaps 80,000 people had passed through political imprisonment, many of them leading intellectuals. Those imprisoned have been about half mainlander and half native Taiwanese; that is, mainlanders have been disproportionately represented, but they have more often lacked relatives or been too dependent on the regime to reveal information on their cases.

The Kuomintang sought to control overseas Chinese communities and Taiwanese students abroad, especially those in the United States, with a network of Chinese chamber of commerce connections, spies and "professional students". Those overseas were a greater threat to the internal fiction because they had regular access to international news and travel. In the 1970's a number of Taiwanese graduate students were sentenced to political imprisonment on the basis of their legal activities in the U.S.; threats to relatives in Taiwan and denial of visas were the more common sanctions against Taiwanese-Americans. Among more serious cases, a Chinese-American journalist, Henry Liu (Chinese pen name, Chiang Nan), was assassinated in October 1984 in California by a hit squad commissioned by a Taiwan security agency. In July 1981, during a visit home, Dr. Chen Wen-Cheng, a professor of mathematics at the Carnegie-Mellon Institute in Pittsburg, was thrown from the top of a library at National Taiwan University; he had probably already died during police interrogation concerning his involvement with overseas Taiwan independence organizations. (On KMT overseas activities see Cohen: 1988, Chapter 14). But in more recent years traffic "accidents" have disguised the intent of injury to political dissidents. With all of this history, is it any wonder then that the issue of national identity has been fraught with tension and inconsistency?

State terror or coercion in various forms has likewise long stymied popular reaction to economic and social conditions, especially since economic profit has been entwined with political power under government/party-run monopolies and bank preferences. State penetration has been of the "corporatist" form, with official representatives of labor, farmers, women, indigenous people, etc., both coerced to implement government policy and rewarded with small benefits and privileges. All schools, government offices, and military organizations were subject to political surveillance and "guidance"; private-owned factories of a certain size were required to pay the salaries of a few government-appointed political security officers. All civil organizations were construed seditious if not registered with the government and open to government observers. Under martial law regulations, leading a strike could be cause for capital punishment. Even some organizers of buyer or farm sales cooperatives in the 1970's found themselves suspected or jailed as communist sympathizers. It was not until 1991 that independent labor unions emerged. Until recently even consumer protection and environmental concern were construed to smack of anti-government activity -- not surprisingly, since officials charged with these responsibilities have commonly been suspected of being in the pay of corporations.

This is a quick overview, but it may impart some sense of why there has been only weak development of public advocacy and community organizations in Taiwan, and that only in recent years. The decades that have passed without public investigation and oversight have resulted in a warped infrastructure that is at this

point probably beyond repair -- infrastructure warped at least in terms of social equity and public benefit, and likely also in terms of long-term industrial efficiency. This is particularly to be seen in urban planning, as will be discussed further below.

## **EVOLUTION OF THE POLITICAL SYSTEM AFTER MARTIAL LAW**

Although the rise of a native Taiwanese capitalist and middle class has forced an accommodation in the ruling order, the process of this evolution has preserved and even exacerbated many undesirable characteristics of the old martial law regime. The Kuomintang regime from the 1950's and 60's on won the acquiescence of the Taiwanese majority by pitting local factions against each other in local office elections, and favoring the one that proved more compliant, or buying out the one more able to channel popular discontent. Local leaders who gained popularity by challenging government legitimacy were shown both the carrot and the stick: monetary inducements to collaborate, at least surreptitiously, and the threat of jail if they did not. Whether as willing or as grudging collaborators, native Taiwanese became enmeshed in the Kuomintang's well-regulated system of patronage and control. Overall, though, if the Kuomintang did not like the results of local elections, it could just turn off the electricity for a while and change the numbers.

With the expansion of a native Taiwanese capitalist and middle class in the 1970's, the form of cooptation evolved somewhat. The Kuomintang actively recruited the sons or representatives of native Taiwanese capitalists to serve as its candidates for office, thus solidifying the ties between military and monetary interests. As the opposition challenge (and in effect the forces demanding democracy and formalized Taiwan independence) became more deeply entrenched in the 1980's, the Kuomintang also sank roots in Taiwanese society by widening its patronage networks and in particular by sponsoring local interests in land speculation and construction, which repaid the favor by buying and delivering the vote under the new conditions in which the ballot box could no longer be stuffed with impunity. Growing links were also forged between Kuomintang intelligence forces and the gangland underworld, which could carry on gambling, prostitution, and land speculation (aided by strongarm evictions), given police tolerance or complicity.

This source of the KMT's social base in native Taiwanese society has been difficult to renounce, despite Lee Teng-hui's avowals that he will clean up gangs and corruption:

It is common knowledge in Taiwan that many KMT politicians have solidified their grip on power through vote-buying. According to insiders, the process works like this. Underworld figures use their extensive networks in local communities to fix elections. Once the politician takes the designated seat, the gangs are paid off. Authorities often turn a blind eye to illegal businesses. Land owned by gang members is re-zoned to increase its value and public projects are channeled to underworld-controlled companies.

The ruling party, with its vast wealth and extensive business empire, has been the biggest beneficiary of the vote-buying and influence-peddling that characterize Taiwan-style "money-politics". (Healy and Eyton: 1997, p. 30)

Another aspect of the evolution of the Kuomintang is that its economic base is being privatized under the pressure of globalization just as increasing democratization would subject it to open scrutiny. This economic base has been composed of government monopolies, originally mostly the industries inherited from the Japanese colonial government such as sugar, tobacco and wine, fertilizer, electric power, and petroleum; in the 1950's the government owned half of all industrial capital. But KMT party-owned or party-dominated enterprises, privileged by the virtual identity of interests between party and government, also occupied significant portions of almost every field of the economy, from engineering to transport to finance (Long: 1991; Mark and Leung: 1988). The conditions of privatization, and in particular sales of their landholdings, have led to aspersions that this is robbery of the public patrimony; but there has been no significant challenge on this from the opposition party. It may be said that in effect the revenues of the military regime, previously captured for its personnel through political power, are now being transformed into the profits on privately-owned capital. Interestingly enough, it has been the workers in these government and party

enterprises, who were previously secure in their positions and strongly loyal to the regime, who have been first to carry out independent labor actions and to protest privatization.

At the same time that the Kuomintang has adjusted to "democratization", the nature of the political opposition, more identified with grassroots native Taiwanese interests, has become clear. The opposition's mottled history as an assemblage of local politicians and intellectual dissidents, only slightly formalized as the Democratic Progressive Party (DPP) in September 1986, has left its various figures to build their own election machines and to seek funding in undisciplined ways. Moneyed interests and lumpen elements likewise found the opposition camp a cheap route to the spoils of elected office (since about 30% of the populace unwaveringly vote for the opposition), and they infiltrated in significant numbers, along the way swelling the membership rolls with "empty-head" party members to ensure they could capture party nomination. On a local scale, the DPP may be seen now as largely patronage networks which reproduce and compete (or collaborate) with the Kuomintang patronage networks. The role of ideology is less and less significant, though capacity to "deliver the goods" administratively is increasingly important. In an optimistic light, the expansion of patronage networks and even of vote-buying may be seen as a kind of democratization or populist equalization. In a pessimistic light, this kind of patronage competition leaves no one tending the public till. On a national scale, we see that the DPP chairmen can lead the stampede to collaborate with the ruling party, even to turn back the clock on democratization. Such is the short-term calculation to advance their power.

Now almost all candidates, KMT and DPP alike, affect a casual Taiwanese style and promise to collect the garbage and unsnarl traffic. There is still a significant difference, however, in that most KMT legislators tend more to their private business deals (reaping profit by providing official "connections") than to session attendance, while a significant number of DPP legislators do busy themselves in challenging KMT-sponsored bills and budgets and in introducing legislation that gives them a reputation as public crusaders. In addition, given the many cases of corruption and the several gangland-style murders of city and county officials in recent years (exposing their land speculation deals with mobsters, for example, as in the murders of the Taoyuan county executive and seven of his staff one November 1996 morning at his official residence), there has been a considerable backlash of public opinion against the ruling party, a backlash which is of benefit both to the DPP and the New Party. In some periods, such as following the first full elections for the Legislative Yuan in December 1992, local KMT officials have seemed to be running scared and ready to make concessions or at least conciliatory promises to any public protest. Following on two heinous and unsolved kidnap and murder cases, there have been two surprising demonstrations of over 50,000 marchers on May 4 and May 18, 1997, demanding the resignation of Premier Lien Chan.

## **LAND SPECULATION AND THE POLITICS OF URBAN PLANNING**

Visiting the southern city of Tainan during the December 1992 elections, a few Canadian members of parliament were aghast to hear reports that a local candidate, a land developer, had invested the equivalent of US\$26 million in buying votes. This astonishing figure is comprehensible if it is understood that at that time suburban land around the city was valued at US\$13 million an acre, but various permits are required to transform it from agricultural to residential or commercial zoning. It was no matter that the contested seat was in the national legislature, not the Tainan city council; somehow the value of influential government connections transcends the stipulated function of the office.

Capricious city planning, even sudden changes in the planned course of roads and utilities, is daily fare in Taiwan; mayors and city council members are frequently indicted for corruption involving land speculation and construction kickbacks. According to widespread rumor such practices are even more prevalent than known from the newspapers. Spectacular profits may result from land manipulations both because of the exorbitant price of housing in densely-populated modern Taiwan, and because those powerless citizens evicted from their land under eminent domain are usually compensated at only 10-20% of market value. However, it is only recently that a professor in the Department of Sociology, National Taiwan University, completed a three-year study that documented the scale of the collusion between land developers and city

councils, taking three suburbs around the capital city as case studies. The title of Professor Chen Tung-sheng's book may be rendered in English as: *Power-of-Gold City: A Sociological Analysis of Local Political Factions, Financial Groups, and Taipei Area City Councils* (In Chinese. Published by Chu Liu Book Company, 1995. ISBN 957-732-037-6.) According to Chen,

The administrative organs that carry out land management and land policy are deeply penetrated by political-economic interest groups. The positions of executive of main town and county administrative organs are mostly controlled by local factions, and these executives hold multifarious powers of approval over land speculation channels. With cooperation from municipal councils controlled by local factions or black societies (underworld gangs), the administrative executive, the elected representatives, and the real estate investors can together generate gigantic profits. If we add to the picture the ineptitude of the administrative system as well as the capacity of the land speculators to sway the officials handling approvals by means of monetary inducement or political pressure, it can be seen that there are even greater potentials for the production of profits. At the same time, the courts and the review systems have not exercised their capacities for oversight and punishment of miscreant officials. Even officials who misuse their powers, pass off responsibility, violate their duties, or accept bribes still receive promotions and bonuses. It only takes a few cases to manifestly illustrate the ineptitude and corruption of the administrative official structure: among officials responsible for serious cases of letting golf courses take over slopes and public lands, not one has been subjected to reprimand. (p. 130)

So the chaos of local city planning gives reason to question the integrity of national government oversight. Chen cites other problems as well, such as lack of public access to records or public participation in city planning. The seriousness of the outcome in terms of quality of life for the general population cannot be fully understood unless one has experienced the air pollution, garbage stench, roadside dumping, congested traffic, nonsensical construction, noise, and lack of green public space that is prevalent throughout Taiwan (Arrigo: 1994b), an outcome which is incomprehensible in view of Taiwan's high per capita income.

## **THE POPULIST PLOY TO EXTEND THE LIFE OF THE RULING PARTY**

The ruling Kuomintang has been challenged by both democratic social demands and by the mobility of Taiwanese capital under changing international realities, and its response may indicate either a new grasp on a new future, or a new way to hold on to its old habits, depending on how the viewer may interpret recent developments. We can dig first into two large areas of government action, social welfare and infrastructure development.

Under earlier challenges from the opposition party in the first real parliamentary elections, December 1992, the government accepted, among other things, the premise of universal health insurance [Note 6]. Similarly, after community protests beginning in 1986 scuttled a titanium oxide plant planned by Dupont and approved by the government, an environmental protection agency was established and environmental laws were written up (Reardon-Anderson: 1992). But such programs of social welfare and environmental protection are at the same time starved of funding and adequate regulation or enforcement; government officials point to the ebbing levels of their coffers and the need to maintain international competitiveness. Government action in this respect appears to be mainly reactive and cosmetic, and far too late to redress the worst conditions.

A concrete example of this is found in labor laws and regulations. Under pressure of labor agitations in the late 1980's, both Korea and Taiwan passed or strengthened programs requiring industries to set up retirement funds for their workers. According to 1993 data, 62% of Korean companies covered by this regulation had set up the required retirement funds; the corresponding figure for Taiwan was only 10%. The gap in numbers of retired workers actually receiving retirement pay is even wider. [Note 7]

At the same time that welfare promises are expanding, government officials showcase their vigorous development of infrastructure for a planned new internationalized economy. Chiang Ching-kuo's Ten Great Constructions of the 1970's, in ports, highways, railway improvements, etc., were important for expansion of

the export economy. But ever since the plan of Premier Hau Pei-tsun for a forced-march investment of six billion dollars in five years was sidetracked by the December 1992 elections, there has been increased airing of skepticism about grandiose development projects. These projects commonly uproot thousands of smallholders with minimal compensation, and then award the land to corporations and industries at concessionary prices. Moreover, the outcome of these projects, such as the Taipei rapid transit system, seems generally to be a boondoggle for the contractors, with often nearly half of construction costs surreptitiously slated for slush funds and kickbacks (as has been revealed in exposed scandals and may also be heard from many in the construction industry).

It is not surprising that the result of government construction is often defective engineering and fast-crumbling, salt-laced concrete. At newly-built facilities for Tsinghua and Tunghwa Universities, tiles are falling loose and light fixtures are rusting. The substitution of shoddy materials and the high level of rake-off in fact encourage over-engineering and over-construction as well. [Note 5] An impressive number of community center buildings have been built in recent years, but many sit empty with unfinished exteriors and apparently little or no budget for operation. An American representative for advanced medical testing equipment believes that his Taiwanese institutional customers, more than anywhere else in Asia, are concerned only with minimum specifications and not with long-term use. According to one DPP political commentator, Chen Fang-ming, in recent years government contractors have been raking in illicit profits at a more reckless rate because they fear that the bonanza may be drawing to an end. In sum, the Taiwan government's ambitious plans for infrastructure investment may not be an accurate indication of its concern for Taiwan's posterity.

With this background, it is easier to understand the recent editorial statement of Taiwan: A Radical Quarterly in Social Studies (Taiwan She-hui Yen-chiu Chi-kan), as it begins its seventh year (No. 27, August 1995). This is a respected academic journal put out by scholars and social activists since February 1988. This statement, jointly authored by the editorial board, is entitled "A New State or a New Society: On the Present Situation and the Radical Alternatives". The authors believe that Taiwan has been moving towards a "populist authoritarian" form of statism; the old system of military authoritarianism has been undermined by new social forces (which might be more specifically recognized as the new native Taiwanese capitalist and middle classes, who under the export economy have been able to move their profits and capital abroad and to thwart the earlier regime attempts at control).

(W)hat the new social forces must seek is the active support of the society. Seen passively, the original distribution system of the old era is filled with the negative reactions and anachronisms of the old personnel, and cannot be utilized by the new ruling KMT clique, much less by the DPP. So the two major political powers must both appeal to the "people" in order to construct a new national distribution system. Or seen actively, under the new conditions only the legitimacy bequeathed by democracy can overcome the old economic interests as well as the challenge of new competitors, and achieve centralized power. Therefore the foundation of the new state has been laid by bypassing the previous state structure and speaking directly to the people, in order to obtain their consent and a base of legitimacy, from which then to consolidate power (p.\*5).

This appeal to the people has included accession to popular demands for cultural expression, specifically the previously-suppressed native Taiwanese language and culture, and to some social welfare measures. The state must create a new identity of the people with the state in order to activate social support. (In fact, especially with the beginning of serious parliamentary challenge to the KMT when the DPP took up nearly one-third of the seats in the legislature in January 1993, government officials have tended towards hasty piecemeal concessions. (For examples see Arrigo: 1994a.) Taiwan: Social Studies says:

We believe that although the new national-popular system is being constructed with the slogan of sovereignty in the people, the facade of a free market economy, the proclamation of a common fate, and the foundation of a welfare state, however, their symbolic significance (in setting appearances for the government) is much heavier than the possibility of their realization. (p. 9)

...To put it in other words, the external appearance of formal democracy has indeed not washed away the

power structure's previous authoritarian tendency; rather, by means of the above-described "populist authoritarianism", with appealing slogans for the people, an appearance of populist politics has been created. The peoples' desire for participation and freedom has been distorted into a source of legitimation for the new state structure. (p. 10)

The editors of *Taiwan: Social Studies* point out three problems for the social welfare provisions being enacted: 1) the social welfare state will necessarily run into confrontation with lack of fiscal capacity, especially considering the corruption and ineptitude of the Taiwan bureaucracy; 2) the social welfare state strengthens the power of the state to penetrate society and exert centralized control, and 3) given, again, the bureaucratic structure and behavior, it is unlikely that social welfare measures will result in the desired benefits to society. The underlying reason for this limiting of social welfare possibilities is, however, to be found in the economic conjuncture:

The state structure is more and more joined with the interests of big capital, or, it might be said, with the interests of particular big capital, and because of this it is less and less able to take on independent or leading provisions. ... Therefore the plans which the government presently proposes, such as upgrading of the industrial structure (into higher technology fields), setting Taiwan as the Asia-Pacific communications and transport center, advancing into investment in Southeast Asia, and so on, are more important for their symbolic significance than for their actual value (p. 10).

Under the pressure of globalization, and the threat of Taiwanese capital to move elsewhere, the government cannot but increasingly cater to the immediate interests of capital, and sacrifice the interests of labor and environment. In fact, long-term economic growth may be sacrificed as well. If, as expected by this analysis, Taiwan does not gain some particular advantage in technological upgrading, it is inevitable that social welfare measures that have been passed in the legislature will turn out to be a rubber check, and/or will be a disincentive to industry remaining in Taiwan. This is all the more likely because of the submerged costs to public health, environment, and infrastructure efficiency that have been accumulating in the process of poorly-planned industrial development.

Korea, in nearly the same position in the world economy as is Taiwan, has been subjected to the same forces of globalization, and faces a crisis in transformation from a low-wage export economy to a high-consumption society with a trade deficit. "As in other OECD countries, high-flying wages, distribution costs and land prices mean that Korea must move into more technology- and knowledge-intensive industries, areas in which Korea has not been traditionally strong" (Ajello and Nakarmi: 1997).

## **CONCLUSION: A DIRE FORECAST; LET US HOPE IT CAN BE AVERTED**

The prediction of this author's analysis of Taiwan's political economy, however, is that a successful transformation to OECD prosperity, or at minimum to a less luxurious welfare state, is much more likely to be aborted in Taiwan than in Korea because the ruling class in Taiwan, whether the past mainlander military regime or its present native Taiwanese inheritors, has not tied its fortunes to long-term continuing residence in Taiwan. No doubt the prevalence of a Chinese-speaking diaspora throughout the world facilitates this outflow of population from Taiwan in a way that Koreans cannot avail themselves of; but it is also probably the case that the Korean capitalist class has greater confidence and security of tenure in its ancestral land, and has acted according to comparatively long-term plans even while seeking profits.

Let us review the parallels of past and present ruling classes in Taiwan. With the fall of Nationalist China in 1949, hundreds of thousands of mainland Chinese gained a foothold in the United States within a few years of fleeing to Taiwan. Nowadays well-to-do Taiwanese business owners buy houses in California, Vancouver, New Zealand, or even Johannesburg, and maintain their wives and children in them while they hop jets and manage their companies and investments in Taiwan, China, and Southeast Asia. Such emigration is made possible through the purchase of passports from small Central American countries, and also through the immigration policies of developed countries, such as the United States, Canada, and Australia, that have

allowed immigrant status to Taiwanese who bring with them significant amounts of capital (Fruean: 1997). Such a pattern of family separation is only one indication that long-term development in Taiwan, both political and economic, has habitually been sacrificed in the individuals' search for short-term windfalls. It must be noted however, that Taiwanese have sunk substantial funds into grand office buildings, golf courses, marble-clad hotels, and glittering restaurants, an investment that contrasts distressingly with the paucity of public amenities such as smooth sidewalks, parks, and orderly trash removal.

The prevalence of escape likewise detracts from commitment to the possibility of turning Taiwan around, whether in the environmental or the political sphere (Professor Lin Chung-cheng, DPP National Legislator, personal communication, February 1997). Many of the more politically-active emigrants are ardent supporters of Taiwan nationalism. But if challenged with the charge of desertion, they justify emigration as a necessary defense against Taiwan's pollution, high housing costs, coercive educational system, and vulnerability to attack by China. What do you say to a mother whose grade-school child suffers bronchial spasms every time he returns to Taiwan from the United States?

In conclusion, it may be foreseen that the distortion of infrastructure in Taiwan and the accumulation of social costs incurred in reckless industrial development may gradually strangle economic growth; then the real crunch will begin for the Taiwanese working class. Already from 1982 there has been a creeping polarization of household incomes, despite previous trends towards equalization; this is likely related to the relative shrinking of the manufacturing sector (Hung: 1996). The crunch may be ten years off or twenty. Perhaps then real class mobilization will be seen in Taiwan, though to what effect cannot be predicted. We might remember that the 1970's bonanza for the Mexican government's petroleum development was followed by the currency crisis and capital flight of 1982; in following years the real per capita income of the working class fell by over a third. It has been found in the United States experience of recent years that high capitalist profits may even coincide with the migration of industrial jobs to Mexico or elsewhere, leaving behind a reduced economic base for community services, and a pervasive social malaise. And it is not necessary to look very far in Taiwan to find the signs of capitalist flight. This article has presented a pessimistic vision of the future for Taiwan, and I sincerely hope it may be proved wrong.

## NOTES

\* Arrigo has lived on and off in Taiwan for over ten years, going back to 1963. She was a human rights reporter and active participant in the democratic movement of 1977-79, and later worked with the Democratic Progressive Party. She is the author of ten academic articles on Taiwan; her political commentary also appears within Taiwan. Arrigo completed her Ph.D. in Sociology at SUNY Binghamton in 1996.

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Preparation of this article has been assisted especially by discussions with Ms. Su Ching-li, formerly editor of *China Tide* (Hsia Chao), now in graduate studies in Sociology at SUNY Binghamton. Appreciation is also due to Ms. Pan Mei-lin, instructor at Tsinghua University and in graduate studies at Duke University; Professor Chu Hai-yuan of the Institute of Ethnology, Academia Sinica in Taiwan; and Dr. Wang Hong-zen of the Board of Foreign Trade of the Taiwan Ministry of Economic Affairs.

1. "Half-mountain" or ban-shan is a term used for Taiwanese that came back from China with the Kuomintang in 1945-49.
2. Six opposition legislators have joined or aligned with TAIP. The author of this article, formerly wife of DPP chairman Shih Ming-teh, renounced DPP membership at this rally.
3. A week of 2-2-8 activities were also held by a coalition of left-leaning organizations that favor unification

with the PRC, among them the Workers' Party, the China Tide Foundation, and the "Taiwan area" association of former political prisoners, which has over a thousand members. The best-known figure of this group is Chen Ying-chen, a novelist who served ten years' imprisonment for reading communist propaganda. The activities included an international conference on Cold War state terror in Asia, a Buddhist ceremony on the riverside site of 1950's executions, bus trips to 2-2-8 massacre sites, and another conference just on 2-2-8. Most of the personnel are native Taiwanese who were inspired by the socialist or at least anti-fascist ideals of the Chinese Communist Party of the 1950's and 60's, and they suffered tragically under KMT purges. Now they are very reticent about their pro-PRC leanings, and are also embarrassed by the Deng Xiao-ping period reforms and the PRC's attempts at reconciliation with the old KMT. The Workers' Party has run candidates but has never been able to get more than 2% of the vote. Since they seem to have little current public presence or political sway, I have not discussed them at length in this article.

The only identifiably mainlander organization commemorating 2-2-8 was Guo-Seng-Lang Association for Taiwanese Independence, a small organization tied to the DPP and now the TAIP. Guo-Seng-Lang means "mainlanders" in Taiwanese. The clever English acronym GATI sounds like "our own" in Taiwanese. This small group held a full day of self-examination for mainlanders and their descendants, and emphasized that they should face up to the guilt of tacit approval of government repression. This activity was given television coverage, a first for them.

4. Statement by Professor Chen Lung-Chu, 1995-96 lectures in Vienna and Ithaca, NY. Chen, together with H.D. Lasswell, authored the first book on UN membership from the native Taiwanese point of view, Formosa, China and the United Nations. New York: St. Martin's Press, 1967.

5. According to an architect who wishes to remain anonymous, Tanhai, a planned satellite city on the north side of the Tamsui River in north Taiwan, is an example of over-construction and poor planning for the sake of increased profits. Development of this satellite city, built on government land and also on land owned by a KMT general, was subject to approval by the national legislature; it may house a population of about 300,000. Criticisms by the architect are as follows. The planned density is extremely high, with a ratio of 6:1 for occupation surface to land surface, i.e. dense multi-story. The storm drain plan was double the necessary capacity (inflated charges are apparently passed on to the consumer). The natural streams in the area were constrained in narrow concrete channels, increasing the artificiality of the environment and the possibility of flooding. The sewage facilities have been built on the edge of the river; an environmental report warning that the effluent of the plant could be carried upstream to the city of Taipei during high tides was hidden for the sake of expediting approval. The engineering and construction of Tanhai is being carried out by China Engineering, a largely party-owned company.

A further example of wasteful over-engineering was provided in a July 1997 talk by Dr. Wen-Hen Yang, currently head of the Taiwan Environmental Protection Union and professor in the Department of Harbor and River Engineering at National Taiwan Ocean University. According to Dr. Yang, the narrow east coast beaches of Taiwan have been receding rapidly because of excessive excavation of sand (to be used with concrete in construction) from lower river beds. Recently the government has placed tremendous numbers of concrete wave-breaking blocks (like gigantic jax, up to twenty feet tall) along the coast to slow erosion. Yang estimates that 30% of them are in excess. Because each one weighs tons, they are cast near the site of use. The cost of materials for one large block is about US\$400, but the contract price is about \$4,000, ten times. There is a large profit margin, and the designers of the projects change block specifications every few hundred feet in order to spread the profits around to different construction companies which have patents on various designs, though these have insignificant differences in effect. Actually these blocks have little effect in the long run; they sink into the sand in a few years. The solution should be to control the private sand excavation.

Perhaps it is due to similar negligence of the public trust that radioactive steel reinforcing bars have been used as building materials in at least 105 buildings. Taiwan's Atomic Energy Council knew of the problem as early as 1985, but covered it up until a civilian watchdog committee formed in 1992. 1250 apartments have been found to be contaminated; a number of children in them have died of cancer (Eyton: 1997).

6. According to Lin Kuo-ming, whose 1997 Yale thesis analyzed the formation of the administrative structure of the national health insurance program in Taiwan, in the first few years of the program the expenditure has been about 5% of GNP, but given the government/industry collusion common in Taiwan, there is concern for possible future inflation of charges by health care providers. Presentation at the Third Annual North America Taiwan Studies Conference, Berkeley, California, May 30, 1997.

7. Lee Sungkyun, "Political Crisis and the Development of Company-Based Old Age Welfare Programs in East Asian NICs: A Comparative Study of Korea and Taiwan", presentation at the Third Annual North America Taiwan Studies Conference, Berkeley, California, May 30, 1997. Lee believes that the difference in enforcement is largely due to the much greater strength and organization of Korean workers in the workplace. The bargaining power of Taiwanese workers is also eroded by legal and illegal use of "guest workers" from the Philippines, Thailand, China, and Pakistan, whose wages are said to be 50-60% that of Taiwanese workers.

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