

**GUOMINDANG, DEMOCRATISATION
AND
THE 'ONE CHINA' PRINCIPLE**

Dissertation submitted to Jawaharlal Nehru University
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MASTER OF PHILOSOPHY

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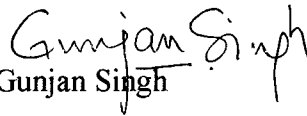
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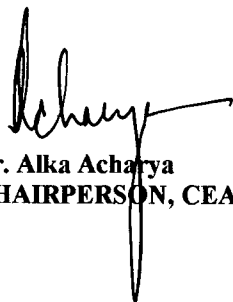
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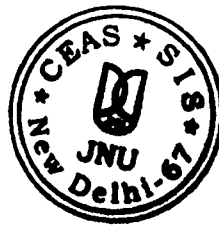
I declare that the dissertation entitled "Guomindang, Democratisation and 'One China' Principle" submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university

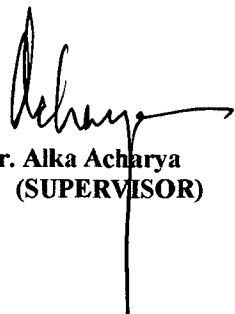

Gunjan Singh

CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.


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I dedicate this work to my Nani.....

CONTENTS

	Page
Introduction	1-9
Chapter One:	
GMD: Historical Background, Nature and relocation to Taiwan	10-36
Chapter Two:	
From Chiang Kai-shek to Chiang Ching-kuo: Political and Economic Reforms	37-54
Chapter Three:	
Lee Teng-hui, Democratisation and the Approach to One China Policy:	55-70
Chapter Four:	
GMD and the Rise of Taiwanese Identity	71-83
Conclusion	84-89
References	90-98

Introduction

The structure and dynamics of the cross-strait conflict have been fundamentally transformed from an unfinished civil war between two parties Guomindang (GMD) and Communist Party of China (CPC) over the legitimacy to rule China, to a conflict over Taiwan's identity and status and its relationship with the PRC. Proclaiming the People's Republic of China in October 1949, the victorious CPC asserted the right to rule all of China including the province of Taiwan to which the GMD had fled and established a government in exile. The realization of this goal was thwarted by a change in the American policy in the wake of the outbreak of the Korean War and the deployment of the Seventh Fleet to the Taiwan Strait in June 1950. Nevertheless, the PRC persisted in its objective of liberating Taiwan initially by force and subsequently, when the force option became unrealistic, through peaceful means. On its part the GMD, with American support in the context of the Cold War, not only consolidated its position in Taiwan but also did not retract the claim that ROC government represented all of China. In opposing the communist government of the CPC, which it considered illegitimate, the GMD followed the policy of "no contact, no negotiation and no compromise." In this standoff phase, which lasted between 1949 and the 1980's, both the CPC and the GMD were committed to the notion of a (re)unified China under a single authority. Their dispute was primarily over who would be the rightful representative of (one) China. Beginning in the 1990s, the conflict began to undergo fundamental changes. The central question about the (re)unification still remained but fundamental changes did occur due to the increasing linkages of various kinds between the both sides.

Objective of the Study

The reorganization of the GMD in combination with the United States military protection and economic aid helped it in establishing itself on the island. The subjugation of the indigenous opposition following the February 28 incident and the introduction of the minimum level of land reforms, which decreased the strength of the landlord elite, guaranteed its position on the island. Following its reorganization the GMD maintained the retaking of the mainland as its primary goal. This definitely needed a more

disciplined organization than the one, which was defeated by the CPC on the mainland. The policies adopted were also aimed at the fulfilment of this goal. Even the economic development strategy was formulated in a way that increased agricultural production that would provide resources for the industry, which would fuel the military efforts. Little attention was given to the idea of improving the living conditions of the people.

With the protection of the United States in case of any external pressure the GMD under Chiang Kai-shek, had little inclination for any kind of social and political changes during the first two decades of his rule. Though there were criticisms of its rule, the security provided by the United States made the regime less tolerant towards them. This led to repression throughout the 1950s and the 1960s,

In addition to the repressive measures, the GMD also made some moves to incorporate the local elites and local factions thus altering the socio-political environment. This was also done in order to increase the support base of the party. Local elections were also an important characteristic of the GMD after its retreat to the island. The GMD resorted to extra constitutional measures when it came to handling opposition parties. An attempt was made to build opposition parties in the 1960s but it was suppressed and its members were imprisoned. This indicates why election was not an option as the voters were not provided with much of choice. Only the local leaders were directly elected while all the provincial and central government ministers were appointed by the GMD. The representatives of the National Assembly, the Legislative Yuan and the Control Yuan elected on the mainland did not face re-election on the island. Though lip service was paid to the election procedure, elections were held only to fill vacant places in case of death and also to marginally increase the number of Taiwanese, General elections not held until the year 1991-2,

General elections which were hardly democratic and contesting in their nature but they did allow for the consolidation of the GMD after its reorganization on the island. At this time, the membership of the GMD offered greater chances of victory in the elections and as a result of this most of the ambitious local leaders joined it. This also allowed for the cooption of the factions within the GMD. Thus, elections helped the party to take care of growing factions and suited the GMD,

As there were, no opposition parties on the island the bargaining strength of the local factions were enhanced. In turn, it also weakened the chances of any emerging opposition as the incorporation of the local factions in the GMD for political success completely reduced the chances of any other party. This also led to the control of the local factions by the GMD.

During the 1950s and the 1960s, the election strategy was designed to maximize the loyalty of the local factions. This strategy underwent changes during the 1970s when the GMD decided to use the election procedure as a feedback mechanism on the GMD's performance. But the essential point is that during these years the main aim of the election was to consolidate party's power and to adapt to the changing environment. Till the 1970s the GMD presided over an increasingly repressive political system. Whatever political competition occurred was within the party and any external challenge to its hegemony was quickly suppressed. It was only in the 1970s that the GMD began to adapt to the domestic and the international changes. The adaptation was marked by the loosening of political controls, which initiated the democratization of the political system. The greater part of the transition in Taiwan from an authoritarian rule to democracy occurred in the late 1980s, from the lifting of the martial law in 1987 to the lifting of the ban on political parties in 1989 and the abolition of the Temporary Provisions in 1991.

The primary question is what made the GMD so adaptable to changes and the ultimate democratization of Taiwan in the late 1980s. Reforms of any nature generally come when the political system faces some grave crisis or there is a change in the leadership. As mentioned earlier in case of the GMD the reforms after the 1970s are closely associated with the succession of Chiang Ching-kuo to the post held by his father. It was during this time that the GMD downgraded its traditional goal of reunification with the mainland and attached more importance to the issues of development and modernization of Taiwan. These changes can also be seen in the context of the changing economic position of Taiwan from a backward agrarian economy to one of the most flourishing industrial economies of the modern world. The lifting of ban on the visits of the people from Taiwan to China led to a surging level of business across the straits in the late 1970s, which increased the bargaining position of the business lobby in Taiwan and pushed for increasing contacts and trade.

The change in the economic situation has increased the middle class in the society. With monetary stability and power also come better education and a desire for an international recognition. These have made the people more concerned about the (re)unification question. These changes are also responsible for the shift in the concern of the domestic parties towards the local questions such as the general conditions of the people and the move towards developing the society domestically.

This transformation gained momentum when the older mainlanders were replaced by younger and better educated leaders who were more concerned about the local affairs of Taiwan and less towards the traditional occupation with the mainland. There was also an increase in the 'Taiwanization' (an increase in the number of native Taiwanese members who were born on the island) of the members of the GMD. This also is an indicator of the changing outlook of the GMD and its increasing adaptability towards the Taiwan's political system. This can also be seen as a symbol of decreasing commitment of the party towards the traditional goal of reunification and was viewed with alarm by the conservative generation of mainlanders within the party.

The basic transformation came in the party with a shift from the revolutionaries to technocrats among the party elites. The GMD reformed the central party organs in 1972, increasing responsibility for some tasks while adding newly created offices. This was followed by a wide range of personnel changes both in the central party organs and in the local party offices. These changes served two related purposes: first, it was part of Chiang Ching-kuo's succession strategy. By sponsoring the structural and personnel changes, Chiang gradually accumulated the resources necessary to solidify his position as GMD leader. Second, they resulted in the 'Taiwanization' of the GMD, intended to make GMD more responsive to the wants and needs of the society.

Chiang Ching-kuo's responses to the domestic and the international changes had led to the development of a three-stranded policy. In domestic politics, a commitment to democracy and development in Taiwan held up to contrast GMD government with that of the CPC government on the mainland. In the foreign policy, the one China principle was applied with increasing flexibility. This was done in order to counter the international isolation of Taiwan. But the added importance of the mainland policy was responsible for permitting indirect transaction with the mainland. What these developments showed that

the one China principle was becoming more and more devoid of meaning due to this balancing act.

During the initial years of GMD rule on Taiwan, mainlanders dominated even the lowest level of party hierarchy. As result of 'Taiwanization', the proportion of Taiwanese among district cadres rose to 56.6 percent in 1975 and 73.3 percent in 1985. By this shift, the party was able to build the image of being more responsive towards the local issues. This also prevented the younger generations from joining the opposition. It was also responsible for the incorporation of advocates of wide-ranging reforms. These voices within the party played an essential role in the democratization process.

It shows a change in the attitude of the GMD as it became responsive towards the domestic issues. It can also be regarded as the period when a new generation of Taiwanese politicians emerged who did not share the 'one China' vision traditionally held by the GMD. By the mid 1980s, over 70% of the GMD's 2.2 million members were native Taiwanese. By 1986, it could be rightly claimed that the decision-making had moved to a generation, which had gained maturity on the island. In 1984, Chiang Ching-kuo had nominated Lee Teng-hui as his successor who was a native born Taiwanese. When the party elected him as the chairman, for the first time the regime in Taiwan was headed by a leader born on the island.

'Taiwanization' in a way was also responsible for the growing factions within the GMD though paradoxically it did increase the appeal of the party. Lee's attempts at reforms alienated a major faction within the GMD. Two major factions developed within the party: the mainstream faction and the 'non-mainstream faction'. Lee headed the mainstream faction. The factions became more prominent with the passage of time and resulted in the formation of new political parties like the New Party (NP), which primarily constitutes the conservative faction of the GMD.

The democratic reforms also had major negative repercussions for the GMD. The democratization process made the GMD increasingly unpopular among the masses. The legalization of the financing bodies, which is a requirement of the electoral process, has increased the level of corruption in the society. This has made the GMD appear as the problem creator. The Democratic Progressive Party (DPP), which is a pro-independence party, has been successful in projecting itself as a saviour. Some of the other political

parties, which came up during this time, were the People's First Party (PFP), the Democratic Alliance and the New Nation Party.

The process of adjusting itself to the domestic requirements also brought about a number of changes in the stand taken by the party on the one China question. During the rule of Chiang Kai-shek as well as in the initial period of his son and successor Chiang Ching-kuo, the GMD had consistently held the position that both mainland and Taiwan were Chinese territory and there is only one China. This position underwent change when Lee became the president in 1988 though nationalism remained the major argument for legitimacy by the GMD.

In the 1980s Lee advocated "One China is the supreme principle", while in the 1990s he raised the notion of "one China two governments". By 1993, Taiwan's position on sovereignty had been modified to that of one China but administered by the GMD and the CPC in two different parts. It also insisted that Taipei had exclusive sovereignty over Taiwan and the Matsu, Penghu and the Kinmen Islands. In 1993 at the Seattle APEC meeting Taiwan raised the idea of a "transitional 'two Chinas' policy heading toward unification". After 1994, different factions within the GMD talked about "two equal political entities" across the strait without mentioning one China. In 1999, Lee used the phrase "two states",

Identity is another important aspect, which has emerged in the recent years and is beginning to engage researchers and analysts. This issue itself is a vast and complex one and some work has been done with regard to the cultural and political aspects of the identity question. The proposed dissertation would, however, look at the role, if any, of GMD, in consciously or otherwise promoting a Taiwanese identity. It would also look at the position that GMD has taken on this issue and what would be its implications for the GMD's stand on one China.

These changes clearly highlight that there have been major shifts in the GMD's position on the one China question with the passage of time and the increasing changes in the domestic political environment of Taiwan. The situation has become more complex.

Literature Review

Most of the literature available on the issue of the process of democratization and the rise of new political parties and the factions within the GMD are by Steven J. Hood (1996), Shu-fen Lin, Medeiros and Fravel (2003). Some of them do touch on the issues of a rising Taiwanese identity but their concern has been the effect these changes have had on China-Taiwan relations. Some of these works are by Winston Lord (1989), Debananda Sen Gupta (1997) and Sheng Lijun (1998). The economic transformation of Taiwan is the most widely written topic. Some of the writings on this topic are by Cheng Tun-jen (2001), Christopher Howe (2001 and 1996) and Cal Clark (2002). The increasing economic integration of the mainland and Taiwan is another important area of writing.

Christopher Hughes (1997), deals with the above mentioned issues but here also the identity question is dealt with only in the passing and takes a closer look at the understanding of 'diplomacy' and the external dimension of the issue. He is one of the few writers who come close to the identity question and also examines the rise of a "Taiwanese nationalism".

Steven J. Hood (1998) deals with the various kinds of factions, which developed within the KMT with the democratization. The categories that he looks at are the mainlanders and the natives. He analyzes the various factors for divergence and convergence among the various ethnic groups.

Bruce Dickson (1998) compares the behaviour of the CPC and the GMD in the post 1949 period. He has brought out the differences in the degree and nature of adaptations, which these parties exhibited in situations. He concludes that the GMD has definitely been more adaptable to the changes in the political conditions as compared to CPC and this has been a primary reason for its continuing relevance in domestic politics.

Dung-Sheng Chen (2001) gives a detailed background of the Taiwanese society. He also makes an attempt to bring about some kind of connection between democratization and the rise of civil society with the existing social order in Taiwan. He also looks at how social organization affects continuous democratization. He also looks at the degree of influence economic and technological progress has had on the specific characteristic of traditional nature of the society. He also tries to highlight the factors,

which were responsible in helping the Taiwanese society in preserving its nature during both Japanese as well as the GMD authoritarian regime.

Yun-han Chu and Jih-wen Lin (2001) try to analyze the transformation in the two regimes (Japanese and the GMD), who were both emigrant regimes on the island and the formation of the Taiwanese identity. They state that these were the two political regimes of the 20th century, which defined the political experience of the Taiwanese people. They look at the nation building and state building agenda of the two regimes and the unintended consequences of the actions undertaken by them.

Ralph N. Clough (1996) concludes that Taiwan has been highly open to United States influence as compared to any other country. He looks at four different streams of influence on the Taiwanese economy and the political behaviours. They are the traditional China stream, the Japanese stream, the Republic of China stream and the cosmopolitan stream. His conclusion is that there will be further changes that will be initiated on the island by the native Taiwanese. Thus, he deals with the growth of the force of the native Taiwanese in the domestic politics of Taiwan. His conclusion is that the politics of mainland is determined by a number of factors after the opening of the country and though China tries, its level best Taiwan today is an integral part of the international political community.

This study will draw upon the insights and findings of the above mentioned studies. As mentioned earlier this study will attempt to trace the linkages between democracy and consequent changes in the one-China policy.

Research Questions

In the light of the above the important questions, which the dissertation would attempt to analyze, are

1. How did a one party system transform into a multi-party system
2. What were the factors, which prompted the GMD in the introduction of the democratic process?
3. What were the effects on GMD and its role?
4. What were the changes that occurred within the GMD while trying to adapt to the changing situation?

5. Can the rising Taiwanese identity be understood as an outcome of the changes within the GMD and the process of Democratization?
6. What are the options for the GMD as the old ideological base diminishes with the changes in the domestic political environment?

Chapterization

Introduction

Chapter One: GMD – Historical Background, Nature and Relocation to Taiwan

The chapter will look into the historical background of the Taiwan question and also try and analyze the nature of the GMD and the steps in undertaken in order to establish itself on the Taiwan.

Chapter Two: From Chiang Kai-shek to Chiang Ching-kuo: Political and Economic reforms

The second chapter will highlight the changes that took place during the rule of Chiang Ching-kuo in comparison to what it was like under Chiang Kai-shek in the both the political as well as the economic spheres.

Chapter Three: Lee Teng-hui, Democratization and the approach to One China Policy

Chapter is an attempt to understand the changes that occurred within the GMD and also the changes that came in the one China policy with Taiwanization and democratization.

Chapter Four: GMD and the Rise of Taiwanese Identity

This chapter is an effort to highlight the changes that have been responsible for the rise of a new Taiwanese identity and also the role played by GMD towards it.

Conclusion

It will summarise the debates and test the research questions.

Chapter One:

GMD: Historical Background, Nature and Relocation to Taiwan:

Historical Background

Taiwan has been populated for approximately 5,000 years. Little is known about the original inhabitants, but distinctive jade ware and corded pottery of the Beinan, Changpin and Tapenkeng cultures show a marked diversity in the island's early inhabitants. Today's Taiwan's aboriginal peoples, are classified as belonging to the Austronesian ethno-linguistic group of people, a linguistic group that stretches as far west as Madagascar, to Easter Island in the east and to New Zealand in the south with Taiwan as the northern most point. Initial Han settlement of the island is a disputed issue and there is no document supporting this claim, which may span from the period of Dutch settlement.¹

European Settlement

Portuguese sailors reached Taiwan in 1517, first naming the island Ilha Formosa, meaning Beautiful Island. Dutch traders, in search of an Asian base first claimed the island in 1624 as a base for Dutch commerce with Japan and the Chinese coast. Two years later, the Spanish established a settlement at Santissima Trinidad building the Fort Santo Domingo on the northwest coast of Taiwan near Keelung, which they occupied until 1642 when they were driven out by the Dutch. The Dutch East India Company administered the island and its predominantly aboriginal population until 1662, setting up a tax system, schools to teach Romanized script of aboriginal languages and evangelizing. Although its control was mainly limited to the southwest and north of the island, the Dutch systems were adopted by succeeding occupiers. The first influx of

¹For further information, refer to <http://www.spartacus.schoolnet.co.uk/2WWchaing.htm> accessed on 17 May 2006. And <http://www.spartacus.schoolnet.co.uk/2WWchaing.htm> Accessed on 17 May 2006.

migrants from China came during the Dutch period, in which merchants and traders from China sought to purchase hunting licenses from the Dutch or hide out in aboriginal villages to escape the authorities in China. Most of the immigrants were young single males who were discouraged from staying on the island often referred to by Chinese as "The Gate of Hell" for its reputation in taking the lives of sailors and explorers.

The Dutch originally sought to use their castle Zeelandia at Tayowan as a trading base between Japan and China, but soon realized the potential of the huge deer populations that roamed in herds of thousands along the alluvial plains of Taiwan's western regions. Deer were in high demand by the Japanese who were willing to pay top dollar for use of the hides in samurai armour. Other parts of the deer were sold to Chinese traders for meat and medical use. The Dutch paid aborigines for the deer brought to them and tried to manage the deer stocks to keep up with demand. The Dutch also employed Hans to farm sugarcane and rice for export, some of these rice and sugarcane reached as far as the markets of Persia. Unfortunately, the deer, the aborigines had relied on for their livelihoods began to disappear forcing the aborigines to adopt new means of survival. The Dutch built a second administrative castle on the main island of Taiwan in 1633 and set out to earnestly turn Taiwan into a Dutch colony. The first order of business was to punish villages that had violently opposed the Dutch and unite the aborigines in allegiance with the VOC. The first punitive expedition was against the villages of Baccloan and Mattauw, north of Saccam near Tayowan. The Mattauw campaign had been easier than expected and the tribe submitted after having their village razed by fire. The campaign also served as a threat to other villages from Tirossen (Chia Yi) to Lonkjaow (Heng Chun). The 1636 punitive attack on Lamay Island in response to the killing of the shipwrecked crew of the Beverwijck and the Golden Lion (Xiao Liu Qiu) ended ten years later with the entire aboriginal population of 1100 removed from the island including 327 Lamayans killed in a cave, having been trapped there by the Dutch and suffocated in the fumes and smoke pumped into the cave by the Dutch and their allied aborigines from Saccam, Soulang and Pangsoya. The men were forced into slavery in Batavia (Java) and the women and children became servants and wives for the Dutch

officers. The events on Lamay changed the course of Dutch rule to work closer with allied aborigines, though there remained plans to depopulate the outlying islands.

Koxinga and Imperial Chinese Rule

In 1661, a naval fleet led by the Ming loyalist Zheng Chenggong (Cheng Ch'eng-kung in Wade-Giles, known in the West as Koxinga), arrived in Taiwan to oust the Dutch from Zeelandia. Zheng, born in 1624 in Japan to Japanese mother and a Chinese father in a family made wealthy from shipping and piracy, inherited his father's trade networks, which stretched from Nagasaki to Macao. Following the Manchu advance on Fujian, Zheng retreated from his stronghold in Amoy (Xiamen) and besieged Taiwan in the hope of establishing a strategic base to marshal his troops to retake his base on China. In 1662, following a nine month siege, Cheng captured the Dutch fortress Zeelandia and Taiwan became his base. Concurrently the last Ming pretender had been captured and killed by General Wu San Gui, extinguishing any hope Zheng may have had of re-establishing the Ming Empire. He died shortly thereafter in a fit of madness after learning of the cruel killings of his father and brother at the hands of the Manchus. In 1683, following a naval engagement with Admiral Shi Lang, one of the trusted friends of Zheng's father, Zheng's grandson submitted to Manchu (Qing Dynasty) control. Zheng's followers were forced to depart from Taiwan to the more unpleasant parts of Qing controlled land. By 1682 there were only 7000 Chinese left on Taiwan as they had intermarried with aboriginal women and had property in Taiwan. The Zheng reign had continued the tax systems of the Dutch, established schools and religious temples.

From 1683, the Qing Dynasty ruled Taiwan as a prefecture and in 1875 divided the island into two prefectures, north and south. In 1887, the island was made into a separate Chinese province. About the same time, Matthew Calbraith Perry suggested that the US government claim sovereignty of Taiwan after he came back from his Formosa expedition in 1854. The United States government failed to respond to Perry's proposal.

The Manchu authorities tried to limit immigration to Taiwan and barred families from travelling to Taiwan to ensure the immigrants would return to their families and ancestral graves. Illegal immigration continued, but many of the men had few prospects

in China and thus married aborigine women to secure land in Taiwan, creating a popular saying from the era, "mainland grandfather no mainland grandmother". The Qing tried to protect aboriginal land claims, but also sought to turn them into tax paying subjects and Confucianist. Han and tax paying aborigines were barred from entering the wilderness which covered most of the island for the fear of raising the ire of the non taxpaying aborigines and inciting rebellion. A border was constructed along the western plain, built using pits and mounds of earth, called "earth cows", to discourage illegal land reclamation. Following a shipwreck of an Okinawan vessel on the southern tip of Taiwan in 1874, in which the heads of all crew members were taken by the Paiwan people, the Japanese sought to test the Manchu commitment to Taiwan. After being refused compensation on account of that part of Taiwan being outside of Qing jurisdiction, the Japanese launched a bloody pacification campaign, which resulted in a high number of casualties for both the Paiwan and the Japanese. The Okinawan affair was more of a trial balloon sent up by the Japanese to test the situation on Taiwan for a possible colonization campaign of their own. This caused the Qing to re-think the importance of Taiwan in their maritime defence strategy and greater importance was placed on gaining control over the wilderness regions. The second test of Qing commitment came during the French blockade of Keelung harbour following a territory dispute between the French and the Qing. The result was a brief bombardment of Qing positions before both parties arrived at an agreement. Qing finally made Taiwan a province and assigned Liu Ming-chuan as the first governor of Taiwan to initiate Taiwan development in 1887. In the waning years of Qing control over Taiwan, Governor Liu Ming-chuan initiated a series of modernizing reforms and infrastructure projects, including 60 kms of railroad track laid between Keelung and Hsin Chu (Xin Zhu). This segment of railroad became too old in the Japanese eye, and was demolished for modernization later under Japanese rule.

On the eve of the Sino-Japanese War, about 45 percent of the island was administered under standard Chinese administration while the remaining lightly populated regions of the interior were under Aboriginal control. Only eight years after Taiwan became a province of Qing, Taiwan was ceded to Japan.

Japanese Rule

A 1912 map of Japan included Taiwan, which was part of the Empire of Japan from 1895 to 1945. As settlement for losing the Sino-Japanese War, Imperial China ceded the entire island of Taiwan to Japan in 1895. The Japanese feared military resistance from both Taiwanese settlers and Aborigines following the establishment by the local elite of the short-lived Republic of Taiwan. Taiwan's elite hoped that by declaring themselves a republic the world would not stand by and allow a sovereign state to be invaded by the Japanese, thereby allying with the Qing. The plan quickly turned to chaos as standard Green troops and ethnic Yue soldiers took to looting and pillage. Given the choice between chaos's at the hands of Chinese or submission to the Japanese, the Taipei elite sent Ku Hsien-rong to Keelung to invite the advancing Japanese forces to proceed to Taipei and restore order.

The Taiwanese resistance was sporadic, yet at times fierce, but was largely crushed by 1902, although relatively minor rebellions occurred in subsequent years. Aboriginal resistance to the heavy-handed Japanese policies of acculturation and pacification lasted up until the early 1930s. The last major Aboriginal rebellion, the Wushe Uprising in late 1930 by the Sediq people angry over their treatment while labouring in the burdensome job of camphor extraction, launched the last headhunting party in which over 150 Japanese officials were killed and beheaded during the opening ceremonies of a school. The uprising, led by Mona Rudao, was crushed by 2,000-3,000 Japanese troops and Aboriginal auxiliaries with the help of poison gas.

During its 50 years (1895-1945) of colonial rule, Japan expended considerable effort in developing Taiwan's economy, raising the standard of living for most Taiwanese citizens to levels far higher than other places in Asia.

Japanese rule led to a three-stage process of colonization of the island, which began with an oppressive paternalistic approach, policy in which the Japanese considered the Taiwanese to be separate but equal, and the final stage being, a policy which aimed to have the Taiwanese pledge loyalty to the Japanese emperor. The "Kominka" was a grand design to instil the "Japanese Spirit" in Taiwanese residents and to assimilate the

Taiwanese into Japanese society, with measures including compulsory Japanese education and the adoption of Japanese names. In 1943, 94% of the children received 6-year compulsory education.

Under the doctrine of 'Kominka', Taiwan would have to be regarded as part of Japan proper; therefore, the basic infrastructure of Taiwan would have to be equal or comparable to the infrastructure of Japan. The Bank of Taiwan was established in 1889 to encourage Japanese private sectors, including Mitsubishi and the Mitsui Group, to invest in Taiwan. In 1900, the third Taiwan Governor-General passed a budget, which initiated the building of Taiwan's railroad system from Keelung to Kaohsiung. By 1905, the island had electric power supplied by water power in Sun-Moon Lake, and in subsequent years, Taiwan was considered the second-most developed region of East Asia (after Japan). By 1905, Taiwan was financially self-sufficient and had been weaned off subsidies from Japan's central government.

Under the Governor Shinpei Goto's rule, many major public works projects were completed, which established the basis for the economic development for Taiwan. During his watch, the Taiwan rail system connecting the south and the north was completed. 55% of agricultural land was covered by dam-supported irrigation systems. Food production had increased four-fold and sugar cane production had increased 15-fold in the period of 1895 to 1925. The modernizations of Keelung port and Kaohsiung port were completed. Exports increased by four-fold. By 1939, industrial production had exceeded agricultural production. The health care system was widely established and infectious diseases were almost completely eradicated. The average lifespan for a Taiwanese resident increased from 30 years in 1895 to 60 years by 1945. This investment in Taiwan during Japanese rule provided the foundations of Taiwan's economic development.

In October 1935, the Governor-General of Taiwan held an "Exposition to commemorate the 40th Anniversary of the Beginning of Administration in Taiwan", which served as a showcase for the achievements of Taiwan's modernization process under Japanese rule. This attracted worldwide attention, including the Republic of China's GMD regime, which sent the Japanese-educated Chen Yi to attend the affair. He

expressed his admiration about the efficiency of Japanese government in developing Taiwan, and commented on how lucky the Taiwanese were to live under such effective administration. Somewhat ironically, Chen Yi would later become the ROC's first Chief Executive of Taiwan, who would be infamous for the corruption that occurred under his watch.

The later period of Japanese rule saw a local elite educated and organized. During the 1930s, several home rule groups were created as the Taiwanese developed a "Taiwan Consciousness" in contrast to the Japanese and Chinese. In 1935, the Taiwanese exerted their political power and elected their first group of local legislators. By March 1945, the Japanese legislative branch modified election laws to allow Taiwanese representation in the Japanese Diet.

Following the end of World War II in 1945, under the terms of the Instrument of Surrender of Japan, which is an armistice and Modus Vivendi ending the World War II, Japan provisionally accepted the Potsdam Declaration, which referenced the Cairo Declaration under which the island was to be transferred to China. The ROC troops were authorized to come to Taiwan to accept the surrender of Japanese military forces in General Order No. 1 issued by General Douglas MacArthur on September 2, 1945, and were later transported to Keelung by the United States Navy. The ROC troops were initially hesitant to accept the surrender of the Japanese garrison and undertake military occupation of the island.

The resulting ROC military administration under Chen Yi was alleged to be extremely corrupt, this compounded with distrust due to the cultural differences of the natives and the newcomers quickly led to the loss of popular support for the new administration. This cumulated in a series of severe clashes between the mainland military administration and native Taiwanese leading to the bloody 228 incident in which government troops massacred as many as 30,000 protestors. In the San Francisco Peace Treaty that came into force on April 28, 1952, and the Treaty of Taipei that came into force on August 5, 1952, Japan formally renounced all right, claim, and title to Taiwan and the Pescadores. The treaty remained silent about to which country the island would

be transferred to, in part to avoid taking sides in the ongoing Chinese Civil War. This has been used by advocates of Taiwan independence to justify self-determination.

The Guomindang (Nationalist Party or GMD), which at the time controlled the government of the ROC, retreated to Taiwan after the Chinese Civil War between the GMD and the Communist Party of China ended in the Communists' favour in 1949, bringing with them some 2 million refugees from Mainland China. Since then, Taiwan has developed a prosperous and dynamic economy, becoming one of the East Asian Tigers.

Taiwan remained under martial law for four decades until 1987 and one-party rule until 1991 when President Chiang Ching-kuo gradually liberalized and democratized the system. Upon his death, Vice-President Lee Teng-hui succeeded him as President of the ROC and Chairman of the GMD and made great strides in developing democracy in Taiwan. Lee became the first native Taiwanese to become the president during the GMD rule in Taiwan.

Composition and Nature of GMD

The GMD was formed by Sun Yat-sen. He re-organized the party on Leninist lines² in 1924 with the support of the Comintern. Sun Yat-sen gave a series of lectures on Chinese Nationalism in 1924. It was in these lectures that he defined a new ideology called the doctrine of clan of the state. These lectures formed the basis of the foundation of the nationalist tradition and thinking that would define the politics of Taiwan. These lectures on the Three Principles of the People were to form the basis of the backbone of the GMD. When Sun Yat-sen died on 25 March 1925, he left his successors a theory of party dictatorship legitimised by the Nationalist Revolution in China (Hughes, 1997, pp. 7-8).

² The primary feature of a Leninist Party is the monopoly of political organization that makes political challenge to it difficult as well as dangerous. Both the GMD and the CCP can be regarded as Leninist Parties if one considers their basic characteristics.

After the Nationalist struggle of 1927, the party lost its revolutionary zeal and spirit that Sun Yat Sen had worked towards creating. A huge number of members were just added to the party rolls indiscriminately. After the successful and famous northern expedition, a large number of corrupt officials, warlords, gentry and other who had served under the party banner joined them. In return, these people were given highly authoritative positions in the party government in Nanjing. Within the organization, the military and the government were not under the party. This was done in order to give the government complete say in the governance and to prevent any kind of obstacle from the party. The major propagator of this was Chiang Kai-shek. This kind of an organization put the party in a very weak situation. With no power and no guiding principles and had it became more and more difficult for the Leninist features of the party became dormant.

The government bureaucracy and the military were not supportive of the party. The organizational discipline, which Sun Yat-sen sought for, and what Chiang Kai-shek had hoped to achieve were appearing to be quite impossible under the existing scenario.

After their defeat at the hands of the CCP, the GMD political ideologues started thinking about the causes and factors behind the defeat of the GMD. They concluded that the primary factors were the inattention towards the political and reorganization matters. After this conclusion was reached by Chiang Kai-shek, he also concluded that the CCP victory was not due to military strength but was one of better organization power. Though he started to think about the reorganization around 1947, it could not be done due to the defeat at the hands of the Communist in the civil war. The major work on the reorganization could only begin once the party had moved to Taiwan in 1949.

Excessive factionalism also resulted in the defeat of the GMD. Chiang Kai-shek was very strong influence and his support for various parties was almost decisive. But one needs to keep in mind that he was not strong individually to rule alone. This problem had plagued GMD since Sun Yat-sen's death in 1925 and it became more complicated with the passage of time. The conflict, which began between Chiang Kai-shek, Hu Hanmin and Wang Jingwei, was unavoidable at this time (Dickson, 1997, pp. 41).

Chiang Kai-shek gained nominal control of China, but his party was "too weak to lead and too strong to overthrow". In 1928, Chiang was named Generalissimo of all

Chinese forces and Chairman of the National Government, a post he held until 1932 and later from 1943 until 1948.

The decade of 1928 to 1937 was one of consolidation and accomplishment for Chiang's government. Some of the harsh aspects of foreign concessions and privileges in China were moderated through diplomacy. The government acted energetically to modernize the legal and penal systems, stabilize prices, amortize debts, reform the banking and currency systems, build railroads and highways, improve public health facilities, legislate against traffic in narcotics and augment industrial and agricultural production. Great strides also were made in education and, in an effort to help unify Chinese society--the New Life Movement was launched to stress Confucian moral values and Mandarin was promoted as the official language. The widespread establishment of communications facilities further encouraged a sense of unity and pride among the people. These successes, however, were met with constant upheavals with need of further political and military consolidation. Chiang fought with most of his warlord allies, with one northern rebellion in 1930 almost bankrupting the government and costing almost 250,000 casualties. A break with Hu Hanmin in 1931 almost toppled his government.

A complete eradication of the Communist Party of China eluded Chiang. The Communists regrouped in Jiangxi and established the Chinese Soviet Republic. Chiang's anti-communist stance attracted the aid of German military advisers, and in Chiang's fifth campaign to defeat the Communists in 1934, he surrounded the Red Army only to see the Communists escape through the epic Long March to Yan'an.

With Japan's invasion of Manchuria in 1931, Chiang adopted a slogan "first internal pacification, then external resistance" which meant that the government should first defeat the Communists before challenging Japan directly. This was widely unpopular and in 1936, one of Chiang's allied commanders, Zhang Xueliang instigated the Xian Incident. Chiang was kidnapped and forced into making a united front with the Communists against Japan. Chiang later denied making any agreement and continued fighting the Communists throughout the war.

Civil war broke out in 1937. In August of the same year, Chiang sent 500,000 of his best trained and equipped soldiers to defend Shanghai. With about 250,000 GMD

casualties, Chiang lost his political base of Whampoa-trained officers. He subsequently moved the government inland to Chongqing. Devoid of economic and industrial resources, Chiang could not counter-attack and held off the rest of the war preserving whatever territory he still controlled.

With the Attack on Pearl Harbor and the opening of the Pacific War, China became one of the Allied Powers. During and after World War II, Chiang and his American-educated wife Soong May-ling, commonly referred to as "Madame Chiang Kai-shek", held the unwavering support of the United States China Lobby which saw in them the hope of a Christian and democratic China. Chiang Kai-shek's policies were far from Christian or democratic, but this remained unknown to the U.S. public due to strong state-imposed censorship in China and self-imposed censorship in the U.S. during the war years and after.

Chiang's strategy during the War opposed the strategies of both Mao Zedong and the United States. The U.S. regarded Chiang as an important ally able to help shorten the war by engaging the Japanese occupiers in China. Chiang, in contrast, used powerful associates such as H. H. Kung in Hong Kong to build the ROC army conflict with the communist forces after the end of WWII. This fact was not understood well in the U.S. The U.S. liaison officer, General Joseph Stilwell, correctly apprehended Chiang's strategy was to accumulate munitions for future civil war rather than fight the Japanese, but Stilwell was unable to convince Roosevelt of this and precious Lend-Lease armaments continued to be allocated to the Kuomintang. Chiang was recognized as one of the "Big Four" Allied leaders along with Roosevelt, Churchill and Stalin and travelled to attend the Cairo Conference in November 1943. His wife acted as his translator and adviser.

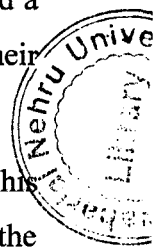
The U.S. continued to support Chiang Kai-shek against the CPC's People's Liberation Army led by Mao Zedong in the civil war for control of China. Though Chiang achieved great status internationally, his government was deteriorating with corruption and inflation. The war had severely weakened the Nationalists but in terms of resources and popularity while the Communists were strengthened by a guerrilla organization extending throughout rural areas.

Under a new Constitution passed in 1947, Chiang was elected by the National Assembly to be President.

Chiang resigned as President (and Vice President Li Tsung-jen became Acting President) on January 21, 1949, as GMD forces suffered massive losses against the communists in the Civil War. In early morning December 10, 1949, CPC troops laid siege to Chengdu, the last GMD occupied city in mainland China, where Chiang Kai-shek and his son Chiang Ching-kuo directed the defence at the Chengdu Central Military Academy. The aircraft *May-ling* evacuated them to Taiwan on the same day; they would never return to mainland China. In total about 2 million people fled to Taiwan in 1948-49. Most of them were members of the Nationalist army or the party. They established a government in exile on the island and subjected almost 7 million people to their authority.

When Chiang Kai-shek retreated from the mainland to Taiwan with his mainlander troops, everyone including the Truman administration anticipated that the days of this government – in - exile would be limited. Then what followed was yet another twist for the people of the Taiwanese island. The outbreak of the Korean War on 25th June, 1950 added further twist to the question of the survival of the GMD. The Korean War diverted the attention of the mainland and thus, was responsible for the lease and increase of the life span of the GMD on the island for the coming half a century till democratization and the change in party rule. This brought the United States to the help of the GMD. They were provided with both military and economic aid from the United States. Soon after the formal partition of the Vietnam in 1954, the United States institutionalized its security commitments to Taiwan by signing the US - ROC Mutual Defence Treaty. This definitely provided the GMD with a high level of support to set up its authoritarian regime in a completely new social and political set up (Chu and Lin, 2001, pp. 113).

Chiang moved his government to Taipei, Taiwan where he resumed his duties as president on March 1, 1950. Chiang was re-elected President of the ROC on May 20, 1954 and later on in 1960, 1966, and 1972. In this position, he continued to claim sovereignty over all of China. In the context of the Cold War, most of the western world



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recognized this position and the ROC represented China in the United Nations and other organizations.

Defeat by the communists and the retreat to island immediately changed the domestic political environment faced by the GMD. They were placed in a completely new situation both politically and socially. Major changes had to be incorporated within the party set up for the GMD to adapt and to be fully functional in the new political as well as socio-economic environment. Between 1950 and 1952 the GMD underwent a thorough organizational restructuring. The GMD moved back towards its origin within a Leninist framework. During 1950-52, the GMD created a network of party cells throughout the government, military and society to which each party member had to belong. The organizational principles of democratic centralism, ideology as guide to policy, hierarchical society and party authority over the government bureaucracy and the military were reasserted (Dickson, 1997, pp. 37). It can be said that most of the changes adopted by the GMD were a combination of both its weakness and strength as a ruling party. Instead of adapting to the existing new environment, it tried to alter the environment in order to suit its survival. It knew its level of adaptability but instead of moulding itself, what it tried to do was to mould the external conditions to assist its survival.

Though the GMD was trying to adopt the characteristics of a Leninist Party System, it successfully adopted only a few features associated with this. According to Archie Brown, five features distinguish a Marxist-Leninist system as a distinct sub-set of the political systems existing in the world. They are the supreme authority and unchallengeable hegemony of the Communist Party, the effective functioning of "democratic centralism", state or at least non-private ownership of the means of production, the declared aim of building communism, and a sense of belonging to an international Communist Movement (Brown, 1996, pp. 310). Though, one cannot ignore the fact that the GMD had undergone a number of changes since its formation under the supervision of Sun Yat-sen. The time under the leadership of Yuan Shikai and the move to the island under the leadership of Chiang Ching-kuo had diluted the actual characteristics of the party to a very large extent. It was a Leninist Party but the degree of commitment towards any ideology had diluted and the ultimate rule was rested in the

handed of the ruler and not ideology. Thus, we can say that GMD was Leninist but only to a certain degree in its functioning.

With regard to the first feature, usually rendered in terms of “the leading role of the party”, the GMD did not enjoy it and was not in a position to claim it on Taiwan. Although the GMD under Chiang Kai-shek did function as one its position was enshrined by the State Constitution or by its ideology of Three Principles of the People. The GMD’s legitimate claim as the hegemonic party ceased when it adopted the ROC constitution in December 1946. The GMD and Chiang Kai-shek had to justify their position of authority in Taiwan by resorting to martial law and the exercise of emergency power under the “Temporary Provisions Effective during the Period of Communist Rebellion” of the ROC Constitution introduced in 1948. This meant that once a situation was reached where the GMD could not justify the use of emergency powers, the party would be forced to abandon them or it would have to find another set of justification for using them in the existing conditions (Tsang, 2001, p. 121).

The most important feature borrowed by the GMD of the Leninist Parties was the principle of Democratic Centralism. Under the rule of Chiang Kai-shek, the GMD required cadres to be elected, policies to be decided by discussions, individuals to obey superiors. Though this was put into practice to some extent, GMD was never able to build a strong and efficient party apparatus based on discipline. This kind of discipline is an essential element of any Leninist Party apparatus. GMD could not even trust its local election apparatus and thus had to rely on local factions to achieve majority to rule Taiwan legitimately. While the emphasis on democratic centralism did help GMD to rectify many of its organizational weaknesses prevalent while it nominally governed the mainland of China, it did not give it the degree of social control worthy of a Leninist party in Taiwan (Tsang, 2001, p. 122).

Another important trait that the GMD borrowed from the Leninist Parties was the competitive management of the economy and the thrust towards economic development. The GMD attempted economic planning in the form of four year plans rather than five, which was introduced by the CCP on the mainland. This can be regarded as an attempt to appear to be different from the CCP and also to show the contempt towards whatever was

introduced by the CCP on the mainland. This can be understood as an extra effort to be different from the Communists. But the role undertaken by the GMD can be seen as only a superficial part as only a few basic economic structures were changed to promote economic development and it never tried to take control of the existing means of production or establish state ownership. What GMD did to favour the level of economic growth in Taiwan was to provide a conducive environment, which would enable the private sector to flourish and to help in the overall development of the economy. The GMD never tried to control the course of development of the economy as the Leninist Parties in major Communist countries have done. In the majority of the countries ruled by a Leninist Parties, the Party controls the strings of economy and decides the path, which the economy should pursue in order to develop. Most of the major industries and the factors of production are controlled by the state or the party. In the case of Taiwan, this was different. The party or the state never controlled the means of production though they were the guiding factor in the economic development (Kang, 1993, p. 211).

The constant opposition to the Communist system by the GMD and its adherence to the Confucian tradition for its ethos contradicted the last two features identified by Brown. The major difference was in their ideological commitments. While a Leninist Party is completely devoted to the concept of Marxism- Leninism, the GMD adopted the modernization version of Confucianism and the “Three Principles of the People”. Chiang Kai-shek remained a Confucianist at heart. The GMD and Chiang Kai-shek tried to revive Confucianism on Taiwan (Tsang, 1997, p. 120). Thus, the fundamental nature of GMD government was different as compared to a Leninist Party state.

The changes incorporated by the GMD were the prerequisites of power and for survival of the party in a new environment. Thus, we can say that the reorganization in the party structure was a result of the external factors and these changes remained more or less unchanged until the 1970s when the central party organs were reformed and Taiwanization began.

The GMD during the phase of reorganization adopted a new title for itself called the ‘revolutionary – democratic party’. Earlier it was called only the ‘revolutionary party’ the democratic was added to contrast itself from the CCP (Dickson, 1997, p. 51). Most of

the authoritarian parties try to cover up their nature with a false perception of being democratic in their functioning. This was definitely tried by the GMD but it can be understood only in the context of trying to be different from the CCP (Michels, 1962, p. 83). Chiang Kai-shek tried to resort the contradiction by saying that on one hand the GMD will abide by the normal rules of democratic politics, participate in elections at all levels and contest for votes from the electorate, just as a normal party would do in a democratic set up. While on the other hand the GMD was a revolutionary party charged with the mission to fight communism, resist the Russians, recover the lost territories and save the life and freedom of its compatriots (Myres, 1991, p. xviii).

The first major step in strengthening the party organization was to convince people to join the party. This is also one of the most important aspects of the strengthening process. The primary area where the party paid attention first were the urban areas followed by the rural areas. The GMD members were required to join the party cell and participate in its functioning. One of the most important things was to attend the meetings of these cells. Attendance at these meetings was given prime importance; records were maintained and sanctions issued against those who were absent. This can be seen as a renovation from the past. During its rule on the mainland, the GMD hardly took any interest in the meetings of these smaller units. By keeping an eye on the meetings and making each member joining a unit, the GMD was able to ascertain as to which member was still loyal to the party and who was not.

The authoritarianism on the island was constructed on a quadripartite foundation. This included an elaborate and centralized party apparatus, a system of extra constitutional legal arrangements and emergency decrees, a controlled electoral pluralism implemented at the local level and structural symbiosis between the party and the state. Learning from his disastrous defeat on the mainland, Chiang Kai-shek responded to the challenge of political reconstruction with an ambitious party reorganization plan, officially launched on 5 August 1950. Factionalism in the security and intelligence apparatus was eliminated. The system of political commissars for military was re-established. Between 1950 and 1952, the party leadership was drastically re-composed. Hierarchical party organs were installed at all levels of the state apparatus and representative bodies. Party cells reached into all organized social sectors, such labour

unions, youth groups, religious groups, professional associations, business associations, farmer's associations, women's associations, schools and mass media (Chu and Lin, 2001, p. 114).

The re-organizational task of the GMD was made easier by the proclamation of a general state of siege on Taiwan on 19 May 1949. The imposition of Martial Law greatly expanded the scope of power of Taiwan garrison command and suspended the protection of civil rights guaranteed in 1947 in the ROC Constitution.³ Furthermore, the GMD replaced a number of provisions with what they called the "Temporary Article" and a series of special legislation under the rubric of "During the Period of Mobilization and Combating Rebellion". Together, they threw the country into a permanent state of emergency. These extra constitutional arrangements were steadily expanded during the 1950s and 1960s (Hu, 1987, pp. 1-32). They provided the president with a wide range of extensive emergency powers. It also invalidated the two term limit on presidency, suspended the re-election of the three national representatives bodies – the National Assembly, the Legislative Yuan and the Central Yuan and extended the tenure of their incumbent members for life and deferred the election of provincial and municipal heads indefinitely (Chu and Lin, 2001, p. 114).

Another important step undertaken by the GMD was to ban the Taiwanese dialect as an official language, and political repression was used to maintain mainlander dominance over Taiwanese. The relationship between the mainlander authority and the migrants were generally hostile (Hood, 1996, p. 470).

The GMD as a nationalist party claimed to be the true and sole representative of the whole of China. As a result, there was a need to show that it represented people across the classes and was thus not the representative of only few of them. The support of the intellectuals was necessary but it did not guarantee enough support to rule. As such during the civil war, the Chinese intelligentsia had withdrawn support from the GMD. As a result they went ahead to look for a support base amongst the peasants and the workers.

³ The mainlander elite chose freezing, not abolishing, the 1947 constitution. For them, the ROC Constitution is irreplaceable because it is quintessential legal embodiment of the one-China principle. It was adopted when the Nationalist government still exercised effective governance over a majority part of China, including Taiwan, was internationally recognized by all major powers (Chu and Lin, 2001).

The figures representing the membership levels of the party in Taiwan are not available prior to the year 1952. The estimated figures are 50,000 in the year 1950 and 115,000 in the year 1951. By the time, the Seventh Party Congress was held in October 1952, party membership stood at almost 282,000, of which it is said that 170,000 were civilians and 112,000 were from the military. This shows that the GMD membership comprised almost 3.5% of the total Taiwanese population. There is a 60 – 40 ratio among the civilians and the military representatives (Dickson, 1997, p. 59).

Another area of divide in the membership of the GMD was amongst the mainlanders and the native Taiwanese people. Mainlanders dominated the leading posts at the central, provincial and local levels. Even at the district level, over three quarters of the party secretaries were mainlanders. The mainlanders almost made for 70 to 75% of the total party members. This bifurcation in the representation of the people continued for decades to come. The Taiwanese were generally restricted to the staff level of the local party committees.

Local elections were an important element in the GMD's work since its retreat to Taiwan. The election strategy of the GMD initially mirrored that of the Leninist parties. Although minor parties did exist in the political sphere, they did not constitute any major opposition for the GMD. Two minor political parties the Youth Party and the Social Democratic Party, which had been established on the mainland had accompanied the GMD to Taiwan. The GMD relied on extra constitutional provisions like emergency to ban the formation of political parties on the island. The GMD did not tolerate any political activism outside its fold and used major repressive measures to stop the process. It allowed only fragmented opposition and not organized. An attempt to form a political opposition in the 1960s was forcefully suppressed.

As a result, elections hardly held any importance as the voters were hardly given any choice. Only the local leaders were directly elected. Direct elections for the executive bodies were restricted at the county level only. Though, the voters did nominate the representative for legislative bodies as high as the provincial level. The provincial governor and all the central government ministers were appointed by the GMD. The representatives of the central bodies elected on the mainland were not re-elected on

Taiwan. New elections for all posts were not held until 1991-92 almost till after forty years of its rule on the island. Though, elections were called occasionally to fill places vacant due to death and to marginally increase the number of the Taiwanese.

Although the elections held by the GMD were hardly democratic in nature, they did help in consolidating its position on the island in the years following its retreat. As the membership of the party guaranteed victory in the elections, most of the politically ambitious people joined the party. The party also went ahead and absorbed most of the opposition into its fold. The rewards for the lack of opposition were also very high and none of these people was ever disappointed. This in return, helped the party to have good control over the local affairs for which it lacked substantial organized membership. During the first two decades on the island, the party leaders did not concentrate on the local politics as long as the situation remained under control and stable. Thus, elections were a way of channelling control over the political sphere, which suited the party. The alliance between the local factions (the people of the opposition and the also with political ambitions, who could have formed a successful political party if there was opportunity but were now alienating with the GMD to further their ambitions) and the GMD helped in its successfully achieving the desired level of conducive and stable political situation on the island. Most but not all factions were incorporated in the GMD and this definitely helped the party in its initial years and helped in its success.

The factions in Taiwan can be clubbed under four categories. The first one was based on language. For example, members of the two factions of Taoyuan County were defined by whether they spoke Fukienese or Hakka. Voters were evenly balanced between the two language groups. Language was also the basis for factions in Hsinchu, Hualien and Pingtung counties. The second type of faction was based on territory. In Yilan County, the two factions were divided by a river that ran through the middle of the county. The third type was based on personal allegiance to the *leaders or their families*, as in the county of Taipei, Taichung and Penghua and the cities of Kaohsiung and Tainan. The fourth type was based on the *animosity created during previous elections*. Winners and losers divided into factions that survived the initial results (Dickson, 1997, p. 67).

The most important element that consolidated the strength of the local factions in the Taiwanese political set up was the complete absence of any kind of opposition. Most of the individual local leaders due to a lack of any kind of political support failed to consolidate their popularity into electoral victory. As a result, with the passage of time they lost all local popularity, which they had experienced. Thus we can say that the coming of the GMD to Taiwan and its consolidation completely changed the local political set up the island.

The GMD had established the system of nomination for the local candidates. As a result, it virtually controlled who stood for elections and who not. Thus, it was able to control all the local political set up without much of a problem. There were also talks about bribes being an important element in the process of securing the local level nominations. This was often supported by the level of life style, which the members of the local provincial committees flaunted. This system of nomination for the candidates of the local level was in place until the 1970s when the party decided to take steps towards changing the election strategy.

It was common knowledge that who ever joined the party was guaranteed political success. As a result, a large number of people joined the party to be able to exploit the gains, which were associated with the party set up. This increased the power of the local committees. As a result, the local committees chose candidates who helped them in having a firmer control over the local politics. The nominations were generally rotated among the existing factions. This rotation could happen every term or after every two terms. If there were two or more local factions who were powerful, what the GMD local committee would do is to nominate candidates from different factions for different posts in the same term. This kept the level of antagonism low and helped in developing a sense of dependence among the factions. The GMD wanted the factions to believe that they were better off with the party rather than as an opposition outside the party fold (Dickson, 1997, p. 67).

The GMD through out the 1960s and 1970s established a system of politics, which only provided for the strengthening of the local factions and thus in turn strengthening of the GMD. This kind of stability was sought and gained by the GMD by

reducing all kinds of exit and entry channels into the party set up and indirectly thus into the political set up.

These were the ways and means by GMD after loosing to the Communist and its retreat to Taiwan established its control throughout the political set up. It was definitely an authoritarian party and used all kinds of repressive measures to curb and control all opposition that developed within the society. Throughout the initial years, it related more to the mainland than to the Taiwanese society and claimed to be a government in exile and the true representative of whole of China.

Thus, the nature of the GMD during the early 1950s was therefore not truly Leninist but rather some what Leninist. It cannot be termed as a Leninist Party. The major characteristics, which were borrowed by the GMD, were only superficial and thus it can be said to be a Leninist style party. The learning from Leninism did not go very deep. GMD had to assert self restraint due to its own vulnerability. The most basic reason was that it was an outside regime trying to assert authority on the long established population of Taiwan. Secondly, it can be said that when the GMD lost its authority on the mainland and was driven out by the Communist and it lost the legitimacy to rule whole of China.

Another important fact is that though Chiang Kai-shek asserted and it was the primary feature of the party on the island, that he was the genuine ruler of the whole of China he never made any attempt to take over the whole of China. Though with the passage of time and establishment of the government on the island and also with the support of the United States a large number of army reforms had been undertaken this had made the Taiwanese army capable of holding themselves completely on their own accord. They managed to survive successfully during the Second Taiwan Strait Crisis of 1958. This successful surviving during the show of aggression on the part of the mainland was clearly due to the support of the United States and its continued military support. Thus, it became clear that the long term survival of the regime depended on the United States backing. It was the United States that was also supporting the regime with weapons and other technological know how.

Economic Developments

During the first decade after the establishment of the GMD on the island, the United States played a very crucial role in determining both the external as well as the internal direction of the economic development (Howe, 2001, p. 1171). Though one can say that during this period the colonial pattern of development did continue in Taiwan though at a lower level of intensity (Bing-huo, 1997).

After establishing control on the island, the GMD government viewed markets as instruments to facilitate the efficient and creative use of resources. The primary problem faced by GMD was to how to convince and encourage the private enterprises to produce wealth that was considered vital for the survival of the country. Party and government policies were formed based on ideas that encouraged savings and investments, and encouraged more and more production for domestic as well as the foreign markets. They introduced new property rights, which called for equable distribution of resources. They reduced the supply inequalities that hindered private enterprises from expanding production for the market, prevented inflation and excessive wage increases and protected market competition (Myres, 1996, pp. 1082-1083).

Between the years, 1950 and 1953 the government offered high on saving deposits to encourage less spending, and to increase the level of consciousness among people towards savings. Because of these policies, what happened was that inflation decreased and the savings-income ratio steadily rose. Between the years 1952 and 1955, land reforms were introduced. They redistributed land among small farmers and compensated large landowners with commodities certificates and stock in state-owned industries. Although this left some large landowners impoverished, others turned their compensation into capital and started commercial and industrial enterprises. These entrepreneurs were to become Taiwan's first industrial capitalists. Together with refugee businessmen from the mainland, they once again revived Taiwan's prosperity previously ceased along with Japanese withdraw and managed Taiwan's transition from an agricultural to a commercial, industrial economy. This provided the people with increased level of assets and thus helped them establishing small to medium sized enterprises (SMEs) that soon began producing for the market and they helped in dealing

with the employment problem of the economy. These farms also added to the consumption level. With this, there was an increase in the overall profit levels of the SMEs (Par and Johnson, 1995).

In the year 1951, the government began to provide free primary education, low cost middle and higher education. It also introduced compulsory technical education to young people. The government also encouraged manufacturers to produce plastic products for both the domestic as well as the international markets. In the year 1958-59, the government modified the dual foreign exchange rates into a single rate and provided the business with tax relief and low interest rates on loans. This was adopted in order to encourage more enterprises to increase exports (Lin, 1973).

The GMD utilized the education system for the purposes of socialization, political indoctrination and control. Students were required to take course in the thought of Dr. Sun Yat Sen, the official ideology, and were tested on it as part of their advancement to higher levels of schooling. Party activists and military officials monitored life in school and outside. Boys were given military training while the girls were given training in nursing skills (Gold, 1996, p. 1098).

The government also increased the facilities in the areas of port facilities, energy supply, railways, airline terminals, roads, telecommunications. This was undertaken to reduce the cost of the manufacturing of the businesses and of the consumers. These measures were undertaken in order to help a developing country to gain place in the world economic system (Myres, 1996, p. 1083).

In the domestic set up the primary changes that were adopted and implemented by the GMD were of land reform, currency stabilization and a shift towards market institutions. The GMD took control of Taiwan's monopolies and property that had been government property under the Japanese passed into possession of the GMD party-state. Approximately 17% of Taiwan's GNP was nationalized and disposed of. Taiwanese investors lost their claim to the Japanese bond certificates they possessed and much of the property remains in GMD party hands and has yet to be returned to the public. Consequently, these real estate holdings made the GMD into the wealthiest political party in the world.

Taiwan has developed steadily into a major international trading power with more than \$218 billion in two-way trade. Tremendous prosperity on the island was accompanied by economic and social stability. Taiwan's phenomenal economic development earned it a spot as one of the East Asian Tigers.

Taiwan achieved one of the best economic growth levels under the GMD. Between 1951 and 1995, the GDP of Taiwan grew at the annual rate of 8.6%. During the same period, the population of Taiwan almost tripled from 8.1 million to 21.1 million, but it avoided the Malthusian trap, which other developing countries faced.

Stand on One China Principle

Chinese reunification is a goal of Chinese nationalism, which is the unification of all of China under a single political entity. As Hong Kong and Macau have been reunited with mainland China under the sovereignty of the People's Republic of China, the only outstanding issue is between the mainland and Taiwan, which is controlled by the Republic of China. The two sides have been separated since the end of the Chinese Civil War in 1949.

The concept of "one China" has been part of the Chinese political orthodoxy since ancient times. Oftentimes, if one claimed to be the emperor with the mandate of heaven, then all other regimes within the country was either considered rebel or tributary. Accordingly, from the end of the Chinese Civil War in 1949 until the mid-1970s the concept of reunification was not the main subject of discourse between the People's Republic of China and the Republic of China; each formally envisioned a military takeover of one by the other. The GMD believed that they would, probably with American help, one day retake the mainland while Mao Tse-tung's communist regime would collapse in a popular uprising and the Nationalist forces would be welcomed back. The Communist Party of China considered the Republic of China to have been made defunct by the newly-established People's Republic of China and thus regarded the ROC a renegade entity to be eliminated for the sake of unification. The concept of unification replaced the concept of liberation by the PRC in 1979 as it sought, with the death of Mao,

economic reform and pursued a more pragmatic and less ideological foreign policy. Within Taiwan, the possibility of retaking the mainland became increasingly remote in the 1970s particularly after the death of Chiang Kai-shek.

Chiang Kai-shek considered the whole of China, including Taiwan as part of one larger territory and asserted the need to re-conquering it from the Communist. He also claimed that he was the true and only leader of the whole of China. On the other hand, at the same time the PRC pledged to “liberate” Taiwan from the hands of the GMD. Though both sides were talking about different legitimate leaderships we need to keep in mind that they both agreed that there was only one China and that Taiwan was an indispensable part of the whole of China.

During this phase, GMD was not seen as a propagator of Taiwanese independence as the re-unification with the mainland was seen as the prime goal of the party. The local factions who were seen as supporters of the independence stand were suppressed with the same level of intensity as the Communists. The GMD was close to the United States due to its need for survival and also because of its anti-Communist stand and never for independence.

It is now known that in the 1950s and 1960s, Chiang Kai-shek had tried to maintain secret channels of communication with Beijing for negotiations, and on several instances, he had sent his own men for secret discussions with leaders in Beijing on reunification. So far it is unclear as to how many times both sides contacted each other for the talks (Lijun, 2002, p. 21).

Cao Juren had close ties with both the GMD and the CCP.⁴ From the 1956 to 1965, Cao made trips between the two sides which resulted in six mutually – agreed conditions for re-unification in 1965 (Lijun, 2002, pp. 21-22).

- Chiang Kai-shek would return to the mainland with his subordinates and settle in any province of China except Zhejiang Province. He would remain as the top leader of the GMD.

⁴ Cao Juren is a Hong Kong based correspondent. He had interviewed Qiao Shi the then Chairman of Standing Committee of China’s National People’s Congress.

- Chiang Ching-kuo would be the governor of Taiwan Province. Taiwan would retain what it had for twenty years except to give up its rights over diplomatic and military affairs, and agreed to Beijing's request that tillers would have their own land. This agreement would be re-negotiated after twenty years.
- Taiwan would not receive any aid from the United States. If there was financial difficulties, Beijing would provide the same amount of financial aid as the United States used to provide.
- Taiwan's naval and air forces would be reorganised under Beijing's control. Its infantry will also be reorganized and reduced to four divisions, with one division stationed in Kinmen and Xiamen regions and three divisions in Taiwan.
- Xiamen and Kinmen would be merged as one free city, standing between Beijing and Taipei as a buffer and liaison zone. The commander of the army division in this area would also be the mayor of the city. The commander would have the rank of lieutenant-general and should be acceptable to Beijing politically.
- The official ranks and salaries of all civil officials and military officers in Taiwan would remain the same and the living standards of the people in Taiwan would only go up and would not be allowed to go down.

Based on these six conditions GMD agreed to negotiate in 1965. Though there were other secret channels, which played an essential role in facilitating the negotiation. For example in 1958, Zhang Shizhao, who enjoyed intimate personal relations with the top leaders in both Taipei and Beijing, went to Hong Kong to convey two proposals from Beijing to Chiang Kai-shek through the GMD channels in Hong Kong (Shan and Weizhong, 1996, p. 373).

Thus, we can see that the policy followed by the GMD during the initial years towards the reunification was that though Taiwan was an essential and indispensable territory of the China it wanted unification on equal terms and claimed it self to be the true representative of the country. At no point, they were ready to accept the subjugation by the communists. With the passage of time and the increase in the economic and political stability of the island, it became more and more difficult for the GMD to even think of a secondary position. The intrinsic economic connection between the two countries had made the question of re-unification more and more difficult. The initial appeal pf the reunification question among the population has also lost its strength as a driving force. It would not be wrong to say that with the passage of time the solution to the Taiwan status question is becoming more and more complicated.

Chapter Two:

From Chiang Kai-shek to Chiang Ching-kuo: Political and Economic reforms

Chiang Ching-kuo followed his father and the retreating Nationalist forces to Taiwan after the Nationalists lost control of mainland China to the Communists in the Chinese Civil War. On December 8, 1949, the capital was moved from Nanjing to Taipei. In early morning December 10, 1949, Communist troops laid siege to Chengdu, the last KMT occupied city in mainland China, where Chiang Kai-shek and his son Chiang Ching-kuo directed the defence at the Chengdu Central Military Academy. The aircraft *May-ling* evacuated them to Taiwan on the same day; they would never return to mainland China.

In 1950, Chiang's father appointed him director of the secret police, better known as the "Blue Shirts", where he remained until 1965. As the director of the Blue Shirts, Chiang orchestrated the controversial court-martial and arrest of General Sun Li-jen in August 1955 for allegedly plotting a *coup d'etat* against his father. General Sun was a popular Chinese war hero from the Burma Campaign against the Japanese and remained under house arrest until Chiang Ching-kuo's death in 1988. Chiang Ching-kuo's activities as director of the secret police have been widely criticized as heralding an era of human rights abuses in Taiwan, including the mysterious disappearances of both documents and people that seemed to oppose the Nationalist government.

The political system, which Chiang Ching-kuo inherited from his father when the latter died in 1975, was an authoritarian one with some structural features resembling a Leninist Party. It was a system, which provided tremendous scope to its paramount leader to direct its direction of development including democratization if the leader chose that the changes should be in that particular direction (Tsang, 2001, p. 127).

Chiang Ching-kuo was appointed by his father as the ROC Defence Minister in 1965, where he remained until 1969. He was the nation's Vice Premier between 1969 and 1972, and he was the nation's Premier between 1972 and 1978. In Chiang Kai-shek's final

years, he gradually gave more responsibilities to his son. Chiang Kai-shek died in April 1975 and was succeeded to the presidency by Yen Chia-kan, while Chiang Ching-kuo succeeded to the leadership of the GMD, (opting to take the title "Chairman" rather than the elder Chiang's title of "Director-General"). During Yen Chia-kan's presidency, Chiang ran the government.

From the formative years of post war GMD regime, in 1950s, he firmly established control over the apparatus of the state security and the political officer system of the armed forces by being the key man in their reorganization and by remaining their *de facto* patron afterwards (Tsang, 2001, p. 123). Chiang Ching-kuo gradually but steadily consolidated his control over the party apparatus. This fact was reflected by his election to post of the Chairmanship of the GMD upon the death of his father. He also became the undisputed leader of the government after he took over the Premiership in 1972 at a time when his father's health was failing (Long, 1991, p. 73). Chiang was officially elected President of the Republic of China by the National Assembly after the end of the term of President Yen Chia-kan on May 20, 1978. He was re-elected to another term in 1984. At that time, the National Assembly consisted mostly of "thousand year" legislators who had been elected in 1947-48 before the fall of the mainland.

The GMD's evolution away from its Leninist origins began in the early 1970s with the succession of Chiang Ching-kuo to the leading posts held by his father. Its evolution included the temporary abandonment of its original mission to retake the mainland in favour of the social and economic development of Taiwan to reinforce the legitimacy of its rule. This entailed the recruitment of younger elites into all levels of the party and the gradual and fitful expansion of political participation outside the party. The democratization of the mid 1980s was not the inevitable culmination of the Taiwanization¹ of the party over the previous decade. The two processes were categorically different and while not mutually exclusive, were independent of one another. It can be explained in the context of the changes that were taking place within

¹ Taiwanization can be defined as the process of inclusion of more and more native born Taiwanese into the political sphere. There was an increase in the number of Taiwanese participating in the political process and playing active role in the formulation of policies as well. Taiwanization was the result of the political steps taken by Chiang Ching-kuo in order to involve more and more natives. It can be said that the democratization of Taiwan is the result of Taiwanization of the domestic politics.

and outside the party. Taiwanization was the result of the changes that were taking place due to the transformation in the domestic sphere. While, Democratization was the result of the efforts undertaken by the ruling authority to incorporate the changes in the domestic as well as the international scenario. Democratization was contingent upon changes within the party elite and in the domestic and international environments over which party leaders had little control.

The reforms of the early 1970s in the GMD were intricately tied to the succession of Chiang Ching-kuo to the post held by his father. The adaptation of the GMD began in the early 1970s when it downgraded its traditional goal of reunification with the mainland and devoted more of its energies to issues of immediate concern to Taiwan, and to upgrade its own reputation within the masses by providing them with better economic conditions. This transition exemplified two indicators of adaptation. First, is a functional change, as new leaders with new skills were brought into important posts at all the levels of the party bureaucracy. These changes were complementary: the new tasks of the party required new leaders to implement them, and the political aspirations of the new leaders were conducive to the party's new goals (Dickson, 1997, p.112). Though one cannot contradict the fact that if Chiang Ching-kuo had chosen not to democratize there was little that could have been done in that direction however strong the undercurrent for democratization might have built up. It is clear that though the forces demanding democratization were becoming stronger with the changes in the domestic political set up they still needed the support and the backup of the ruling authority in order to realise their goal.

Beginning in the early 1970s, the transformation of the GMD's elite bodies began, as the older mainlanders were gradually replaced by younger and better educated leaders who were more oriented toward the local affairs of Taiwan and less towards the traditional preoccupation with the mainland. This transformation took place at almost all the levels but it was most evident among the central elites.

The transformation of the GMD elites is best illustrated by the rising levels of education and the 'Taiwanization' of its members. The GMD elites have been always distinguished by their high level of education, and these levels rose steadily after the reorganization period of the early 1950s. The largest jump came between 1969 and 1976,

the beginning of the adaptation phase and it continued. Of the thirty-one Central Committee (CSC) members elected in 1993, twenty-eight had college education, and of these twenty had graduate degree (Dickson, 1997, p. 113).

The GMD reformed the central party organs in the 1972, reassigning responsibility for some tasks and adding newly created offices. This was followed by the wide-ranging personnel changes, both in the central party organs and in the local party offices. These changes served two related purposes: first, it was part of Chiang Ching-kuo's succession strategy. By sponsoring the structural and personnel changes, Chiang gradually accumulated resources necessary to solidify his position as party leader. Second, they resulted in the Taiwanization of the party, intended to make the party more responsive to the wants and needs of the society (Dickson, 1997, pp. 116-117).

Taiwanization can also be understood as a responsive adaptation to the changes that were taking place in the Taiwanese society. By replacing mainlanders with Taiwanese in local posts where the people had direct contact with the party, the party gained the image of being responsive to local issues. By provided prominent posts to those among the younger generation with political ambitions, it pre-empted them from joining the 'brain drain', an indirect yet unmistakable critique of the political system. In addition, it wanted to discourage young people from joining the opposition by providing opportunities for political participation within the party. But by co-opting potential threats into the party, Taiwanization also introduced advocates of more wide-ranging reforms into the party. These internal pressures for change remained largely dormant until the mid 1980s, when they had a major impact on the party's willingness to accept democratizing reforms.

The peculiar and non Leninist nature of the GMD discussed in the preceding chapter is highly important in providing the political and social environment, which enabled democratization to happen in Taiwan. This factor permitted the development of a civil society, a middle class and the eventual emergence of an opposition on the one hand and allowed the leader of the GMD to act on the inhibited political centre effect and lead a democratization process from above on the other. The socio-economic and political conditions 'in Taiwan in the mid-1980s could not have forced Chiang Ching-kuo, however conducive they had become to democratization. The answer and reasons behind

democratization can be found to a large extent in the ways in which Chiang decided to react to the events and changes (Tsang, 2001, p. 129).

Chiang maintained many of his father's autocratic policies during the early years of his term in office. He continued to rule Taiwan as a military state under martial law, as it had been since the Nationalists re-established its capital on Taiwan, in anticipation of an imminent invasion by the People's Republic of China. For this reason, the United States maintained a permanent military presence on the island to defend its World War II and Cold War ally.

Chiang launched the "Fourteen Major Construction Projects" and "Ten Major Construction Projects and the Twelve New Development Projects" contributing to the "Taiwan miracle."² Among his accomplishments were accelerating the process of modernization to give Taiwan a 13% growth rate, \$4600 per capita income, and the world's second largest foreign exchange reserves. From 1955 to 1960, Chiang administered the construction and completion of the Taiwan's highway system.

Major changes occurred in Taiwan between 1950 and 1980. There was a rapid economic growth and the per capita GNP grew from USD 50 to USD 2,080 in 1980 (Tien, 1992, p. 16). This change in the economic scenario produced the socio-economic conditions, which Seymour Martin Lipset and other political scientist have identified as essential for democratic developments. These include a high literacy rate, improving economic conditions for individuals, urbanization, the existence of a sizeable and expanding middle class, and the emergence of a civil society. All these factors can be seen as present in the Taiwan at the time of Chiang Ching-kuo's rule (Tsang, 2001, p. 130).

The last change took place not because of the economic development but because of the fact that GMD was not a Leninist Party in the true sense of the word and thus, it could not penetrate and control all the organizations of any significance in the public sphere. Under the circumstances a new set of political leaders emerged who continuously put pressure on the regime from outside by contesting elections and other political measure...

² The "Taiwan Miracle" refers to the process of development and modernization that occurred in Taiwan in the late 1980s. It is referred to as the 'miracle' because a high level of economic growth and stability was achieved in a very short period. This change in the economic condition put Taiwan among the few developed nations economically.

These were from the section of the society, which had been exposed to the Western ideas (Tsang, 1999, p. 11).

In the provincial elections in the year 1977, these opposition candidates won 21 out of the 77 seats in the Provincial Assembly and 4 out of the 20 mayoral elections seats. The supporters of this group protested against the alleged irregularities in vote-counting which resulted in a serious clash with the police in the northern town of Ching-li. Chiang Ching-kuo on the other hand acted with restraint and directed the police to use minimum force and restraint from deploying the army, in order to maintain the law and order (Lin, 1998, p. 183).

In addition to above mentioned incident another act of opposition took place in the form of the *Formosa Magazine* using the publication and its network of regional offices to challenge the monopoly of power by the GMD. It staged a large scale public demonstration in December 1979. The GMD government under Chiang was deeply affected by this. Though we can see that Chiang was working towards the goal of democratization, the outside forces were pushing him harder and harder towards it (Tsang, 2001, p. 134).

Apart from the strengthening of the political opposition, the socio-economic changes in Taiwan were also gaining momentum. The civil society was becoming more and more fluid and differential at this time (Hsiao, 1991, p. 136). The social movements that emerged whether it was the consumer movement or conservation movement or women's movement, they all presented a common message. The message was one of feeling ignored and excluded. They all demanded that their interests should be looked after in the policy making process. Thus, the cry from both the political as well as the social fronts was for democratization. This was fully understood and acted upon by Chiang Ching-kuo.

Apart from the changes that took place outside two important changes that happened within the GMD also edged Chiang Ching-kuo towards democratization. The change in the composition of the GMD had itself undergone a considerable change in the past years. The process of Taiwanization was responsible for this change, which had begun in full swing from the year 1970s onwards. In the Central Committee only 9.3% of the members were Taiwanese in the year 1969 but this figure more than doubled to 20.7% in

the year 1980. In the powerful Standing Committee of the Central Committee, the change was all the more outstanding. In the year, 1969 only one member out of 17 members was Taiwanese. This figure rose to 9 out of 27 in 1979 and 12 out of 31 in 1984 (Domes, 1994, pp. 121-122).

After a long period of dominance of the mainlanders in the top positions of the party apparatus, Taiwanization brought into the fold new leaders who definitely had more to gain from democratization as compared to the old leadership. This process was further enforced by the rise of a younger generation of liberal minded leaders who had been exposed to the democratic ways of life through their long periods of study in the United States. Some of the notable example of this group includes, Lee Teng-hui, Lien Chan, Chien Fu, and Chen Li-an. With the passage of time as they gained access and were able, to gain top positions in the GMD apparatus they started working towards the goal of democratization with added zeal and fervour. Thus, we can see that the opposition towards democratization from the old leadership definitely weakened with the passage of time as the support base with the coming in of new and younger generation of the political leaders grew manifold (Tsang, 2001, p. 135).

The other development within the GMD was not so positive in nature. The party suffered from factionalism and from two major scandals. The de recognition by the United States also added to the pressure felt by Chiang Ching-kuo. Though, under the Taiwan Relations Act (TRA) of 1979, the United States would continue to sell weapons to Taiwan. However, the Taiwan Relations Act was purposely vague in any promise of defending Taiwan in the event of an invasion. The process of normalising relations with China at this time was also an important reason behind the formulation of the TRA. President Carter and the congressional drafters of the TRA sought to arrive at a formula, which will have a minimal commitment to Taiwan and would also meet the administration's domestic political requirements and the conditions set by the mainland (Goldstein and Schriver, 2001, p.170). But the United States would end all official contact with the Chiang's government and withdraw its troops from the island. Carter was so eager to announce the changes that were incorporated in the TRA that the American ambassador had to wake Chiang up in the middle of the night to inform him of the decision.

After this, the party faced two major scandals, which hit the GMD. First was the American investigation into the 1984 murder in California of Henry Liu, a Chinese American who had published in Chinese a negative biography of Chiang Ching-kuo. This gave way to rumours though unproven of involvement of Chiang's son Hsiao-wu. A year after this the image of the party was tainted by a financial crisis set off by fraudulent activities of the tenth credit cooperative, headed and owned by Tsai Chen-chou, a well known GMD legislator (Wu, 1995, pp. 40-41). This caused the resignation of Chiang yen-shih a close advisor to Chiang Ching-kuo at that time. He was also the Secretary General of the GMD. These events greatly disturbed Chiang and he tried to put the GMD in order and to re-invigorate it in ways possible. As, it was not possible to repeat, what had happened in the 1950s, the most feasible and practical step definitely appeared to be the democratization of the political apparatus (Tsang, 2001, p. 136).

Apart from the domestic changes, a number of changes had occurred in the international set up which highly influenced the pace of democratization in Taiwan. After 1972, 46 countries had de-recognized the ROC and the total number of countries which still recognized it had fallen down to 22 (out of a total of 166) in 1978 (Hsieh, 1985, pp. Appendix 4). In addition, the United States de recognition had also added to the international blow faced by the GMD. This was seen as Chiang as a political blow which could lead to a crisis in the long run.

What made this situation more complicated was the fact that it coincided with the launching of the economic reforms by Deng Xiaoping. These two events together changed the world in which the ROC existed. The opening of the Mainland was seen by the world as a new era in the history of the world and hoped that this would lead to a peaceful transition in the political sphere as well. There was a general belief among the world political analyst that there will be a peaceful transformation from one party rule to a multi party system on the Mainland (Tsang, 2001, p. 136). It was at this time that the Mainland launched a campaign propagating that it was in favour of a peaceful reunification with Taiwan, and would avoid the use of force under any circumstances.

This kind of stand taken by the mainland greatly affected the international perception about the no contact policy advocated by Taiwan at this time. With the passage of time it became increasingly clear to Chiang Ching-kuo that till a new set of economic and

political reforms were introduced in Taiwan it would be politically difficult to defend the Taiwanese stand against the mainland. He knew that the world still perceived Taiwan to be ruled by the Chiang Kai-shek dynasty (Tsang, 2001, p. 137).

The situation was further intensified as Britain and China reached an agreement in 1986 for the peaceful handing over of Hong Kong. Thus, we can say that the international political situations also forced Chiang Ching-kuo to ponder over options and to behave in a way that was decided by the changing conditions. He was increasingly forced to think about democratization as an option of change. Another important event can be the ousting of Ferdinand Marcos by the Philippines people, which made Chiang ponder over the option more and more (Long, 1991, p. 180).

These external as well as the internal conditions built up a 'convergence pressure' for Chiang Ching-kuo. It was also intensified by his deteriorating health. With the health condition worsening with the passage of time, one cannot deny that the question of successor was the prime worry for Chiang. Thus, it was no coincidence that in 1985 he made it clear through the 'Time magazine', that he did not want anyone from the Chiang family to succeed him, and as a leader, upholding the constitution and the rule of law was his prime duty (Chiang, 1991, vol. 15, p. 147). He was definitely working towards removing any kind of speculation that his successor would be from the family. This effort towards the removal of any kind of speculation regarding the nature of successor was undertaken because Chiang Ching-kuo understood the degree and the intensity of anger and discontent that such a speculation had among the people of Taiwan.

The prime task in front of Chiang Ching-kuo at this time of his life was to ensure the survival of the Government of Taiwan in the face of the increasing level of hostile international environment and to bring about changes in the GMD's internal structure in order to ensure its strengthening. During the last few decades, there was a high level of deterioration in the vitality as well as the moral standards of the members as well as the organization of the party. His other concern was to bequeath the successor whomever he might, be a strong and stable political system. In this condition democratization though introduced in limited and peaceful way appeared to be the only possible answer. Thus, on the Constitution Day in 1985, he made it public that the only way to succeed him was by following the Constitution and ruled out any possibility of a military government and

once again any speculation about any member of the family taking over the reigns of the government from him (Chiang, 1991, p. 524).

In the Third Plenum of the Twelfth Central Committee of the GMD, which was held in March 1986, he explained his thinking to the political leaders and advocated democratic reforms to be spearheaded by the GMD. He also stressed the fact that the most important thing in his mind was the future of China and he saw that the comparison between the Communist model and the GMD model was an inevitable truth of the future. He insisted on the need to stress the positive qualities of the GMD model over the communist model. The aim should be to fulfil the goals of the GMD revolution that is to build China based on Chinese culture, constitutional rule, democracy, free enterprise, social equality and eliminate privileges and oppression. He also emphasized that it was the historic mission of the GMD to develop democracy and uphold freedom and to bring them to every corner of China (Chiang, 1991, p. 543).

It appears that by this time he had decided to commit the GMD towards the task of democratization. His commitment towards this can be seen in the fact that he appointed a twelve-man task group to look into four specific issues. Namely, how to lift the ban on formation of new parties, how to lift the martial law, how to revise the Taiwan Provincial Government Organization Law and how to reform the Legislative Yuan and the National Assembly (Nathan and Ho, 1993, p. 32).

Once he had decided in favour of democratization Chiang Ching-kuo pressed ahead and urged his colleagues to make rapid developments. At this, time the opposition also acted swiftly by pressing its cause more urgently. It was during this phase that the Democratic Progressive Party (DPP) was formed. This was definitely an illegal act at that time and a clear challenge to Chiang Ching-kuo's rule. Instead of attempting to suppress it, what Chiang Ching-kuo did was to tolerate this new political development. One cannot deny the fact that had he chosen to act aggressively, Chiang Ching-kuo had all means possible at his disposal to check the birth and the growth of this opposition (Hao, 1995, p. 334).

Another way of looking at the change can be that by ignoring the formation of an "illegal" political party, what Chiang Ching-kuo did was to seize the initiative of democratization from them. He moved with a faster pace due to the formation of DPP.

Within ten days of the formation of the DPP, he granted an interview to 'Newsweek'. In this interview, he publicly stressed that he was committed to the cause of developing democracy, highlighted the fact that his government for over four months had been seriously considering how to institutionalize proposals to confer legitimacy on the formation of political parties, and dismissed the formation of DPP as a passing and not so important political phenomenon (Chiang, 1991, Vol. 15, pp. 175-177). By acting in this manner, Chiang Ching-kuo managed to stay at the helm of the political power when the democratization breakthrough happened in Taiwan.

In 1987, Chiang ended martial law and allowed family visits to Mainland China. His administration saw a gradual loosening of political controls and opponents of the Nationalists were no longer forbidden to hold meetings or publish papers. The lifting of the Martial Law began a new era of democratization. Significant changes in political institutions included the granting of freedom of association, the formation of a multi-party competition system and the establishment of nation-wide elections. These have created opportunities for new modes of social organization because ideational innovation of ordinary people in social organizations becomes possible with freedom of association. For example, citizens can try to establish grass roots organizations in their own communities and build some type of nation wide associations dealing with environmental issues. Voluntary associations could prosper only after the lifting of the Martial Law (Chen, 2001, p. 74).

Though the decision to democratize was taken during the Third Plenum of the GMD in March 1986, it was the formation of the DPP and Chiang Ching-kuo's reaction towards it that marked the breakthrough. By deciding not to use power against the new party, when the law allowed him to suppress it, Chiang Ching-kuo demonstrated his political acumen and foresight to oversee the beginning of the democratic process and upholding his power in favour of this process. This act was to decide and shape the course of Mainland-Taiwan interaction in future.

One could say that the democratization of Taiwan was possible only because Chiang Ching-kuo was in favour of it. Without his support and belief in the process, it would have been almost impossible for the democratic breakthrough to take place. His active leadership gave the process the best possible start. Thus, we can say that Chiang Ching-

kuo was the key factor for the democratic breakthrough to happen in 1986 though the success of the democratization process also greatly depended on other external factors.

Chiang Ching-kuo appointed Taiwan-born Lee Teng-hui as his successor as Chairman of the Nationalist Party and President of the Republic of China, ending his father's hopes for continued dynastic succession.

Political theorists have pointed out that dominant one-party systems, especially Leninist one-party systems, have great difficulty surviving the transition from authoritarian to democracy. The party loses legitimacy with the emergence of democratic institutions, particularly electoral institutions. Leninist parties are particularly vulnerable because of their legacy of democratic centralism that puts state power in the hands of the top leaders and their espousal of ideological commitments to change the way human beings live in society. The GMD was reorganized on Taiwan with one exception: it acknowledged the desirability of democracy and pledged to end exclusive domination of the state when the political system was ready for constitutional democracy. This gave the GMD a safety valve which many Leninist Parties lacked (Hood, 1996, p. 469).

Because the GMD was not ideologically bound as many other Leninist Parties, leaders were more pragmatic in their approach to economic development and political reforms. Ideology has proved to be a key factor in limiting the capacity of the Leninist Parties to survive the transformation process. At the same time, GMD's pragmatism invited criticism in top level political circles and later broad based discussions, fanning the flames of sub ethnic rivalry and development of factions. With factions came elite conflict, which aided political liberalization in Taiwan as private debates became public debates and opposition leaders joined in the exchanges. The rise of political discussion drove GMD factions further apart and destroyed the legitimacy of democratic centralism in the process (Hood, 1996, p. 469).

By the early 1990s, two major groups could be identified in the GMD – the mainstream faction, primarily Taiwanese who constitute the party's majority, and the non-mainstream faction comprising mostly of mainland-born members or children of mainlanders born in Taiwan. But these are large groups comprising multiple factions. The Liberalization of the party and political system created a climate ripe for widespread factional development.

Samuel P. Huntington categorised Taiwan's transitional process as "transformation" which refers to GMD elite taking the lead in liberalizing the political system (Huntington, 1992). While other scholars propounded that the transition was not primarily elite led, or the result of a popular uprising, but was a function of "strategic interactions" between the GMD and the opposition (Cheng and Haggard, 1992, pp. 12-18).

The period of political reform in Taiwan lasted for almost 15 years, from Taiwanization in 1972 to democratization in 1986.

Chiang Ching-kuo's response to the domestic and international crisis of the 1970s had led to the development of a three-stranded policy. In domestic politics, it was a commitment to democracy and development in Taiwan. This was upheld to contrast the GMD government from that of the CCP. In foreign policy, the One-China principle was applied with increasing flexibility to counter Taiwan's international isolation. Meanwhile, pressures for initiatives, in mainland policy were satisfied by allowing indirect transactions with the mainland. The unavoidable implication of this difficult balancing act, however, was that One-China principle became more and more devoid of meaning. Though Chiang insisted that the One-China principle was the priority, in mainland policy it ruled out any compromise with Beijing. In the foreign policy, it ruled out the recognition of Taiwan as an independent state. In domestic politics, Chiang continued to stress that the government on Taiwan derived its legitimacy from the elections held on the Chinese mainland under a constitution designed for the whole of China. It was due to this that he insisted that the new political parties would be legal only if they did not assert independence. Though, after Chiang Ching-kuo's death this balancing act became more and more difficult for his successors (Hughes, 1997, pp. 50-51).

Economic Changes:

Between 1960 and 1980, Taiwan made significant economic achievements via export – oriented small and medium sized enterprises, and transformed its status to a newly industrialized economy. Both economic and political restructuring in Taiwan began in the late 1980s. Technology incentive industries such as computers and semi-

conductors have become the leading industries and democratization has also been consolidated to some extent. Taiwan is a very special case that can contribute to an understanding of how greatly transformation of economic and political structures can affect changes in the modes of social solidarity (Chen, 2001, pp. 61-62).

Throughout the 1970s, the industrial sector expanded, and the agricultural sector was almost marginalized. This pushed the agricultural sector to a stage where it was in major need for protection and subsidies. The restructuring of the economy in the 1980s has induced the concentration of business ownership and increased the entry barriers for micro and small enterprises. It also had an adverse affect on the income distribution. The Gini coefficient of household income distribution reveals a clear trend towards greater disparity between the rich and the poor during this period. The ratio between the income of the top 20 percent of households and that of the bottom 20 percent was 4.10 in 1980, one of the lowest in the world. By the end of 1992, it had risen substantially to 4.98 (Krongkaew, 1994).

The highly successful stage for the Taiwanese economy came in the late 1980s. This was due to three important reasons. One was the opening of China, which created opportunities and dilemmas of a new kind for Taiwanese industrialists. Secondly, this opening coincided with a new trend towards regionalized production networks – networks substantially driven by demand in markets in Europe, United States and Japan. Uncertainty and relocation engendered by these developments contributed to a severe macroeconomic problem in Taiwan in 1986-88, in which domestic savings began to far exceed investment. Thus, Taiwan in the 1990s faced a rapidly changing and problematic environment (Howe, 2001, pp. 53-54).

From the early economic developments in Taiwan, the economic co operations were made up of families. Thus, the operational attitude of most of the Taiwanese enterprises came from the family. Though, in the recent years the industrial development has reduced the level of family penetration in the economic structures (Chen, 2001, p. 69). In the 1980s, the proportion of small and medium-sized enterprises varied between 82 percent and 42 percent according to the type of industries. About 45 percent of the top 1000 companies in Taiwan were family enterprises in 1987 (Chen, 2001, pp. 70-71).

Among the high technology industries, the integrated-circuit industry has become one of the most important in Taiwan since 1980s. Most of the enterprises of this industry have been started by people of engineering background, and thus, this industry is almost completely devoid of any kind of family influence. Companies are able to build up their own codes of operation, and then these cultural factors are able gradually to substitute for the prevalent familial values in economic interaction, finally replacing them in the social interaction as well (Chen, 2001, p. 78).

When the Martial Law was lifted in 1987, the prohibition against the labour strikes ended, and this led to a marked increase in work stoppages. The labour groups in Taiwan played only a minor role in the transition to democracy. One could say that their subjugation had made them rather insignificant players in the society. Even when there were quite a number of signs of political awakening among them during the 1980s, organized labour was absent from collective action. The only conclusion for this can be that though the control of the GMD had declined in the corporate arena its domination over the workers had declined only marginally (Chu, 1996, p. 502).

The Democratic transition in Taiwan was accompanied with the emergence of a burgeoning labour movement that expressed itself in the formation of autonomous unions and the assertion of labour rights. Between 1986 and 1992, the unionized workforce increased almost by 13 percent or to 1.3 million members (Chu, 1996, p. 502).

The awakening of the Taiwan workers had both cut into profit levels and threatened managerial discretion. The first wave of labour struggles in 1988 enabled the workers from more than 30 companies to get an increase of 25 percent in their year end bonus. The management, which was accustomed to a docile labour force and always shielded from any kind of direct labour pressure, found the changing situation quite intolerable and reacted to it by obstructing the formation of labour unions, subverting strikes and influencing the government by threatening to withhold investment and relocate enterprises (Chu, 1996, p. 503).

The rapidly rising property and stock prices between 1988 and 1990 substantially increased the wealth of asset owners, while it impoverished low and lower middle income families. The National Wealth Survey conducted for the first time by the

government in 1991 disclosed a shocking polarization over the distribution of asset ownership. The value of asset owned by the wealthiest 20 percent of households was 17.8 times that of the poorest 20 percent. It was against this background that the DPP introduced the “welfare state” platform during the 1992 Legislative Yuan elections. This promised an extensive array of entitlement programmes including universal health insurance, subsidized housing and government-guaranteed retirement income for the elderly (Tien and Chu, 1996, p. 1149).

Most of the employers made great efforts to obstruct the emergence of autonomous unions by courting groups of workers with luxurious banquets and expensive gifts, encouraging them to form pro-management unions and dominate the executive committees. This happened at Far Eastern Textiles and the Hua Hsia Glass Factory. At the same time, employers warned workers who insisted on forming autonomous unions of the potential repercussions and enticed them with rewards for giving up their plans. If these tactics proved to be unsuccessful, the employers did not hesitate in firing the so called trouble makers.

Mobilization of workers resulted in counter mobilization among the capitalists, as was seen in the transportation companies’ collaboration in breaking the strike in Miaoli. This kind of chaos had not only endangered the lives and property of the public, but also threatened the very survival of enterprises in Taiwan. This forced the government to take urgent steps to restore social order.

Management’s protests at the symbolic level were reinforced by the massive relocation of industries outside Taiwan. Though, one can say that the long term structural changes, especially the rise of second tier newly industrializing countries, were the main reason behind the decline of the labour intensive industries in Taiwan. The timely revocation of martial law and the subsequent abolition of restriction on communication with the mainland opened up huge outlet for the relocation of industries. Even though this exodus by the industrialist was used to discipline the workers and warn the government (Chu, 1996, p. 508).

During the 1980s, the semi-conductor and computer industries were given impetus by the government. The other industries also gained a lot of government support. Almost all industries received fiscal incentives one way or the other. Export incentives

remained intact. A credit facility for “key industries” was also established to finance broad types of investments in anti-pollution devices and automation. Credit facilities for the SMEs, which were greatly enhanced during the 1970s to help them endure the hardship of economic downturn, saw drastic improvement in the 1980s (Tun-jen, 2001, p. 33).

In the 1990, the SEI was abolished and replaced by the Statute on the Upgrading of Industry, under which the government no longer promotes specific industries but rather provides only “functional incentives” for R&D, anti-pollution spending and other industrial upgrading activities (Tun-jen, 2001, p. 33).

With the ascendance of elected politicians both in the GMD and the political structure and in the formal policy-making, corruption, which had existed for a long time in local politics, made its way into the national arena. This structured corruption, which in the past included faction orchestrated election financing and campaigns, institutionalized vote buying and relentless pursuit of pork barrel projects, economic prerogatives and outright bribes for replenishing funds (Chen and Chu, 1992). Later this involved the infiltration of members of organized crime into local politics and collusion between local factions and big businesses. The GMD had no option but to tolerate this as it was itself struggling for absolute political control (Tien and Chu, 1996, p. 33).

Taiwan’s industrialization accelerated in the 1960s, but it was during the final two decades of the 20th century that Taiwan industry was drastically transformed. Between 1982 and 1997, the technology intensity of Taiwan’s exports had drastically improved. The semi-conductors and computer sectors had become leading exporters and the mainstay of Taiwan’s industry. Total factor productivity grew significantly from 1982 (Tun-jen, 2001, p. 34).

The primary changes that took place in the economic situation of Taiwan can be fully explained and understood from the definition of ‘political economy’. What happened in the political sphere was to a very large extent driven by the changes that were taking place in the economic sphere. Without the changes in the economic conditions, it would have been quite an impossible task to bring about the changes in the political set up. With the coming of greater economic stability and confidence that people could work and assert them towards gaining a higher degree of political change. The shift

from an authoritarian to a Democratic form of government was clearly the result of the higher level of economic integration, which Taiwan experienced with the international society. It would not be far fetched conclusion that the changes in the economic sphere paved the way for the changes in the political sphere.

Thus, one can conclude that the changes that took place after the death of Chiang Kai-shek and under the leadership of Chiang Ching-kuo completely transformed the mainland-Taiwan politics for the future. The impetus given to Taiwanization and ultimately to democratization changed the face of domestic politics as well and also changed the way the international community was perceiving Taiwanese politics as being dynastic in nature. Democratization can be seen as the most important transformation that was initiated by Chiang Ching-kuo. It can be said that the democratization of Taiwan took place as a result of a top down process, as the leaders were the most committed towards it whatever may be the reason behind it. The political life of Chiang was the most important period in the domestic politics of Taiwan. By democratizing, he clearly put Taiwan in a very different league from the mainland and thus also transformed the one-China principle and the issues related to unification. Democratization gave Taiwan a political identity separate from the mainland. It also portrayed the domestic politics as progressive and assimilative of the changes in the domestic as well as the international spheres.

Chapter Three:

Lee Teng-hui, Democratisation and the approach to One China

Policy:

Lee Teng-hui, GMD and the One China Policy

Political participation has been closely linked to the indigenization of Taiwan's politics. Since, 1945, political power in Taiwan had been controlled by the mainlander Nationalists who had fled to Taiwan in 1949 upon their defeat by the communist in the Civil War. The loyalty of the native islanders was suspect and thus the GMD denied them all the important positions and appointed their party people. Thus, the mainlander rule was viewed by the native population as a foreign domination for quite some time until the democratisation of the politics in the late 1980s. The lifting of the Martial Law, releasing of political prisoners, termination of curbs on speech and the press and the conduction of free election to the legislative bodies, local mayoralities and eventually to the presidency gave impetus to the already increasing Taiwanese participation in the local and national level politics through the 1970s and the 1980s. This was the phase when not only did the DPP (Democratic Peoples Party) grow in its political base but also the dramatic change in GMD's composition and native Taiwanese participation in its power structure. This process of indigenization received its biggest boost by the appointment of Lee Teng-hui¹, a native Taiwanese as the vice-president in 1984 and his succession to presidency in 1988. Lee Teng-hui's election as the president gave further boost to the process of democratisation. Lee became the first Taiwanese born president of the Republic of Taiwan on 13th January, 1988 (Lee, 1999, pp. 13-24).

Lee Teng-hui's succession was viewed with suspicion by the mainlander old guards. Nonetheless, one cannot deny the fact that Lee's succession changed the public face of the GMD. Lee Teng-hui's attempts at greater political reform alienated a number of party members. Two competing blocs developed within the GMD with Lee heading

¹ Lee had been a popular mayor of Taipei between 1978 and 1981, and the governor of Taiwan province between 1981 and 1984.

the 'mainstream faction' and Hau Pei-tsun² leading the 'non-mainstream' one. The power struggle between these two blocs in 1990-91 revolved around a number of policy issues. These included whether Taiwan should speed up cultural and economic exchanges with China, whether pro-independence exiles should be allowed to return to Taiwan and constitutional changes.

The intra-party power struggle between the so called mainstream and non-mainstream factions inadvertently accelerated the trend of Taiwanization and also provided the impetus for abandoning the core commitment of GMD towards Chinese nationalism. This also checked the scope of the elite to restrict the development of democracy. It also facilitated the ideological accommodation with the opposition on the issue of democratic reform and national identity. On his way to power consolidation, Lee Teng-hui successfully shifted the burden of defending orthodox lines which included issues like defending the extra-constitutional arrangements of complete power and control in the hands of the President amid a global wave of democratisation, insisting on the 'One China' principle at a time when virtually all major powers had shifted their diplomatic recognition to the PRC, and upholding a Chinese identity in the times when the re-emergence of Taiwanese identity was the most important phenomenon in the domestic scenario (Chu and Lin, 2001, pp. 115-117).

The accumulation of animosity and distrust among the rivals and opponents simply hardened the resolve of Lee Teng-hui and his allies to accelerate the trend of Taiwanization and speed up institutional reforms, especially in the direction that would undermine the power base of his rivals. After the abolition of the Temporary Articles in May 1991 and three phases of GMD – directed constitutional revision in the first half of 1990s, most of the legal obstacles that hindered a normal functioning of representative democracy were removed. The December 1992 Legislative Yuan election brought in a new parliament wholly elected for the first time by the people of Taiwan. It was also the first time that the GMD formally surrendered its governing position to a democratic contest, and also signalled the end of mainlanders' domination in national politics. Hau Bei-tsun was forced to resign from the premier post after the election, and as a

² He was the Defence Minister at the time of Lee Teng-hui accession to authority.

consequence, the non – mainstream faction was thoroughly marginalised from the power centre (Mao and Chu, 1996).

After this, Lee Teng-hui enjoyed full control of the state as well as the party apparatus. He introduced more constitutional changes to move the system away from parliamentarism to semi-presidentialism and redefine cultural orientation of the state, from cultivating Chinese identity to endorsing burgeoning Taiwanese consciousness (Chu and Lin, 2001, pp. 121-122).

After becoming the President, Lee Teng-hui formally changed the ‘three no’s’³ policy. A distinction was made between private, people to people contacts and official government’s one. In October 1990, Lee convened a consultative body, the National affairs Council (NUC) to advice on regulating the flow of people and goods across the strait. A Mainland Affairs Council (MAC) was established to direct cabinet-level planning, evaluation and coordination of policy. Though the MAC was officially under the Executive Yuan, the highest organ of the state, in practice it remained at the disposal of the Presidential Office.

Lee Teng-hui initially continued his predecessor’s policy of balancing of mainland and foreign policies while keeping the question of national identity separate from that of democratisation. The mainland policies were such that it could both placate Chinese nationalist and also allow the island’s population to enjoy the full benefits of the opportunities offered. In July 1988, the Executive Yuan approved regulations governing the import of publications, films and radio and television programmes from the other side of the Taiwan Straits. In the April 1989, permission was granted for news-gathering and film-making to take place on the mainland (Hughes, 1997, p. 53).

Contacts between unofficial organizations also began to develop. In April 1989, it was announced that athletes from Taiwan would be participating in international sports events held on the mainland, under the name ‘Chinese Taipei’. The flow of exchanges had also begun to be two way in November 1988, when regulations were altered to allow mainland citizens to visit sick relatives or to attend funerals in Taiwan. Permission was

³ Promulgated in 1981, the so called ‘three no’s’ included ‘no negotiation, no contact and no compromise with communism’

also granted to scholars and students from the mainland residing in Third World countries to visit Taiwan (Hughes, 1997, pp. 55-56).

The foreign policy called 'practical diplomacy' under Chiang Ching-kuo was renamed 'flexible diplomacy' under Lee Teng-hui. This definitely drew the attention to a new boldness in interpreting the implications of one-China principle. This was to change the position taken by Taiwan in maintaining relations with other states (Yao and Liu, 1989).

As the PRC began to face the turmoil of the demonstrations on mainland in 1989, it provided Lee Teng-hui with fresh opportunities. In March, 1989 he made the first official trip since 1950, when he made a four day visit to Singapore. This did not strictly break the one-China principle as Singapore at that time did not recognise Beijing or Taipei as the legitimate representative of China. This trip though can be seen as some respite for Taiwan as Singapore had announced that it would recognise Beijing after Indonesia did so. When Lee Teng-hui was received as the 'president from Taiwan', it was felt in Taiwan that the manner of reception was appropriate for a head of state (Moody, 1992, p. 144).

This experienced had strongly galvanised Lee Teng-hui with new confidence. On his return, he announced that he would continue to visit states, which recognised Beijing as the sole representative of the whole of China. In the same month, Lien Chan the foreign minister of the Lee Teng-hui government tilted the balance further towards the two-China's policy when he announced that the mainland policy of Taiwan could be described as 'one country, two equal governments' (Hughes, 1997, p. 54).

This movement towards dual recognition was finally put into place on 20 July 1989, when Taiwan established formal diplomatic ties with Grenada, a state already enjoying formal ties with Beijing. When asked what this meant for the one China principle, Lee Teng-hui pointed out that the simultaneous recognition of West Germany and East Germany by 122 countries had not prevented the unification of those states. It holds true for the recognition of the two Koreas by 83 countries, which stopped the talks between North and the South Korea (Lee, 1991, p. 78).

If dual recognition had been acceptable to Lee Teng-hui it was not so for Beijing. It broke all relations with the states, that had established relations with Taiwan saying that Taiwan under Lee Teng-hui was adopting 'two-Chinas' policy (Hughes, 1997, p. 55).

The industrialized states could not overlook the importance of Taiwan in the world trade order. When an application was made by Taiwan for membership of GATT on January 1, 1990, it had the world's thirteenth largest volume of merchandise trade, standing at USD 118.5 billion. Not less than 32.7 percent of this was conducted with the United States. The Bush government was thus, rightly concerned about gaining more access to the Taiwanese market. In mid-1991, the Bush administration threw its support behind Taiwan's application and this was soon followed by the European Community. A working group was set up to review the application under the article of the GATT Charter that would allow for membership while saving the one-China principle by giving Taiwan and the archipelagos under its control the status of a 'customs territory'. The 'Customs Territory of Taiwan, Penghu, Kinmen and Matsu' was eventually granted observer status on 29 September, 1992. Meanwhile Taiwan announced that it would lobby the third world countries like India and Pakistan, which were close to China, while plans were drawn for semi-official trade offices in the subcontinent (Financial Times, May 24, 1990).

Thus, one can say the by the early 1990s. The balancing of Taiwan's mainland and foreign policies had provided a pragmatic mode of responding to changes in the mainland and international arena. The one-China policy was definitely taking a back seat by the 1990s in the external relations of Taiwan. But in the domestic arena, it was still the ideological and legal argument for the GMD's legitimacy as the ruling authority (Hughes, 1997, p. 55).

Under the presidency of Lee, a number of changes were incorporated in the domestic political sphere. The Central Standing Committee passed a programme to reform the two elected bodies the Legislative Yuan and the National Assembly. He also introduced a retirement scheme for the veteran legislators, and the numbers of directly elected National Assembly seats were increased to 225 out of the 325. He also abolished Article 100 of the criminal code, which made it illegal to advocate either Taiwanese independence or Communism. On December 25th, 1990, Lee announced that the state of

civil war with China (the Period of Mobilization against the Communist Rebellion) would end on the 1st of May, 1991. By doing this one can say that Lee was not only rejecting the use of force for unification but he was recognizing the CCP as a political entity which was in control of the mainland. By doing this one can say that Lee was treading a fine line. On one hand, he was trying to maintain the one China principle while on the other an attempt was being made to bring the party more into line with its native Taiwanese membership.

During this period, the percentage of the native Taiwanese in the GMD's Central Standing Committee rose from under 20 percent in 1976 to about 60 percent in 1993, while the membership in the Central Committee rose from just over 10 percent to about 70 percent in the same period. This meant that more Taiwanese were elevated to the decision making positions, greater use of the Hokkienese speech as opposed to Mandarin, and more attention was given to Taiwanese art. An uniquely Taiwanese identity, distinct that from the mainland began to evolve during this time.

In August 1988 the Mainland Affairs Task Force and in October 1990 the National Unification Council was formed in Taiwan in order to discuss matters between both the sides as the governments were not ready to talk. This was due to the reason that any form of negotiation would mean recognition by both the sides of each other (Gupta, 1997, p.86)

In addition to the above mentioned Cross Strait Affairs bodies two more were established in the early 1990s. Taiwan's Straits Exchange Foundation (SEF) was set up in November 1990 under the MAC to conduct unofficial contacts and negotiations with the mainland. Following year China set up the counter part body for SEF called the Association for Relations across the Taiwan Straits (ARATS). While the SEF aimed at promoting contacts and exchange between China and Taiwan, ARATS aimed at encouraging the postal, trade, maritime and air links, and to carry out peaceful reunification based on "one country, two systems". Representatives from SEF and ARATS met in Singapore on the 27-29 April 1993. These negotiations were called the Koo-Wang talks, after the head of the SEF delegation, Koo Chen Fu, and the leader of the ARATS party, Wang Daohan.⁴ Although these talks are symbolically significant, no

⁴ While Koo was a Taiwan born industrialist, Wang was the former mayor of Shanghai.

agreement was reached on the agenda items.⁵ There were decisions to have follow up talks in November 1993(Lee, 1999, p. 22).

The question that one can ask is why China agreed to Koo's visit when it was clear that there were no prospects for concessions. One factor could be the forthcoming legislative, mayoral and city council elections in Taiwan in December 1998. Some Chinese analysts believed that the GMD could lose its majority to DPP in the forthcoming elections. Whatever may be the level of distrust for Lee Teng-hui, it still preferred GMD to DPP. Agreeing for Koo's visit was a way of helping GMD to stay in power. This gave GMD the credit for improving the cross straits relations. China also hoped that GMD's victory this time would diminish the chances of DPP's victory in the 2000 elections (Lijun, 2002, p. 31-35).

Seeking not to lose political ground to the DPP, the GMD with the liberalization began an internal transformation of the party. Although all the vestiges of its Leninist character remained and Lee Teng-hui made all the important decisions, the party definitely became more democratic in its structure and operations. Democratic reforms meant ending the Period of National Mobilization. This change also had profound impact on the relations with the mainland. This meant that the illegal status of Beijing had to change. The ground work for this was already done by Lee when he had insisted that talks with mainland authorities could be carried out on a government to government level. He now established a new organization the National Unification Council (NUC), under the office of the President. This was done to coordinate the emerging constitutional reforms with the mainland. This new agency began operating on 1 October, 1990 with the primary purpose of making suggestions to the president regarding overall unification policy. But its objective was made clear as being, 'to integrate opinion at all levels of society and in all political parties concerning the issue of national unification' (Hughes, 1997, pp. 66-67).

The main purpose of NUC was to support the mainland policy of Lee Teng-hui. Its first task was to systemise and make into official policy the strategy of increasing activity between the two sides of the Taiwan Straits, while postponing the ultimate

⁵ The agenda items included agreements on repatriation of illegal immigrants and hijackers and fisheries dispute. Though, four agreements covering communications across the Strait were signed.

questions of sovereignty that this raised until an unspecified time in the future, thus placing the goal of 'national re-unification' in the distant future (Hughes, 1997, p. 67). It became clear that the further apart the political and economic systems of the two sides of the Taiwan Straits might grow, the further away would be the actual act of unification.

Further more Lee Teng-hui announced that the existence of the Chinese mainland as a 'political entity' could no longer be denied. It had somehow become central to the Taiwanese policy that Beijing must accept that Taiwan was a separate political entity too, and one which must be allowed to join the international organizations before any progress can be made on unification. The concept of 'political entity' was thus a way to put aside the issue of sovereignty and allow a return to the international society. This could also be used to hold out to the mainland as a theoretical concept under which the cross-strait links could be developed further (Hughes, 1997, p. 68).

The term sovereignty has become one of the major terms of political debates. Krasner identifies four characteristics of sovereignty. They are : the ability of a government to regulate the movement of goods, capital, people and ideas across its borders, the states effectiveness or control, whether a state is recognized by other states and finally the autonomy of domestic authority structures – that is, the absence of authoritative external influences. Taiwan possesses each of these characteristics of sovereignty (Wachman, 2002, p. 696).

The changes in Taiwan's unification position can be understood by the number of changes that have appeared in the phrases used by Lee Teng-hui in describing the relations across the Taiwan Straits. When he assumed office in 1988 Lee Teng-hui claimed that "One China was the supreme principle". But on February 23, 1988, Lee insisted that it was "One China policy and not two Chinas policy". This underwent a change when in 1990; Lee raised the notion of "One China, two governments". He insisted that it was a fact that could not be ignored. In its 'Guidelines for National Unification' of February 1991, Taiwan held that "there is only one China", but for the first time it used the notion of "one China, two political entities". After 1991, Taiwan began to emphasise that "Taiwan and the mainland are both parts of China" and the PRC "is not equivalent to China". It would no longer compete with Beijing for the "right to represent China" in the international arena. Rather it began to emphasise that the two

parts of China should have equal rights to participate alongside each other in the international community as equal prior to the unification (Lijun, 2002, pp. 16-17).

By 1993 Taiwan's position on sovereignty had changed. It now stated that there was one China but it was administered separately by the ROC and the PRC in two different parts. It also insisted that Taipei had "exclusive sovereignty over the island of Taiwan, the Penghu Islands and Kinmen and Matsu Islands. At Seattle APEC meeting in November 1993, Taiwan raised the notion of a "transitional 'two Chinas' policy heading towards unification, through its Economic Minister, Chiang Pin-kung (Lijun, 2002, p. 17).

The White Paper on cross-strait relations issued by the ROC in 1994 further changed the situation. It pointed out that "the two sides should be fully aware that each has jurisdiction over its respective territory and that they should coexist as two legal entities in the international arena". Thus, one can see that after this the emphasis shifted to "coexistence of two equal international legal entities". The term legal can also be understood in the sense of sovereignty. It can imply two international sovereign entities (Lijun, 2002, p. 17).

After 1994 Taiwan used the term "two equal political entities" across the straits without mentioning "One China". In November 1997, in two separate interviews with The Washington Post and The Times of London, Lee Teng-hui declared Taiwan as "an independent, sovereign country, just like Britain or France" (Straits Times (Singapore), 9 November 1997). Though after being put under pressure for making such a statement Lee accused the journalists for having misquoted him and he tried to clarify his position by saying that by Taiwan he meant the ROC.

Later in 1999, at a lunch in his hometown of Sanchih in Taiwan, Lee said "it can be said for sure that Taiwan is an independent state. Taiwan is Taiwan. This is a clear matter". He also added that the message would be conveyed to Beijing when the two sides resumed high-level negotiations (South China Morning Post February 18, 1999). Here Lee Teng-hui definitely gives a big hint towards the two states position.

On July 9, 1999, Taiwan formally raised the two states theory for the first time. Taiwan defined its relations with the mainland as between two states though a 'special one'. This can be regarded as a great leap. Earlier Taiwan had never claimed to have had

separate sovereignty from the mainland. This two states theory of Lee Teng-hui can also be seen as a violation of the ROC's State Constitution. The Constitution had never split the ROC's sovereignty between the ROC in Taiwan and the PRC (Lijun, 2002, pp. 17-18).

It was known that the Chinese had become quite sensitive regarding the domestic as well as the international issues after the bombing of the embassy in Belgrade in May 1999. Then why did he choose this time to come up with the two states theory? There is no other explanation except the fact that he wanted Beijing to make the expected angry remarks. This could be used to show to the world and especially to the United States that Beijing could not control its anger and the tremendous domestic pressure to use force. In such a situation United States would have to get involved. No American statesmen could be expected to tolerate Chinese attack against a democratic Taiwan. This might worsen the relations between China and the United States, thus, helping Taiwan politically in the long run (Lijun, 2002, p. 20).

Whatever Lee Teng-hui has done in order to antagonise China has been an effort to put Taiwan always in the limelight in the international sphere. He believed that international silence kills. He wanted to gain the attention of the international media in order to remind the world of Taiwan's plight. The same holds true for the effort taken by Taiwan in sending its leaders for political meetings abroad for almost any reason possible and also the effort and money spent by Taiwan on its 'pragmatic diplomacy'. Thus, it becomes clear that how whenever the Taiwan issue would calm down worldwide Lee Teng-hui would make another famous splash. Either he would ridicule the PLA or call ROC 'father' and the PRC 'son' (Lijun, 2002, p. 19).

The situation that the both sides are under the above discussed circumstances it is quite understandable the need of both sides of the Taiwan straits to claim legitimacy over the whole of China. The number of labels used by Taiwan, Mainland and foreign states and also international bodies suggest how much the old "one China" solution has eroded due to the number of new developments in both the economic as well as the political conditions prevailing in both Taiwan as well as China. Thus, we come across terms like "the Taiwan Special Administrative Region of the PRC" (the proposed name under the "one country, two systems" formula Beijing seeks to implement), "the Republic of

China” (the official term in Taipei, used by some states that have full diplomatic relations with the ROC), the “Republic of China and Taiwan” (or “ROCOT” in many ROC officials’ statements and draft resolutions for Taiwan’s “return” to the United Nations), the “Republic of Taiwan” (in the most radical iteration of the platform of Taiwan’s Democratic Progressive Party), “China Taiwan” (the international Cotton Advisory Committee and the Interpol), “Chinese Taipei” (Asia-Pacific Economic Cooperation and the Olympics), “Customs Territory of Taiwan, Penghu, Kinmen and Matsu” (application to the GATT and World Trade Organization), “Taipei, China” (Asian Development Bank), “Taipei” (in “Taipei Economic and Cultural Offices,” the surrogate embassy and quasi consulates in the United States) and “China (Taiwan)” (United States official listing of agreements) (de Lisle, 2000, p. 37).

These labels also indicate that the question of relations across the Taiwan Straits involves many relating to law. Both the sides have looked into the aspects of the international political law. The issues primarily looked into are those of sovereignty, statehood and other sources of international status (de Lisle, 2000, pp. 37-38).

Lee Teng-hui’s United States visit and its effect:

Lee Teng-hui was invited by the Cornell University to receive its distinguished alumnus award in June 1995. Lee immediately applied for a visa to visit the United States but consonant with the terms of the Policy Review, the State Department rejected it. Secretary of State Warren Christopher personally assured the Chinese Government that Lee would never be allowed to visit the United States. However, the Congress intervened and Lee Teng-hui was granted the visa for the visit. These events turned the circumstances into highly political theatre. Lee was met with high officials in Los Angeles and his acceptance speech at Cornell received the maximum publicity. The Mainland in the mean time got angrier at the increase in the number of times the phrase “Republic of China” (an approximate of twenty times) was used by Lee Teng-hui. This phrase definitely applied a separate, sovereign status for Taiwan. In order to show retaliation Beijing immediately cancelled the second round of Koo-Wang talks (Dreyer, 2001).

This visit leads to a number of further complications in the Taiwan straits. Beijing responded with diplomatic outrage, and initiated a number of missile tests. While the United States down played the missile tests it did send its aircraft carrier *Nimitz* and its battle group through the Taiwan straits in December 1995. This clearly illustrates the level of tension involved in the Taiwan – China relations.

The *Nimitz* episode can be seen as an indicator to Beijing that the United States still considered the Taiwan Straits as international waters (Lee, 1999, p. 66).

Democratisation of Taiwan

The current discourse on the democratisation of Taiwan has endorsed Huntington's model with an exclusive focus on formal political institutions and electoral democracy. While this formulation continues to rein supreme both in academic and political discourses, it has attracted increased criticism as well. Daniel Lavine, for instance, contends that the formulation disregards the role of average people or non-elites as if they were not involved in the political process, or passively agreed to any outcome of the political transformation. In a similar vein, Laurence Whitehead complains that the current comparative work on democratisation has 'contributed to the empowerment of certain types of actor and the disempowerment of others', which may lead to the legitimization of a new hegemonic discourse. He points out that there has been a critical counter-current of studies on democratisation, which focus more on societal democratisation than institutional reform (Piper and Uhlin Ed., 2003, pp. 169-170).

There is another set of arguments about the democratisation of Taiwan among the Taiwanese Scholars. Cheng Tun-jen, Chu Yun-han, Hu Fu, Huang Te-Fu and Tien Hung-mao are some of the scholars who have discussed the transition of Taiwan from authoritarian to democracy (Winckler, 2001, p. 19)

It is understood that anything that contributes to the dismantling of authoritarianism and paves the way for building democracy can be called "democratisation". Here one needs to make a distinction between liberalization and democratisation of an authoritarian state. With Liberalization, the authoritarian regime relaxes state control over people and it may not be an attempt to lead to democracy. This distinction is important in the case of Taiwan because Taiwan's transition began as

liberalization of an authoritarian regime or one can say as the ruling party made base for the liberalization of the single party authoritarian regime. Much of the transition in Taiwan was concentrated in the late 1980s, from the lifting of the martial law in 1987 to the abolition of Temporary Provisions in 1991. The period of democratisation can be said to be concentrated in 1990s, as this was the phase in which several rounds of elections and constitutional reforms took place.

In the case of Taiwan, the transition to democratisation began under the leadership and initiative of the authoritarian Old Regime. However, it was more of an effort on the part of the authoritarian regime to strengthen its support base. As we know, that Chiang Ching-kuo after succeeding his father did initiate a number of reforms such as 'civilianization', 'technocratization' and 'Taiwanization'. Though these reforms were more an attempt to stabilize the government and the party we see that they do lead to democratisation in the long run.

Even during the period of 1990s, some aspect of democratisation did continue as the GMD retained the old constitutional infrastructure, which was a construct of the era of the authoritarian rule. One also needs to keep in mind that the opposition was not able to duplicate this structure immediately. The GMD continued to dominate the military and the police, technocrats and civil servants, education and social services within the state structure. Outside these, it continued to retain its own party organization, economic asset, media empires and political allies among both national businesses and local factions. One also needs to keep in mind that the most prominent symbol of this authoritarian rule which was the most prominent feature of Taiwan government for a long period was the understanding that the national leader Lee Teng-hui continuing as the designated successor of the previous leader, which makes him the direct representative of the Old Regime, despite the transformation of the regime and also his direct election.

One can also argue that the consolidation of Taiwan's democratisation began in the year 1991, even though the transition was not completed until 1996. No sooner had Lee Teng-hui taken oath as the first popularly elected leader than the observers started to raise the question of the change from 'democratic transition' to 'democratic consolidation'. The most prominent question was that to what extent is democratic consolidation possible in Taiwan. The Taiwanese political scholars like Cheng Yun-han,

Huang Te-Fu and Tien Hung-mao recognized several elements requiring change if Taiwan's democratic process were to continue. They were civilian control over the military, a judiciary independent of partisan intrusions and more competition among major political parties. Apart of these, other scholars had different grounds for concern. They were signs of "voter fatigue" that is declining participation in frequent elections (Winckler, 2001, p. 19)

Democracy will have two contradictory and unavoidable effects in Taiwan. With time as the Taiwanese democracy matures, Taiwan will become increasingly independent of the mainland, thus heightening the concerns in Beijing. At the same time, democracy is Taiwan's greatest defence against any hostile attempt by China to reunite the island with the mainland. The greatest difference between Taiwan and China is not the level of economic development but the difference in the political culture. The emergence of democracy has brought about major changes in the political sphere of Taiwan. Democracy has provided the people of Taiwan stronger incentives to fight for independence from the mainland (Hood, 1996).

The GMD leaders will continue to strengthen democracy as any attack from the mainland will only bring ridicule for it for attacking a peace loving democratic nation – even one over which Beijing claims legitimacy. The more Taiwan can approximate the democratic ideal, the greater the deterrent effect. Taiwan has been able to build democratic institutions of varying strengths. Though, the test for democracy comes from consolidation. The factions need to mature and what the GMD needs is leaders who understand democracy and can lead the party and the people in building intellectual and moral foundations that goes beyond the electoral institutions (Hood, 1996).

One of the potential dangers for the democratic consolidation in Taiwan is at the local level in the proliferation of elections. Taiwan's elections are scheduled well into the future. They amount to almost one almost every year. Too many elections not only burden the voters and waste resources but also can cause enthusiasm to wane and create a backlash to the electoral system. A related issue is the role of money in local politics. Local elections often become a money contest, with those who spend more likely to win the elections. Vote rigging and vote buying are considered as unavoidable. Wealthy notables are attracted to the politics, trying to combine wealth with power. Politics in

Taiwan is riddled with corruption and scandals and vote buying has been pervasive for both the GMD and non-GMD candidates. The political splits have been a revolt against the political machine and money politics. But for democratic consolidation, a more rigorous supervision and penalty system needs to be implemented to prevent steep slide of public confidence in the electoral process (Tan, Yu and Chen, 1996, p. 494).

Under the presidentship of Lee Teng-hui the One China Principle underwent major changes. Firstly, the Democratisation and Taiwanization, which gained momentum under his rule, were also responsible for the changes in the One China Principle. Though, Taiwan may not accept in clear terms that it is moving away from the goal of reunification with the mainland the changes that have taken place in the recent times in the political and economic spheres clearly highlight the degree to which they have moved apart. Democratisation has also led to a number of factions within the GMD, which have been responsible for the weakening of the party's public support and has also been responsible for the growing importance of the DPP in the local politics.

The process of Taiwanization, which was accelerated under Lee Teng-hui, has also led to the rise of a new Taiwanese identity quite different from the one that the people of Taiwan shared or believed in before Taiwanization. The growing number of native Taiwanese in the political sphere has brought the concerns of the native people to the forefront and the leading issues in the political sphere and the debates revolve around the concerns of the people and not the re-unification question. Lee has very successfully managed to put the question of reunification into the future.

The economic interdependence has also made the question of 'One China' quite complicated. Though, China has always tried to push for unification on the model of Hong Kong the Taiwanese have been right in saying that there are fundamental differences between both the sides. Taiwan is no doubt a bigger territory and also in which is politically different from the mainland. It has been governed by a very different form of government and economically also, it is larger than Hong Kong. Apart from these one also cannot ignore the fact that Hong Kong was a colony for a longer period of time in comparison to Taiwan. Secondly, Hong Kong was leased out to the British and the government could negotiate its return on these terms while Taiwan has been more

independent in its economic as well political set up and the government is trying to look for a suitable time in order to return to the mainland as a recognised authority.

These changes have also brought to the fore front the question of military pressure on Taiwan from the mainland. But one needs to keep in mind that the economic stakes are pretty high in Taiwan for the mainland to actually get into a military confrontation. Both Taiwan and china are depended on each other for the economic benefits. Today, the situation is such that the economic gains and loses are the primary driving force in the foreign policy decisions. A military intervention or an attempt to subdue the growing political trends on Taiwan would have double costs for the mainland if one takes into consideration the level of investment that comes from Taiwan into the mainland. Because of these changes in the relations between both the sides, it is becoming increasingly difficult for either side to comprehend a military solution to the 'Taiwan issue'. Secondly, the role of the United States can not be underestimated by the mainland. The United States to a very large extend has legal obligation to supply Taiwan with defensive weapons. One cannot overlook the fact that the United States exports more to Taiwan than it does to the mainland. This provides the United States with heightened economic interest in Taiwan as compared to the mainland.

Thus, keeping in mind the above positions that United States, mainland and Taiwan are it is quite clear that today the economic interdependence of these sides on each other has clearly complicated the situation more and more. There is no one single solution to the Taiwan question that one can decipher. It is different politically and it is economically important for both the mainland and United States. The strength of economic cooperation cannot be underestimated in today's international scenario. It is economic power that is the driving force rather than military power.

Chapter Four:

GMD and the Rise of Taiwanese Identity:

Introduction:

The discussion and debate that are based on the Taiwanese identity are not as new as we tend to believe. It is known that on an island a local identity is easy to define and form. There is a chain of events that have helped the Taiwanese to identify themselves in the historical context. Some of them are the connections with the Hokkein and the Dutch Explorers who came by water, the pirate loyalist Zheng Chenggong and the Japanese rule. The Liberation of 1945, the 1947 GMD killing of islander protestors against the corrupt governors and the GMD's efforts throughout the 1950's to build support through reforms and liberal economic laws in addition to the decades of military threats from the Mainland have been important catalysts in shaping the Taiwanese identity as we see it today. These are the most important elements in the formation of a consolidated Taiwanese identity.

The GMD government after it was relocated on Taiwan governed the Taiwanese people with the outlook that it was the legitimate government of the whole of China. It always tried to portray that it was looking the One China and not only Taiwan. This attitude of the government led to a number of grudges and dissatisfaction among the population of Taiwan. Taiwanese aspirations, identity and personality were crushed at the altar of the hope that Chiang Kai-shek would retake power in Beijing, a hope that was nurtured by him till his death. The nature of the GMD rule laid the foundation of the emergence of first, the consciousness of a distinctive Taiwanese identity overriding the fact of Chinese ethnicity of the Taiwanese population and second, the desire of Taiwan to have a distinct international recognition separate from that of PRC.

The recognition by the United States in 1979 further complicated this situation. This shift in the attitude of the United States initially started debates about government policy then about identity. It was only around 1983 that a major debate about the island's identity came to the fore front. It was during this time that many debates were taking shape around the ideas of a "Chinese Consciousness" and on "Taiwanese

Consciousness". However, one can say that this awareness among the islanders was a result of the common external threat they all perceived. A Taiwanese magazine called the *Shenggen* (Roots) in 1983 published an issue with the title "Taiwanese Should Not Want Chinese Consciousness." After this, the journal was closed by the GMD Government.

The GMD since 1949 had worked towards accelerating propaganda promoting the use of mainland symbols like Yellow and Yangzi Rivers, in order to make the islanders value their Chinese-ness. This method of propaganda developed a number of divisions in an already divided layer of ethnic society.

Argument about identity has always been a part of the political discourse but one needs to keep in mind that not every one on the island is in strict terms a mainlander or a Taiwanese. Former President Lee Teng-hui is a Hakka (from a pre-1945 immigrant family, but not from the long-dominant Hokkien Taiwanese group). Thus, one needs to keep in mind that, there are a number of forms of identities that go into making a composite Taiwanese identity. In last ten years especially, there has been a boost in the talks on what exactly constitutes the Taiwanese identity. The generation in Taiwan post democratisation of the island though born and brought up on the island can trace their ancestry back to the mainland. As a result of this the present identity can be seen as one which is mixed and quite complicated in itself. This brings the question of identity to the forefront. One can even say that today the politics in Taiwan is increasing based on the identity question. Though Taiwan is a multi party democracy one needs to keep in mind that it is a recent phenomenon. The questions, which are still at the core of the political debates, are the questions of unification with China and the Taiwanese identity.

Another aspect, which complicates this question, is that in Taiwan the term Mainlander can imply two different categories. One meaning can imply an external province person who came to Taiwan during or after the civil war and whose decedents are based in Taiwan. Another implies the residents of the mainland such as those who have acquired citizenship through marriage (Acharya, 2005, pp. 240-241).

These factors have made the study and understanding of the rise of Taiwanese identity important for the understanding of the Taiwanese politics as well. This chapter is an attempt to look into the causes and events, which led to the rise and consolidation of the Taiwanese identity.

The people of Taiwan have developed collective identities (they have a number of overlapping identities: just taking an example of the mainlander population, identity depends on the fact that whether they came on the island before 1949, in 1949 or after 1949). This can be understood in the context of their being different from the mainland. The issue of identity has further complicated the means to the solution for the reunification. The Taiwanese identity is asserting itself a different and independent of the Chinese identity. Because of this it is becoming more complicated for the Mainland to accept this as this would imply that there are two sets of identities present within One China. This also gives prominence to the question of the existence of a Taiwanese sovereignty.

Identity:

Identity formation is based on social experiences. These experiences can be regarded as something more than the lived experiences of the individuals. The formation of a group identity requires that the members of the group must have shared common experiences. The experiences could be remade anew with the passing of each generation. This can be done in the form of oral history or in written form as well. These experiences can include both social as well as political experiences.

Identity, which can be defined as a sense of who we are, and how we fit into the world around us can be effectively derived from the ways in which we perceive and react towards our day to day experiences on both the social as well as the political fronts. Thus, identities at one level can be said to be formed and negotiated through everyday experiences.

To understand the importance of the issue of identity in the context of the Taiwan question one needs to analyze and understand the concept and the debates on this issue. What makes identity so crucial to the future Taiwan, the Taiwanese people and the importance of it in the constant rise of the assertion of a separate political entity by Taiwan?

The most fundamental misunderstanding about identity is the widely accepted view that ethnic and national identities are based on common ancestry and common culture and therefore identity is grounded in antiquity. Ancestry and culture are the

ideological terms in which ethnic and national identities are claimed, as long as identity is discussed in these terms, antiquity seems a reasonable measure of its authenticity. However, culture and ancestry are not what ultimately unite an ethnic group or nation. Rather, identity is formed and solidified because of common social experience, including economic and political experiences (Brown, 2004, p. 2).

Taiwan can be talked about as the global hot spot of the world politics because it is continuously evolving its national and ethnic identities. These changes in the domestic identity perception of the people is greatly unwanted by the PRC as it definitely has grave consequences for the ethnic and national identity politics of the PRC.

From 1945 to 1991, the GMD government in Taiwan portrayed Taiwan as ethnically Chinese and claimed that it was the lawful claimant for the government in China. The changes in the recent political situation in Taiwan as a result of the democratization and other international factors have increased the Taiwanese people's claims towards a separate Taiwanese identity in contrast to sharing a common Chinese identity. This development has definitely put the mainland government in an awkward position. When Taiwan claimed to be sharing identity with the mainland (1945-1991), at least the question of Taiwan being a part of the One China was never an issue. If Taiwan was allowed to have a separate international standing on the point of identity then question of other ethnic minorities within China also claiming a separate identity will arise for example the Tibetans, the Uighur, etc. (Brown, 2004, pp. 2-3).

Taiwan's different socio-political experiences have set it apart from that of China. It is because of this reason that the Taiwanese identity does not smoothly correspond to any of the identities within the PRC. Before 1895, when Taiwan came under the Japanese rule the people of Taiwan did not think of themselves as one unified group. Under the Japanese, the people were classified based on race (Brown, 2004, pp. 3-4). The Japanese definitely tried to make the Taiwanese feel like they belonged to the Japanese cultural and political identity but the differences between them were so stark that it left the Taiwanese with a sense of non-Japanese identity (Chang, 2000).

During the nationalist martial-law rule (1947-1987), the Taiwanese identity became a strong regional identity. In this period, the Taiwanese people were excluded from political power and national cooperation. This led to the formation of the regional

identity, that they felt different from the people of the mainland. As the GMD asserted to be the rightful government for the whole of China, the people felt they were different from the other Chinese as the government was biased towards one set of its people. This also had great economic implications. The government was able to portray that Taiwan had a large and docile cheap labour, which was forbidden to strike, or to assert any of its demands due to the martial law. This portrayal internationally made the Taiwanese labour force quite attractive. As a result, a number of international companies set up their branches in Taiwan. This is what led to a steady growth of the Taiwanese economy in addition to the economic changes, which the domestic government also undertook to strengthen the economy. This is what is generally referred to as the 'Taiwan miracle'.

The nationalist government suppressed any outlets for the assertion of a separate state identity for Taiwan, this was often done brutally. The major shift in this policy was seen when in 1986, Chiang Ching-kuo the then President, tolerated the formation of the Democratic Progressive Party (DPP), when the formation of political parties was banned by the state. He also lifted the martial law in July 1987. These changes definitely set in motion the process of democratization of Taiwan. The people of Taiwan now directly elect the National Assembly (1991), the governor of Taiwan and the mayors of the cities of Taipei and Gaoxiong (1994) and the president and the vice-president (1996).

There have been further political changes in the political environment. Mainlanders and later on the Taiwanese were allowed to visit the PRC in the 1990s. Public demonstrations became frequent and almost legal. These changes in the political spheres worked towards the consolidation of the Taiwanese identity. With the passage of time, Taiwanese identity has become more and more inclusive, proud and nationalistic. Lee Teng-hui articulated this identity as inclusive of Taiwanese as well as the mainlanders (Brown, 2004, pp. 4-5). The consolidation of the identity was also due to the major changes in the economic sphere, which made Taiwan one of the important economic partners of the United States as well as the mainland with the passage of the time and the opening of the mainland in the 1989.

Thus, we can say that there have been a series of socio-political experiences, shared by the Taiwanese people, which have consolidated the Taiwanese identity over the years. When the GMD established its government on the Taiwan Island virtually

overnight the official language was changed from Japanese to Mandarin. This resulted in the loss of jobs of many Taiwanese who could not speak or write the language. This and a number of other grievances of the Taiwanese culminated in the February 28 incident. If not all then most of the Taiwanese had a relative or a friend who was affected by the crackdown. The family and friends of the people who were executed or imprisoned were under the scrutiny of the government for decades. Though we can say that this incident successfully eliminated all possible opposition to the GMD rule but on the other hand, it also led to the formation of a Taiwanese identity, which was to be a catalyst for future decades. These socio-political experiences have played a critical role in the formation of the Taiwanese identity, which is more political and assertive as well as regional in its characteristics (Brown, 2004, pp. 5-6).

Another important aspect, which needs to be kept in mind while thinking, and analyzing the Taiwanese identity is the differences in the experiences of the both the Mainlanders and the Taiwanese people from the 1945 onwards. This stems from the difference in the regime type. Both were governed by completely different forms of governments. The two important turning points in the rise and consolidation of the Taiwanese identity are first, the establishment of the government by the PRC on the mainland, which brought the GMD to the island, lead to the level of discrimination in comparison to the mainlanders, and second, the realization of full electoral democracy on the Taiwanese Island. Thus, we can say that the way the GMD regarded everybody on the island as one group also lead to the consolidation of the feeling of being Taiwanese first and Chinese later.

Political Factors in the Rise of the Taiwanese Identity:

The first question asked about the rise of the Taiwanese identity is the role of Democratization in shaping it. One cannot deny the fact that the democratization of the island has led to a surge in the question of the Taiwanese identity. The role of historical events cannot be overlooked when one is looking at the construction of an identity. In the case of Taiwan, both the Japanese as well as the Americans have had a considerable contribution in the formation of the Taiwanese identity.

Looking at history one can definitely argue that the Japanese were the pioneers in the field of the formation of the Taiwanese identity. The seed of a flourishing Taiwanese identity were sowed during the Japanese colonial rule. The post war political reconstruction also did help in watering the already sowed seeds of the rising identity. Throughout the post-war period, the Chinese State tried to propagate the formation of a Chinese nationality. These were continuously faced with resistance from the native Taiwanese especially from the families of the victims of the 28 February Incident.¹ The development of the ensuing Taiwanese identity has its historical roots as well. First is the Japanese colonial rule, which practiced a forced de-sinicization and second is the process of naturalization, which was also propagated, in full gear in the last few years of the Second World War. The Japanese colonial rule gave an early recognition to Taiwan as a semi-peripheral position as compared to China. The historical incident, which can be termed as the 'birth defect', occurred during Taiwan's decolonization and the reestablishment of GMD's rule after the war. (Chu and Lin, 2001) This incident in addition to the other historical incidents led to the formation and rise of a Taiwanese independence movement among the Taiwanese in exile. The GMD also tried to establish its control through the authoritarian steps of introducing re-sinicization and mandarization of the people of the island. Such policies led to the development of a suppressed but strong bonding among the Taiwanese native people and it is seen that as soon as the authoritarian policies were lifted it led to the rise of a strong Taiwanese identity. This rise can also be attributed to the 'birth defect' as it was in a form an indirect outcome of the GMD rule on the island.

Apart from these domestic events and causes there have been a number of international events and causes which have played a major role in the formation and rise of a Taiwanese identity. The major external catalyst in this process has been the United States. Through out the Korean War (1950-53) the promise and the commitment of the United States towards the maintenance of the ROC's sovereign status helped in anchoring

¹ On 28 February 1947, a single event of police brutality sparked a violent island-wide popular uprising by the disaffected native Taiwanese against the Nationalist rule. The Nationalist responded with a harsh military crack down. Thousands of native Taiwanese were persecuted and purged. The tragic event had a profound effect on the Taiwanese people.

its declining international acceptance in comparison to the PRC. However, this arrangement continued only till the 1979.

The recognition of the PRC as the representative of the One China by the United States in 1971 gave a dramatic turn to the international position of the ROC. This was followed by a number of international events, which ultimately put ROC in a precarious position. The loss of the United Nations seat to PRC, the expulsion from major international bodies and de recognition by major allies gave a set back to the claim of the GMD that ROC was the legitimate representative of all of China. This also in turn started to weaken its entrenched one party authoritarian rule.

Another major international event, which has helped in the strengthening of the Taiwanese identity, has been the disintegration of the Eastern Bloc. This event led to an increase in the surge for independence status among the newly formed nation states world wide. This also gave some impetus to the Taiwanese identity claims and gained a certain level of support worldwide. This also provided Taiwan with some room for diplomatic manoeuvring world wide as the talks and debates about a new world order came to the forefront which pictured China as the next emerging world power in conflict with the present one, primarily the United States.

However, one can say that both the historical seeds as well as the international factors would not have been capable of giving rise to a consolidated identity understanding without the increasing level of succession crisis within the GMD. Thus to understand the rise of the identity issue one also needs to look at the rising conflicts in the internal politics of the GMD in the post 1980s era. Other issues, which also need to be analyzed, are the electoral process at the national level and the increasing tension across the Taiwan Straits.

In Taiwan, Democratization has thus played a kind of 'pulling force'. It is due to democratization that people have come together in the electoral process and it has in process intensified their understanding of the group identity. This also leads to the process of formation of a sense of loyalty towards the political system. The practice of democracy in Taiwan definitely serves in adding to the feeling of belonging to a civic nation.

The hostile approach of the PRC towards the democratization of Taiwan which has been apparent by the military approach of it towards the elections on Taiwan has proved to be an important component in the consolidation of the rising Taiwanese identity in this period. The military threat issued by the PRC repeatedly has helped in the formation of a common destiny feeling among the majority of the Taiwanese irrespective of the ethnic divisions existing among them. It is a widely accepted fact that a common threat helps in building and strengthening the feeling of bonding among the people and this has been provided by the PRC threat to the Taiwanese. The sense of suffering demands a common effort from the people. This sense of suffering at the hands of a common enemy later goes on to become the part of the common collective memory of the group. Thus, the threat from the mainland has played the role of the common threat and has acted towards the formation of the collective identity among the Taiwanese people.

After looking at the above events one also says that group identities are not easily altered by domestic or global historical events but they need political inputs to be altered. One can say that national identities are not inborn but are a construct of the political manipulation and mobilization.

The democratization of the island also has been responsible in a number of ways in increasing the consciousness of the people towards their identity. This in itself was an outcome of the GMD's attempts to establish and modify itself in order to adjust to the changing political circumstances. Thus, one can say that as democratization was initiated by the GMD as an outcome of that the debates on identity were also initiated by the GMD though no doubt indirectly.

Role of Democratization in the Formation of the Taiwanese Identity:

Another important factor in the formation and consolidation of the Taiwanese identity has been the process of democratization and the role played by the elite of the society in consolidating identities.

DPP's formation and the building of the support base were based on the common sense of suffering and deprivation among the native Taiwanese people. This approach was undertaken by the DPP as it could definitely cut across the different socio-economic

strata of the Taiwanese identity. Thus, it was an ideal way of fighting the GMD's support base because of the socio-economic reforms introduced by the party.

Apart from the above mentioned condition, it was the power struggle within the GMD after the passing away of Chiang Ching-kuo that played the most critical role in the shift from the official ideological claim of a Chinese identity. This intra party struggle reached its peak when Lee Teng-hui was challenged by his rivals within the party for nomination of the presidential candidate. This period can be regarded as the most crucial for the growth, strengthening and consolidation of a Taiwanese identity.

When Lee Teng-hui came to power, he emphasized a 'Taiwanese' centred view and in the process shifted the burden of defending the earlier stand of a Chinese identity to his rivals in the party. He also managed the external relation of the island with a Taiwan centred view and successfully launched a series of bold policy initiatives.² This primarily divided the party on the domestic and foreign policies introduced by Lee and thus there were factions even on the stand of One China.

Lee portrayed it in a way that made the opposition appear as if they were more interested in preserving the historical method to achieve the One China solution and was thus more close to the mainland as compared to the people on the island. By doing this, he automatically put them under the category of conservatives and he on the other hand appeared as the one who had the welfare of the natives in mind. The popularity of Lee can also be attributed to his counterparts. The more they questioned Lee's commitment towards the Chinese Nationalism and objected to his seeking an ideological base the more he appeared as the one with the island concern in mind. Lee has continued assertion of Taiwanese sovereign identity in the international community also made him increasingly popular among the native Taiwanese. This increasing popularity helped Lee in enjoying full control of the political apparatus. As a result, he went ahead with the Taiwanization of the GMD political structure. In his one of the most famous interviews to the Japanese writer, Ryotaro Shiba, in the autumn of 1994, Lee spoke of 'the misery of being a Taiwanese'. This statement clearly implied that Taiwan had for hundreds of years was ruled by some foreign power or the other and never got an opportunity to determine

² The formation of two competing power blocs was triggered by the new foreign policy initiatives launched by Lee tung-hui.

its own fate. One can clearly see an assertion of self determination in this line (Chu and Lin, 2003).

The division within the GMD led to formation of the New Party (NP) by the Non-mainstream faction of the party. The main source of electoral support of the NP came from the mainlanders who were feeling increasingly marginalized because of the increasing Taiwanization of the GMD. The NP criticized Lee by asserting that he had a hidden agenda for Taiwanese independence. The Democratic Peoples Party on the other hand was inducing the feeling of ethnic identity and nationalism in order to increase the electoral votes.

The changes that were taking place in the social and political environment under Lee Teng-hui though made the NP and DPP realize the futility of pursuing the nationalist or the ethnic mobilization. The reason for this was that a large portion of the population had dual identities and they preferred the maintenance of a status quo in the society. The assertion of nationalist approach was also not fruitful as the mainlanders accounted for approximately only 16% of the total population and a huge proportion of the supporters of the NP came from the native Taiwanese. Another reason was that after almost 50 years of integration through marriages, work and school, friends and neighbours, a large number of Taiwanese have relatives who are mainlanders. Thus, it was almost impossible for the DPP to exclude the mainlanders. Here one can point out what Juan Linz has concluded in his study. In a heterogeneous society where people of various primordial backgrounds live together, 'building a nation-state solely on primordial ties is nearly impossible and always too costly; therefore, most nationalist elites who promote separatism are eventually induced to put more emphasis on territoriality and to shine less spotlight on primordial characteristics, albeit the importance mobilization in their initial development stage (Chu and Lin, 2003).³

Lee Teng-hui was able to harness more support by talking about a shared sense of identity among the Taiwanese people and instead of talking about complete independence he propagated the 'two China model' and was flexible as well as ambiguous on the question of national unification. At the same time, the GMD characterized the NP stand

³ Juan Linz (1985) has made this argument based on his empirical study of the nationalist movements in the Spanish and French Basque countries as well as in Catalonia and Galicia.

of unification as disloyal towards the people of Taiwan and the DPP stand on independence as irresponsible.

The above changes in the political relations among the newly formed parties clearly highlight that the democratization of the political process had successfully narrowed the gap between the pro unification and pro independence propagators. Democratization brought changes not only in the political arena but also in the social arena. It brought people from various social backgrounds as well as political beliefs together through the process of voting, campaigning, political participation, political discussions etc. Thus, a large number of common people were drawn in the political process. This also made the people accept the island as an independent legitimate governing unit. With democratization thus came constant interaction among the people on various social and political issues. It was seen that democratization absorbed a number of wide variety of opinions and ideologies. This provided the people with a sense of collective identity. 'Democratization has brought people into constant participation and has thus transformed Taiwan from a geographical unit to a political society and the term Taiwanese from an ethnic term for the native Taiwanese to a civic term for the citizens of Taiwan.'

Cross Strait Relations in the Rise of the Taiwanese Identity:

Cross Strait relations can be seen as both external as well as internal factor in which has played a very crucial role in the rise of the Taiwanese identity for the last five decades. The dynamics of this relation underwent a major change with the recognition of PRC as the legitimate representative of the whole of China as against ROC by the United States in the 1970s. The situation is further complicated by the United States commitment towards the security of the Taiwan in case of a military attack from the mainland. The constant attempt by the PRC to deter the Taiwanese from any attempt towards independence has in a number of ways strengthened the urge among the island people for a separate identity. However, in the recent years the high level economic contact have reduced the distance among the people but has provided an impetus towards the rising demand of a separate Taiwanese identity among the people of the island.

The political dynamics of interaction between the Taipei and Beijing operates at a number of different levels. The primary one is on the question of independence. The most important goal of Beijing with regard to Taipei is to deter it from gaining independence in the near future and force it to accept the one country two systems model. While the primary aim of the Taipei is to discredit the Beijing claim over the Taiwanese territory and as the representative of the whole of China before the international community.

The economic interaction is the second most important platform of interaction between the two sides. Both the sides clearly try to use this large quantity of economic interaction for their own political gains. The mainland asserts that it is working towards increased economic integration with Taiwan in the hope that this will ultimately be able to force Taipei to look for a peaceful means of unification with the mainland. Thus, Taipei will have to give up the claims of sovereignty. On the other hand, Taipei is trying to limit the level of economic integration with the mainland as it believes that Beijing will ultimately compromise the islands political autonomy for economic benefits.

The third major area of interaction has been the continued interference of the mainland in the domestic politics of Taiwan. During the democratization of the island, the primary debates were on the foreign policy relations with the mainland. The show of force by the mainland on the eve of Presidential elections in Taiwan only worked towards the consolidation of resentment for the mainland.

These three areas have constantly brought the debates on the issues of identity to the forefront. The primary question today is that whether Taiwanese people regard themselves as 'Taiwanese' or as belonging to the one consolidated group of 'Chinese'.

Past attempts to suppress Taiwan political identity have only strengthened it and it is likely that any such attempts in the future will also lead to similar effects. PRC needs to understand this fact and needs to accept that the more it is working towards non acceptance of the Taiwanese identity the more consolidated it is becoming day by day. Considering all these ways in which the Taiwanese identity is rising and becoming strong with each passing day one needs to understand that Taiwanese identity is becoming more and more different from the Chinese identity. If this process continues then the unification can become highly problematic and may be impossible due to these identity differences, which are becoming highly real.

Conclusion:

The relocation of the GMD from the mainland to the island of Taiwan completely transformed the relationship between the Mainland and Taiwan for the coming decades. The GMD after its defeat at the hands of the CCP in the Civil War were forced to leave the Mainland and establish government in Taiwan. Even after the establishment of authority on the island, the GMD under the rule of Chiang Kai-shek always asserted the fact that though GMD was the legitimate and the sole representative China. The assertion as the only representative of China emerges from the fact that the GMD always believed that there was only One China and that Taiwan was a part of this One China. The only debate due to the relocation of GMD on Taiwan was that of the legitimacy of the governments. The party also envisioned the ultimate goal would be of the re unification of the whole of China (Taiwan and the Mainland) under the leadership of the GMD. This was the position held by the GMD in 1949. Even today, both sides are on agreement that there is only One China and the solution to the debate of the legitimacy of the governments is re unification. But the changes transformation within the GMD has affected the position on One China.

With the passage of time and changes in the domestic as well as the international situations, the 'One China' policy has undergone various transformations even though both sides agree to the fact that there is only one China. The succession from Chiang Kai-shek to Chiang Ching-kuo can be seen as the most important political change that occurred in the GMD. Initially when the GMD moved to Taiwan in 1949, it established control by the use of authoritarian form of government.

Chiang Kai-shek established his authority on the island with the help of a number of strong political measures like using martial law, curtailing the freedom of expression in the political sphere and giving benefits to the mainlanders who had come to the island with him. The mainlanders were the primary supporters of the GMD government and the local Taiwanese were not given much of space in the working of the government. These measures were beneficial and feasible during the tenure of Chiang Kai-shek because one cannot ignore the fact that he was trying to establish a government in a completely

different and to some extent hostile environment. During his rule, any kind of opposition was dealt with heavy hand.

While under the rule of Chiang Ching-kuo, what happened was that he successfully managed to adapt to the changes in the external environment as he realized that you cannot keep changing the external environment according to your convenience. The changes, which took place during the rule of Chiang Ching-kuo, were the ones that were to have the maximum effect on the 'One China' policy followed by Taiwan. It was during this time that the process of Taiwanization as well as Democratization started with full force. He was the first person to bring about the changes that were to redefine the relation between the mainland and Taiwan. He definitely understood the need to modernize in both economic as well as the political sphere. It is during his rule that the drivers of economic change and different forms of political economy became strong. The major changes that took place in the economic sphere definitely decided to a very large extent the course of action that the political process was to undertake. When compared to the rule of Chiang Kai-shek, Chiang Ching-kuo was more tolerant of the political opposition and changes. Even though he could have chosen to deal with the formation of DPP with a heavy hand, he chose not to do so. This clearly highlights his political shrewdness as well acumen. He saw the changes and wanted to use them for his advantage rather than giving the credit to the opposition. He clearly saw the changes that were inevitable and realized that the cost of ignoring them and trying to go against them could be quite high. Thus, he decided to be a part of these changes and not be against them.

The 'Taiwanization' of the politics was also the most important domestic change that had affected the political development of Taiwan. With more and more native Taiwan born people, joining the politics there was a major shift in the thrust of the political debates as well as the areas the government was expected to be paying attention to. There was a shift from the international to the domestic, in the sense that, the development of the domestic politics as well as the economy was given primary position as compared to the attention given to the debates on unification. With Taiwanization, the number of natives increased and this definitely brought about a change in the importance of the re-unification question. The goal and ambition of most of the new generation

political activists was the betterment of the condition of the people rather than any expectation of unification with the mainland with which they hardly shared any kind of memory or history. The new generation had a different memory and history as compared to their predecessors as they were all born and brought up in the new situation, which did not have any kind of sharing with the mainland apart from the connection in the political discourse.

One of the most important aspects of the rule of Chiang Ching-kuo was the fact that he initiated measures, which facilitated the process of democratization. This can be regarded as the most important political change on the island after the relocation of the GMD in the year 1949. With this followed a number of transformations in the domestic political set up like the lifting of the martial law and the acceptance by the government shown towards the formation of political parties.

The appointment of Lee Teng-hui as the vice president of Taiwan by Chiang can also be regarded as an important development in the political sphere. It was for the first time that a native born Taiwanese was to hold this post. Not that Taiwanese were completely cut off from active politics but they were never put into important positions. This spurred the process of Taiwanization that had begun during the time of Chiang Ching-kuo.

The primary characteristic of the One China policy was the same even during the rule of Lee Teng-hui. Before him though Chiang Ching-kuo did not give a lot of importance and prominence to the unification question as he was involved with the changes that were taking place within the domestic set up of Taiwan, it was during the rule of Lee Teng-hui that we witness a complete shift (though not in clear terms) in the means to achieve the end of 'One China'. The talks revolved not around the future of unification but around the question of the future of Taiwan as a sovereign state. The DPP had also become an important political force and was gaining massive support among the masses by making independence the core agenda. With the economic development and integration of both the sides after the 1990s, it has become all the more difficult to talk about any kind of military solution to the problem.

The democratization of Taiwan has further complicated the unification question as the people are now governed by a different form of government and they think and act

differently as compared to what it was like under an authoritarian regime. The new level of confidence that has come among the people of Taiwan cannot be ignored by the world community.

One also needs to keep in mind that the role of United States has been quite crucial in the Taiwan issue. The commitment of the United States towards safeguard of the independence of the island has also given Taiwan a different political background as compared to Hong Kong. Thus, the arguments that come up in relation to Hong Kong are not as convincing as in the case of Taiwan.

The most important development during the phase of democratization in Taiwan has been the rise of a Taiwanese identity, which is politically conscious when compared to the earlier years. This shows that there has been a strengthening of the identity as a result of democratisation. The ethnic identities are still prominent but it was quite impossible to consolidate them as the bifurcation among them was complicated. The divisions that exist only among the mainlanders in Taiwan ranges in the following categories like the one who came before 1949, in 1949 and after 1949. This recent development is also because of the fact that the people of Taiwan are more aware today and more conscious about their political standing and beliefs. They all believe that they share one history and their aim is to assert this identity more and more. They are thinking of themselves as different from Chinese as they claim that they have a different set of political as well as social experiences, which is not similar to the ones shared by their counterparts on the mainland.

Thus, the phase of the 50 years from 1949 to 1999, until the coming of the DPP to power has brought about a large number of changes in the political situation of Taiwan. The most prominent change that has occurred in the domestic political set up is the shift from an authoritarian to a democratic form of government. This shift has brought about a change in the way the domestic politics of Taiwan was perceived by the international community. The democratisation has also shown that the level of consciousness among the political players and the people of Taiwan are quite high.

Another important change that needs to be highlighted is the rise of a new political identity among the Taiwanese people. The post democratisation Taiwanese identity is definitely more vibrant and politically conscious as compared to the pre

democratisation identity. Today perceive themselves as more Taiwanese than Chinese. This development is the product of the political transformation that has taken place in Taiwan with the democratisation. They have used their right to elect the President and this act has given birth to a sense of freedom and highlighted the difference between them and the people of mainland. The rise and consolidation of this Taiwanese identity will be an important element in deciding the future of the 'One China' policy. Democratisation highlighted that the power of public opinion is very crucial. Whether there will be re-unification, what kind of re-unification and on what terms, will be the decision of the people of Taiwan, as it is their vote which decides as to who rules comes into power.

Democratisation has also increased the barriers between the Mainland and Taiwan. The difference in the form of political system across the Straits has become quite crucial in characterising the kind of relationship they share today.

Apart from the above mentioned changes, the other most striking development that has come about in the relationship between Taiwan and the Mainland is the visit by the leaders from Taiwan to the Mainland in May 2005. After the visit by Lien Chen, the prominent political leader belonging to GMD, James Soong (previously a member of the GMD) the political leader of People First Party also visited the Mainland. James Soong also had a meeting with Hu Jintao. They signed communiqué stating that if Taiwan did not try to assert for independence there will be no military threat from the Mainland. Another important development was that both sides decided to promote the two way flights across the Taiwan Straits by 2006. These visits have clearly brought about a change in the approach towards ways in which One China is to achieve by both the sides. Though, the Mainland still asserts that there is no other solution except unification. The Anti – Secession law passed by the Mainland highlights the degree of commitment, which it still possesses towards unification. The acceptance by the GMD of the political authority of the CCP on the Mainland has highlighted the fact that there is an agreement that both sides of the Taiwan Straits are governed by different authorities. This visit by the GMD also shows the change in the party's political stand of non-acceptance of the existence of the CCP. It can be interpreted as the need of the GMD to change with the time. The political structure on the both sides of the Taiwan Straits has transformed in the

last decade with democratisation and with this the politics of the Taiwan Straits has also changed.

These changes in the political sphere can also be seen as an outcome of the economic integration between both the sides. The high level of economic interdependence has also paved a way towards political cooperation. No two economically integrated sides can remain politically aloof. Thus, the economic opening of China and the increasing level of investments from Taiwan has altered the face of political interaction. Economic stability is guaranteed by political stability.

Thus, it can be concluded that though the Mainland and Taiwan both are determined on achieving unification, the means to fulfil this ultimate end has undergone major transformation in the last decade after the democratisation of Taiwanese political structure. Though, it would not be far fetched to say that it will be the economy that will decide the nature of the answer to the unification question. With Democracy, a new and vibrant political identity and economic stability the stakes and variables involved in the unification question have changed and so have the people demanding it. The level of economic integration has added a new dynamics to the debate of the methods, which the sides will resort to in order to attain unification.

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