

The Transformation of the KMT's Ideology*

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It is the author's view that ideology played an important role in the modernization and democratization of Taiwan. However, the ruling Kuomintang (KMT, Nationalist Party of China) used the Three People's Principles of Sun Yat-sen in a pragmatic way, as some of its tenets were followed strictly, some were interpreted according to concrete needs, and others were ignored.

The pragmatic character of Sun's designs facilitated the development of the KMT's ideology and undoubtedly facilitated the KMT's rule of Taiwan, as the KMT used his tutelary policies as a nation-building blueprint. In the initial stage, minshengzhuyi (people's livelihood) encouraged the KMT to carry out land reforms that laid down the basis for later rapid economic growth, and minquanzhuyi (democracy, especially the tutelage principle) encouraged local self-governance that formed the basis for recent democratization. Sun placed election politics in a central position in the political constitution, and his plan has been largely fulfilled by the KMT in Taiwan. Meanwhile, the KMT's ideology has transformed from actual authoritarian convictions to a democratic ideal. The KMT's elitist ideology has been transformed to a constituent-oriented ideology, and with this change to electoral politics, the KMT is also converting from mainland-oriented nationalism to Taiwan-oriented nationalism. Its concerns have shifted from long-range and messianic ones to short-range and pragmatic ones. This democratic change of the KMT's ideology is an important factor in the democratic transformation of Taiwan's political system.

Keywords: ideology, KMT, democratization, Three People's Principles, Taiwan

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According to the "end of ideology" school, ideology plays a less important role in the contemporary world. However, this school also

*The author is indebted to Professors Heath Chamberlain, Nina Halpern, and Pitman Potter for their comments.

points out that ideology serves a stronger function in developing countries than in developed democracies.¹ Indeed, party leaders in the Third World themselves usually emphasize their party's ideology.²

Ideology is a system of beliefs that aspires to explain, prescribe, and change the world. It has been stated that "in its policy-related aspects, ideology shapes the purposes and priorities of political action."³ Ideologies are "also intended both to legitimate certain activities or arrangements and to integrate individuals, enabling them to cohere around certain aims."⁴

While we are concerned about the meaning of the Kuomintang's (KMT's) ideology, we are more concerned about its changes. Martin Seliger's theory, which deals with the change of ideology, is helpful. He distinguishes between the fundamental and operative levels of ideology. Seliger believes that the beliefs and principles of ideology are constantly confronted with the need to make them feasible in the real world, and such a need compromises the principles. He states, "Compromises cause ideology to bifurcate into the purer, and hence more dogmatic, fundamental dimensions of argumentation and the more diluted, and hence more pragmatic, operative dimension."⁵ The tension between fundamental and operative dimensions of ideology may lead to changes in ideology.

A study of the ideology of a political party should answer the following questions: "What does this party stand for? How intensely and persistently does it make that stand? . . . Are its concerns short range and pragmatic, median range and programmatic, or long range and messianic?"⁶ As for the KMT on Taiwan, we shall answer the following questions: Does the KMT's official ideology (the Three People's Principles) really mean something for the party? What role has it played in Taiwan's modernization, and what is the role of the Three People's Principles in the process of democratization? Is the KMT's ideology static or has it endured transformation, and if so, how has it been transformed?

¹Andrew Vincent, "Introduction" to *Modern Political Ideologies* (Oxford, U.K.: Blackwell Publishers, 1992).

²Cf. Key Lawson, *The Comparative Study of Political Parties* (New York: St. Martin's Press, 1976), 15.

³Charles Andrain, "Ideology," in *Academic American Encyclopedia* (Danbury: Grolier, 1990), vol. 11:30-31.

⁴Vincent, *Modern Political Ideologies*, 16.

⁵Martin Seliger, *Ideology and Politics* (London: Allen & Unwin, 1976), 120.

⁶See note 2 above.

There are three preliminary answers to these questions. The first answer is that the official doctrine, the Three People's Principles, played a positive and instructive role in democratization. KMT officials and some scholars believe this is the correct answer.⁷ The second answer is that the KMT, to a large extent, has ignored the Three People's Principles, and the real driving principle of policy-making has been pragmatism.⁸ The third answer states that the Three People's Principles played a role, but the ideology that led to Taiwan's success was a mixed ideology of five trends: the official doctrine, a "petty bourgeois" outlook, modern Confucian humanism, Chinese liberalism, and the Taiwan independence movement "saga."⁹

It is the author's view that ideology surely played an important role in Taiwan's democratization; however, the KMT used the Three People's Principles in a pragmatic way. Some of the tenets of the Three People's Principles were followed strictly, some were interpreted according to concrete needs, and others were ignored. The relative significance of ideology has varied during the past forty-five years, and is less important nowadays in Taiwan, mainly because its content has changed from revolutionary to increasingly pragmatic and democratic.

The KMT on Taiwan has basically followed Sun Yat-sen's teachings, but its ideology has not been exactly the same as Sunism. The following discussion is arranged according to people's livelihood (*minshengzhuyi*), people's rights (democracy, *minquanzhuyi*), and nationalism (*minzuzhuyi*) for convenience; it is not meant to suggest that the KMT's ideology is exactly Sun's *Sanmin zhuyi*.

The KMT's People's Livelihood on Taiwan

The economic officials of the KMT government often claim that they formulate economic policies according to Sunism and that

⁷For instance, A. James Gregor, Maria Hsia Chang, and Andrew B. Zimmerman, *Ideology and Development: Sun Yat-sen and the Economic History of Taiwan* (Berkeley: Institute of East Asian Studies, University of California, 1981).

⁸Robert G. Sutter, *Taiwan: Entering the 21st Century* (New York: University Press of America, 1988); Hung-mao Tien, *The Great Transition: Political and Social Change in the Republic of China* (Stanford, Calif.: Hoover Institution Press, 1989).

⁹Thomas A. Metzger, "The Chinese Reconciliation of Moral-Sacred Values with Modern Pluralism: Political Discourse in the ROC, 1949-1989," in *Two Societies in Opposition: The Republic of China and the People's Republic of China after Forty Years*, ed. Ramon H. Myers (Stanford, Calif.: Hoover Institution Press, 1991), 3-56.

Taiwan's economic miracle is the result of this.¹⁰ Indeed, the KMT on Taiwan has followed Sunism most closely in the economic sphere, although there have been deviations even in this regard. The KMT's emphasis on economic construction itself is a shift from Sun's order of emphasis, which put nationalism in the first place and people's livelihood in the third.

After its defeat on the mainland, the KMT defined its first priority as returning to the mainland. However, the party and its army lacked strength to retake the mainland, and party pragmatists recommended that the government concentrate on economic construction in Taiwan in order to be better-prepared for its later return. Learning from its failure on the mainland, Chiang Kai-shek gave priority to economic growth and education, although he was eager to realize the goal of mainland recovery.¹¹ He contended that "almost every one of our comrades knows that our failure in the anticommunist struggle is due to our neglect of *minshengzhuyi* [people's livelihood] in the mainland. . . . We should realize *minshengzhuyi* through practical action, not theoretical discussion."¹² In 1953, Chiang wrote two chapters to complete Sun's *minshengzhuyi*. The first chapter elaborated on goals for education, and the second was on happiness. By 1954, the KMT government showed its shift to modernization in a joint communiqué issued on October 23 with the United States. It declared that "the restoration of freedom to its people on the mainland is its sacred mission. It believes that the foundation of this mission resides in the minds and the hearts of the Chinese people and that the principal means of successfully achieving its mission is the implementation of Dr. Sun Yat-sen's principles and not the use

¹⁰See, for example, K. Y. Yin, *Wo dui Taiwan jingji de kanfa* (My views on Taiwan's economy), vol. 2 (Taipei: Council for Economic Planning and Development, Executive Yuan, 1973); Wang Tso-jung, *Taiwan jingji fazhan lunwen xuanji* (Selected essays on Taiwan's economic development) (Taipei: China Times, 1981); Sun Chen, *Minshengzhuyi de jingji zhengce* (Economic policies of *minshengzhuyi*) (Taipei: Cheng Chung Book Company, 1981); C. K. Yen, "The Fundamentals and Conditions of Postwar Economic Development in Taiwan," in *Experiences and Lessons of Postwar Economic Development in Taiwan*, ed. Kwoh-ting Li and Tzong-shian Yu (Taipei: Institute of Economics, Academia Sinica, 1982); and K. T. Li, *Prospects for Taiwan's Economic Development: A Collection of Essays from 1980-1984* (Taipei: 1985).

¹¹Ralph N. Clough, *Island China* (Cambridge, Mass.: Harvard University Press, 1978), 45.

¹²*Zhonghua minguo nianjian 1950* (Yearbook of the Republic of China 1950) (Taipei: 1951), 123.

of force.”¹³ This shows the shift of focus from strengthening might to accelerating socioeconomic development.

In this early stage in Taiwan, the KMT followed older interpretations of Sunism and its mainland development strategies. Land reform, one major element in Sun's *minshengzhuyi*, was implemented in Taiwan. Chen Cheng, who was sent to Taiwan by Chiang before the mainland was completely taken by the Communists, advocated land reform according to Sun's teachings.¹⁴ He wrote that “anyone who studies land reform in recent decades must begin with Dr. Sun's teachings.”¹⁵ He believed that the failure to carry out Sun's land policy on the mainland was one of the principal reasons for the KMT's defeat. Chen Cheng's land reform plan received the full approval of the KMT Central Committee and the explicit support of Chiang Kai-shek.¹⁶

Land reform not only improved the living standards of the rural area in Taiwan, but also accumulated initial capital for industrialization. Of course, the success of the land reform would not have been possible if the KMT regime had been an indigenous force. The KMT regime was able to carry out the reform because it was not “colonized” by the local landed interests. In any event, Sunism played an important role in formulating land reform.

As for other stages of modernization, the KMT also followed Sun's teachings. It first promoted import substitution and emphasized state ownership. In the 1950s, the government promoted a variety of light consumer industries by sealing off the domestic market: import quotas for specific goods, especially luxury items, were implemented; foreign exchange rates were fixed to discourage imports; nondurable consumer goods received the greatest protection; and imports of plant equipment received favored treatment.¹⁷

In the 1960s, especially after the termination of U.S. aid, the KMT's interpretations of Sunism became practical. Ideas of neo-

¹³Hungdah Chiu, ed., *China and the Question of Taiwan: Documents and Analysis* (New York: Praeger, 1973), 288.

¹⁴Sidney H. Chang and Leonard H. D. Gordon, *All Under Heaven: Sun Yat-sen and His Revolutionary Thought* (Stanford, Calif.: Hoover Institution Press, 1991), 157.

¹⁵Chen Cheng, *Land Reform in Taiwan* (Taipei: China Publishing Company, 1961), 10-13.

¹⁶Gregor, Chang, and Zimmerman, *Ideology and Development*, 30.

¹⁷Samuel P. S. Ho, *Economic Development in Taiwan, 1860-1970* (New Haven, Conn.: Yale University Press, 1978), 190-93.

liberalism appeared in the party's platform and particularly in the area of economic policies.¹⁸ Thus started the export-oriented stage in the decade of 1963-73. By 1965, Taiwan's domestic market was saturated. To sustain economic growth and to reduce foreign indebtedness and dependency on American aid, the authorities on Taiwan decided to change course, as tariffs were cut substantially, the New Taiwan dollar was depreciated to make foreign trade and exporting more profitable, and export processing zones (EPZs) were established. Stimulated by these new measures, foreign investment poured into Taiwan. In the 1970s, the surge in oil prices created massive inflation, and the government responded quickly by applying conservative fiscal measures and a one-time major price increase. Furthermore, the government started the "Ten Major Construction Projects," which included steel, petrochemicals, shipbuilding, nuclear energy, and infrastructure projects, helping the structural transformation and overcoming transportation and supply bottlenecks. Entering the 1980s and the early 1990s, the KMT government made an effort to promote high-tech industries such as the Science-Based Industrial Park, which was opened in Hsinchu in 1980.

During these stages of development, the KMT regime fulfilled almost all the elements insisted upon by Sun—a transfer of capital from agricultural to industrial sectors, a requisite infrastructure, decentralization of industry, income equity, and mass education. Let us take income equity as an example. It has been noted that "during the 1960s, 40 percent of the population on Taiwan with the lowest income received about 20 percent of the nation's income. By comparison, the average income share of the lowest 40 percent of the population in all less-developed countries (LDCs) was 12.5 percent."¹⁹

The success of Taiwan's economic policy has had much to do with pragmatic interpretation of Sun's teachings by Taiwanese economic officials. Sun advocated that "China must not only regulate capital, but she must also develop state capital."²⁰ But in an earlier work, Sun also argued that "the industrial development of China

¹⁸Jürgen Domes, "The Kuomintang and the Opposition," in *In the Shadow of China: Political Developments in Taiwan since 1949*, ed. Steve Tsang (London: Hurst, 1993), 119.

¹⁹Gregor, Chang, and Zimmerman, *Ideology and Development*, 78.

²⁰Sun Yat-sen, *Sanmin zhuyi* (The Three People's Principles) (Taipei: Zhongyang wen-wushe, 1991), 365.

should be carried out along two lines: (1) by private enterprises and (2) by national undertaking. All matters that can be and are better carried out by private enterprise should be left to private hands which should be encouraged and fully protected by liberal laws. . . . All matters that cannot be taken up by private concerns and those that possess a monopolistic character should be taken up as national undertakings." The KMT's economic officials interpreted Sun's proposal of "regulating capital" only as regulating those private enterprises that were monopolistic in nature. Furthermore, they even argued that monopolistic enterprises could be entrusted to the private sector if their operation had no adverse influence on the well-being of the general public.²¹

The Americans also played a role in pressuring the KMT to give up its insistence on Sun's principle of regulating capital. The KMT government confiscated Japanese properties on Taiwan after the war, and this allowed the government to enjoy a major share of the Taiwanese economy. Intense antagonism with the mainland made it quite likely that the KMT state would further control of the economy, as such a tendency is in accordance with Sun's principle of regulation of capital. However, in reality a mixed economy with the private sector enjoyed a major share nurtured in Taiwan. Such a shift was brought about under the pressure of American aid agencies who believed that "a shift from state to private ownership would contribute to the operating efficiency of . . . enterprises, hasten overall economic development, and decrease the financial burden in subsidizing [public] activities."²² As Neil Jacoby observed, behind this belief "lay the political aim of demonstrating the superiority of free economic institutions as instruments of social progress. . . . By far the most important consequence of U.S. influence was the creation in Taiwan of a booming private enterprise system."²³ To obtain American aid, the KMT followed the Americans' advice; this displayed the KMT's pragmatism in economic fields. American pressure, the

²¹Pang Chien-kuo, *The State and Economic Transformation: The Taiwan Case* (New York: Garland Publishing, 1992), 117-19.

²²Quoted in Hung-chao Tai, "The Kuomintang and Modernization in Taiwan," in *Authoritarian Politics in Modern Society: The Dynamics of Established One-Party Systems*, ed. Samuel Huntington and Clement Moore (New York: Basic Books, 1970), 431.

²³Neil H. Jacoby, *U.S. Aid to Taiwan: A Study of Foreign Aid, Self-help, and Development* (New York: Praeger, 1966), 137-38.

need for economic growth, and the KMT's determination to give priority to economic growth combined to produce the shift in its ideology. K. T. Li, one of the principal architects of the Taiwan miracle, testified that the state's basic strategy has moved continually toward market liberalization and depoliticization of the economy.²⁴ Intellectuals' debates about the essence of the people's livelihood principle never significantly influenced economic policymaking in Taiwan.

However, market liberalization did not mean that the KMT had adopted a laissez-faire policy toward capitalist development. One major element in Taiwan's economic success has been state intervention. Taiwan's capitalist market development has been planned and directed by the government economic officials, and in this aspect, KMT economic officials surely can find justification in Sun's teachings. They have argued that Sun's doctrine supported an active state role in promoting economic development and preventing the concentration of economic power in a few hands. However, government management of the economy has been based on modern economic means rather than administrative directives, as the KMT center has seldom interfered in economic officials' plans. Technocrats have exerted increasing influence on policymaking in the 1970s and 1980s, and have been more concerned with economic growth than ideology. Henrik Schmiegelow and Michèle Schmiegelow call the ROC's economic policymakers "piecemeal engineers"²⁵ and their ideology has been described by Dietrich Reuschmeyer and Peter Evans as "developmentalist ideology."²⁶

There have been practices that have not followed the teachings of the Three People's Principles; for instance, Sun's ideas for dealing with increases in urban land values were not followed. Sun argued that increase in land values is a result of overall social progress to which all members of society have contributed; thus the whole people

²⁴K. T. Li, *The Evolution of Policy Behind Taiwan's Development Success* (New Haven, Conn.: Yale University Press, 1988), chap. 5; and K. T. Li, *Economic Transformation of Taiwan, ROC* (London: Shephard-Walwyn, 1988), chap. 4.

²⁵Henrik Schmiegelow and Michèle Schmiegelow, "Teng's Modernization and the Development Experience of the ROC," in *Ideology and Politics in Twentieth Century China*, ed. King-yuh Chang (Taipei: Institute of International Relations, National Chengchi University, 1988), 170.

²⁶Dietrich Reuschmeyer and Peter B. Evans, "The State and Economic Transformation: Towards an Analysis of the Conditions Underlying Effective Intervention," in *Bringing the State Back In*, ed. Peter B. Evans, Dietrich Reuschmeyer, and Theda Skocpol (New York: Cambridge University Press, 1982), 44-77.

should benefit from the increase in land value, not just the landowner.²⁷

The KMT's shift of focus from mainland recovery to economic development was, to some extent, required by military need, as the government had to support the military establishment to defend Taiwan and hopefully retake the mainland. Thus circumstances forced Taiwan's political leadership to begin a program of overall economic development. Some conditions on Taiwan were favorable for implementing some of Sun's tenets; for instance, the KMT enjoyed autonomy from the influence of local landlord classes, thus making it possible to initiate the land reform program which had been attempted but failed on the mainland. Under these conditions, Sun's people's livelihood principle played an important role in Taiwan's modernization.

The KMT's People's Rights on Taiwan

The KMT did little to build democracy in the early stages of its rule in Taiwan. Publicly the KMT committed to the principles enshrined in the Constitution of the Republic of China (ROC), which was passed by the National Assembly on December 25, 1946, went into effect on December 25, 1947, and states that the ROC is founded on the Three People's Principles. It guarantees civil rights, which include equality before the law; invulnerability of the individuals; freedom of residence and movement; freedom of speech, teaching, writing, and publication; freedom of religion, assembly, and association; the right to present petitions, lodge complaints, or institute legal proceedings; and the right to election, recall, initiative, and referendum.²⁸ The Constitution requires direct elections of the National Assembly, the Legislative Yuan, the provincial assemblies, the governors of the provinces, and the mayors of centrally administered cities, as well as the county councils and the county magistrates. However, Article 23 of the Constitution states that "all these freedoms and rights . . . shall not be restricted by law except by such as may be necessary . . . to avert an imminent crisis, to maintain social order,

²⁷David Wen-wei Chang, "Political Development in Taiwan: The Sun Yat-sen Model for National Reconstruction," in *The Republic of China on Taiwan Today: Views from Abroad* (Taipei: Kwang Hwa Publishing Company, 1989), 60.

²⁸The Constitution of the Republic of China, 1947; English in *The China Yearbook 1980* (Taipei: China Publishing Company, 1980), 594-610, Articles 1-17.

or to advance public welfare.” This article gave Chiang unlimited power in the face of the Communist threat.²⁹

The KMT used the condition of civil war between the Nationalist and Communist regimes as an excuse for restrictions on civil rights. The Temporary Provisions During the Period of Mobilization for the Suppression of Communist Rebellion were passed by the National Assembly on April 18, 1948, and promulgated on May 10, 1948. These “Temporary Provisions” gave the President extraordinary powers, and provided that the members of the National Assembly and the Legislative Yuan elected in 1947/48 would remain in office until the termination of the Communist rebellion was declared by the President.³⁰ The additional Martial Law, which was promulgated on May 19, 1948, “gives military and security organs the right to arrest and detain persons, and civilian government authorities the right to outlaw periodical publications and books without the publisher having a chance to appeal such decisions to the judiciary.”³¹ The jurisdiction of the civil court was limited as most serious civilian crimes were tried by martial courts.

Freedoms of speech, the press, association, and assembly were severely restricted. In the case of the press, the KMT regime imposed a legal requirement on the registration of new publications. The number of newspapers in Taiwan was fixed at thirty-one, and no new newspaper was allowed to publish. Second, a newspaper could only have a fixed number of pages. Third, the location of a newspaper’s printing facility was limited to the vicinity of its intended area of distribution. Fourth, the regime controlled the price of all newspapers, and the publication had no freedom to adjust. Finally and most importantly, the KMT censored the content of publications.³²

The political leadership in Taiwan existed in a transitional society, and was influenced by both traditional Chinese culture and Western democratic culture. Their attitude toward political participation reflected these mixed influences. First, they believed that political participation was one of the aims of political construction, but the masses

²⁹Jürgen Domes, “China’s Modernization and the Doctrine of Democracy,” in *Sun Yat-sen’s Doctrine in the Modern World*, ed. Chu-yuan Chang (Boulder, Colo.: Westview Press, 1989), 217.

³⁰*The China Yearbook 1980*, 610f.

³¹See note 29 above.

³²Daniel K. Berman, *Words Like Colored Glass: The Role of the Press in Taiwan’s Democratization Process* (Boulder, Colo.: Westview Press, 1992), 129-30.

had to be trained before they could wield their rights. Second, they saw the purpose of participation as fulfilling citizens' political obligations and promoting public interest, rather than selfish interest. Third, they believed that political participation could contribute to the public interest only when it occurred in an organized, disciplined way; it should not lead to social conflicts or disorder. Fourth, the enlargement of political participation was a long-term goal, and if it conflicted with the state's current goals, such as national security or political stability, it should give way to the latter.³³

Nevertheless, the KMT's lip service to democratic ideals imposed limitations on its ability to control the masses to some extent, providing KMT liberals and society opposition with the opportunity to advocate democracy and freedom in the KMT's own language. The KMT's opposition has rarely attacked the fundamental organization of the political system; they wish to make it more democratic, but not destroy and rebuild it. They have been able to use the constitutional provisions protecting civil liberties to challenge government restrictions.

Furthermore, Sun's teachings supplied the KMT with some basic preparations for democracy, as it intended to implement his principle of local democracy and electoral politics. Taiwanese people had no political rights during fifty years of colonization by Japan. From the very beginning on Taiwan, the KMT implemented local elections, and the first thing the Taiwan provincial authorities did after Taiwan was returned to China in 1945 was enact citizenship registration. The authorities then examined qualifications of those candidates who were interested in public positions, and in March 1946, township councils were elected. In April, county and provincial councils and assemblies were elected indirectly. In December 1946, the ROC government made a Constitution that accepted Sun's idea of local governance, and in August 1949, the Taiwan provincial government formed a Research Group on Taiwan's Local Self-Governance and promulgated a series of regulations on local elections.³⁴ In 1949, the same year that the KMT moved to Taiwan following its defeat on the mainland, six local elections were held; the next year, island-wide local elections were

³³Chu Yun-han, "A Research on Political Participation in Taiwan" (M.A. thesis, National Taiwan University, 1979), 175-76.

³⁴Fu Jen-yen, *Taiwan difang xuanju yanjiu* (Research on Taiwan's local elections) (Taiwan: Cultural Foundation of Chiahsin Cement Co., 1969), 16.

held. Before the lifting of martial law in July 1987, Taiwan held nine elections for members of the Taiwan Provincial Assembly, five elections for the Taipei City Council, and two for the Kaohsiung City Council. In addition, ten elections were held for city mayors and eleven elections for county magistrates.

Liberalizing reforms at the central level in Taiwan started in 1969, when a limited number of legislative and assembly seats that were supplements to the mainland seats were opened to contest. The new seats all represented Taiwan, and this can be seen as the beginning of political liberalization in Taiwan. Liberalization speeded up when Chiang Kai-shek died in April 1975, and his son Chiang Ching-kuo, serving as premier, became the top leader. In a speech to the National Assembly on Constitution Day, December 25, 1975, he affirmed his commitment to the goals of democratic rule of law and full implementation of the Constitution, and said, "We have already established an excellent basis for putting democratic politics into effect in the recovery base [Taiwan]. Five days ago we smoothly completed the election for supplementary Legislative Yuan members. In this election, not only did the election organs fulfill the requirements of 'fair, just, and open,' but we could also see from the candidates' excellent political comportment and the voters' enthusiasm that our citizens are keen for political participation and concerned for national affairs, and that they have a high level of commitment to electing virtuous and capable candidates that a democratic country's citizens should have when they exercise their citizens' rights."³⁵ According to Lee Teng-hui, Chiang Ching-kuo believed that only party politics could guarantee stability in long term; an opposition party was needed.³⁶

In the 1980s, ideas of democratization became widespread in the higher echelons of the KMT. For instance, in 1984, Kao Yu-jen suggested some important political reforms: modifying Temporary Provisions, consolidating central representative institutions, directly electing provincial governors and city mayors, and reforming local self-governance.³⁷ In an address to the National Assembly on Con-

³⁵Cited in Andrew J. Nathan and Helena V. S. Ho, "Chiang Ching-kuo's Decision for Political Reform," in *Chiang Ching-kuo's Leadership in the Development of the Republic of China on Taiwan*, ed. Shao-chuan Leng (Lanham, Maryland: University Press of America, 1993), 50-51.

³⁶*Lianhe bao* (United Daily News) (Taipei), February 10, 1993.

³⁷Kuo Yu-jen, *Taiwan jingyan* (The Taiwan experience) (Taipei: Twenty-first Century Foundation, 1989), 30-31.

stitution Day, 1984, Chiang Ching-kuo proclaimed that because of the “uncompleted efforts for the eradication of Chinese Communism, we are forced to adopt certain expedient measures dictated by time and circumstance. However, we will not deviate from constitutional rule; that is our unchangeable principle.”³⁸ Chiang still kept the anti-communism rhetoric, but now it was mainly used to display the success of Taiwan’s modernization and was less related with the party’s revolutionary nature. In 1986, Chiang reproached Communist rule as “poverty, backwardness, and endless persecutions and purges.”³⁹ In an interview with Katharine Graham, publisher of the *Washington Post*, in October 1986, Chiang stated that “abolishing the emergency decrees is for the purpose of speeding up democratic progress here. We must serve as a beacon light for the hopes of one billion Chinese so that they will want to emulate our political system.”⁴⁰ Anticomunism thus no longer required the restriction of the Taiwanese people’s political rights.

In the Lee Teng-hui period, anticommunist beliefs are still alive; however, the KMT has made that stand less intense and persistent. It is still an instrument in Taiwanese politics, but the nature of its instrumentality has changed. The KMT mainly uses an anticommunist stance to pronounce its democratic achievements and to distinguish itself from the authoritarian mainland political system, and has also used it as an excuse to delay unification with the mainland. The ROC’s *Guidelines for National Unification* requires that before Taiwan can be united with the mainland, “the expression of public opinion there [the mainland] should gradually be allowed, and both democracy and the rule of law should be implemented.”

After the death of Chiang Ching-kuo in January 1988, the KMT began to redefine its nature. Due to its origin as a revolutionary movement, the KMT had taken pride in labeling itself a “revolutionary democratic” party, and the reluctance of some of its senior leaders to change it into a “democratic” party was regarded by the opposition as a clear sign that the KMT would under no circumstances relinquish its monopoly on power. Even within the KMT itself, the demand for change was voiced with increasing intensity by younger

³⁸Cited in Alan M. Wachman, *Taiwan: National Identity and Democratization* (Armonk, N.Y.: M. E. Sharpe, 1994), 130.

³⁹Chang and Gordon, *All Under Heaven*, 160.

⁴⁰Cited in Nathan and Ho, “Chiang Ching-kuo’s Decision,” 39.

members in recent years. Before the Thirteenth Party Congress in July 1988, this controversy became a hot issue, since people expected that the party congress would reach a decision on it. At the Thirteenth Congress, the KMT emphasized its democratic nature rather than its revolutionary nature, and claimed that the party's commitment to democracy remained unchanged. The 1988 Party Charter dropped the term "democratic centralism," although it retained the description of what the principle entails, and the KMT continued to characterize itself in the Party Statute as "revolutionary." However, Lee Teng-hui explained that the party still called itself a democratic revolutionary party only in remembrance of its revolutionary past, and in essence the party was a pure democratic one. Also, the party expected its members to maintain the tradition of putting the interests of the nation and the party above their personal interests and dedicating themselves to selfless service to society. The term "revolutionary" was said to contain no other meaning and not intended to cause unnecessary concern. The KMT has thus directed more attention to winning elections and its revolutionary mission has been replaced with the commitment to constitutional democracy. Fully competitive politics was accepted by the congress in principle, as its platform now provides for the promotion of a "healthy competition among political parties on a fair and rational basis."⁴¹ Most of the party goals are directly related with campaign issues. Meanwhile, the platform also cites a need for stability and law.

At the Fourteenth National Congress in August 1993, the KMT finally defined itself as a democratic party and only described its revolutionary spirit in the preface of the Party Charter. This definition was by and large embraced by party members. According to a survey, 63 percent of the party members agreed to change the party from revolutionary to democratic, while 17 percent disagreed; 53 percent thought that the reforms were too slow, while 33 percent thought that the pace of reform was adequate.⁴²

Therefore, under Lee Teng-hui's stewardship a new democratic ideology gradually took root in the KMT. This can be further revealed in detail in the democratic ideas and practices of two prominent political leaders of the KMT, Lee Teng-hui and Hau Pei-tsun.

⁴¹Domes, "The Kuomintang and the Opposition," 128.

⁴²*Lianhe bao*, August 17, 1993.

Lee's Democratic Ideas and Practices

Lee Teng-hui has been frequently criticized for his arrogance, arbitrary caprice, and strong actions within the party. However, his opponents are mainly the members of non-mainstream factions within the KMT. To be fair, Lee's dedication to democratization has been a positive factor in the transformation of the KMT and Taiwan's political system.

Lee has expressed several times that the course of democratization was determined by the late President Chiang Ching-kuo, and his responsibility was to carry out the late president's unfulfilled will.⁴³ Lee showed his determination for democratization in a speech at the Conference on Democratization in the Republic of China held in Taipei in January 1989. He pointed out that pessimistic views about Taiwan's political development had been overcome by the efforts of the Taiwanese people, and was confident that Taiwan could realize democratization after its economic miracle. He argued that the experiences of the ROC on Taiwan justified that on the one hand, national security and social stability were prerequisites for political development; on the other, democratization could also help guarantee national security, stimulate economic growth, and prevent communism.⁴⁴

Before the 1989 national legislative election, Lee stressed that there were always winning parties and losing parties in a competition; it was more important that all parties should seek democratic attainments and conduct themselves in a proper manner. He further stressed that the winning party had to be responsible to the voters, and the losing party had to accept the decision of the majority.⁴⁵

In his presidential inauguration address delivered on May 20, 1990, Lee defined his aim as shaping the ROC on Taiwan into a democratic state and promised to end the period of mobilization for the suppression of Communist rebellion. In other words, he was willing to give up the extraordinary power granted to the President under the Temporary Provisions and return to normal constitutional rule. After his inauguration, Lee promoted a series of political reforms, holding the National Affairs Conference, establishing the National

⁴³Ibid., February 10, 1993.

⁴⁴*Li zongtong Denghui xiansheng qishibanian yanlun xuanji* (Selected speeches of President Lee Teng-hui in 1989) (Taipei: Government Information Office, Executive Yuan, 1990), 4.

⁴⁵Ibid., 153.

Unification Council, lifting martial law, encouraging the retirement of senior legislators, etc. In order to establish an efficient two-party system, he tolerated the aggressiveness of the Democratic Progressive Party (DPP), which created a "Lee Teng-hui sentiment" in some DPP members but also aroused opposition within the KMT.⁴⁶ Lee has repeatedly proclaimed that the party will play the role of a competitor, not a dominator, adding that there will be no real party politics if there is no opposition party and the KMT should help the opposition mature. He has compared himself to an engineer and has devoted his greatest efforts to promoting democracy in Taiwan, and his nurturing of opposition revealed the KMT's effort to encourage democratization from top to bottom. Under his leadership, the KMT has shown a spirit not only of toleration but also of positive willingness to accommodate at least some opposition demands.⁴⁷

As for the chaotic situation after the lifting of martial law, Lee believed that this was not a negative phenomenon and stressed that in a democratic society, every citizen can freely express himself. Pluralization could thus stimulate people's participation and guarantee human rights.⁴⁸

Lee is quite aware of what he is doing and he often discusses Taiwan's political changes in Western political science terminology. He has argued that the KMT has the capability of adaptation, and that it has led a "quiet revolution"⁴⁹ and has pointed out that international friends have acknowledged Taiwan's political miracle after the economic miracle.⁵⁰

Hau's Democratic Ideas and Practices

At one time, Hau Pei-tsun was widely regarded as a major conservative figure, and the head of coalition of antidemocratic forces in the KMT. Before the KMT's Thirteenth National Congress, he was deemed as a leading figure of the conservative camp. However, at

⁴⁶Ou-yang Sheng, "President Lee's Ideal of Governance and Reform Strategies," *Qingnian yidai* (The Elite) (Taipei) 4, no. 5 (June 1993): 4-9.

⁴⁷Tun-jen Cheng and Stephan Haggard, eds., *Political Change in Taiwan* (Boulder, Colo.: Lynne Rienner, 1992), 89.

⁴⁸*Li zongtong Denghui xiansheng qishibanian yanlun xuanji*, 132.

⁴⁹Lee probably borrows "quiet revolution" from John Copper. See John Franklin Copper, *A Quiet Revolution: Political Development in the Republic of China* (Washington, D.C.: Ethics and Public Policy Center, 1988).

⁵⁰*Lianhe bao*, July 27, 1993.

the critical moment of leadership succession from Chiang to Lee, Hau immediately pledged loyalty as the chief of the General Staff to the new President. Afterwards, he expressed eight times that the military would support the legitimate successor of the ROC.⁵¹ At the Thirteenth Congress, Hau finished fourteenth in the Central Committee election, relatively high compared to other old conservatives.

Hau was moved to a civilian post when he was appointed minister of defense in 1989 and quickly adjusted to his new role. When he first became premier in the spring of 1990, he met bitter opposition from students and DPP supporters because of his military background. People feared that the military would interfere in civilian politics and liberalization and democratization would be impeded and students staged massive protests. He thus decided to give up his lifetime military rank as a four-star general and demonstrated his adept coordinating skills both within the government and with the public. He even earned the respect of his toughest opponents for his performance during legislative sessions. A month after his inauguration, public opinion polls showed that 70 percent of the public was confident in his administration.⁵² Despite his disagreements with President Lee, "most of Hau's behavior can be interpreted as proper deference to his constitutional superior."⁵³ He has stated that "[Lee] is invested with historic responsibilities at this crucial time in the nation's democratic and constitutional development. I not only must act aggressively in consonance with him, but also render him wholehearted support to complete this chapter in history."⁵⁴

Hau is a staunch opponent to Taiwan independence and has had stormy relations with opposition lawmakers who support it. However, he has agreed to deal with this issue by the rule of law, stating that "in consideration of human rights and due legal process, we must be cautious in using the label of separatism. We will, however, deal with illegal behavior in accordance with the law. We will certainly deal with any political party or its members in a case where they have performed separatist acts and have been found to be in contravention of the law by the authorities concerned."⁵⁵ In an interview

⁵¹Ssu-ma Wen-wu, "Hau Pei-tsun, No Longer a Strongman?" *Xin xinwen* (The Journalist) (Taipei), no. 4 (February 15, 1988): 44-45.

⁵²Hau Pei-tsun, *Straight Talk* (Taipei: Government Information Office, 1993), iv.

⁵³Peter R. Moody, *Political Change on Taiwan* (New York: Praeger, 1992), 104.

⁵⁴*Ibid.*, 11.

⁵⁵*Ibid.*, 27.

with William Buckley, host of the U.S. television program *Firing Line*, he agreed that “the advocacy or discussion of separatism itself does not constitute a criminal offense now. Especially recently, with the revision of Article 100 of the Criminal Code, some people who had advocated separatism and were punished under the original Criminal Code have had their cases dropped. Except for those using violence, all others have been released.”⁵⁶

Thus, generally speaking, Hau has played a decisive role in the peaceful transformation of Taiwan’s political system and worked positively for intraparty democracy within the KMT.

The KMT’s Nationalism on Taiwan

Nationalism can be defined in three aspects: territory, cultural identity, and national interests. Nationalism is “a political principle, which holds that the political and the national unit should be congruent.”⁵⁷ A nation is also linked to a specific territory, “either to the motherland of antiquity or to the current domain over which those people who consider themselves a nation.”⁵⁸ Finally, nationalism is based on a special cultural identity that is especially insisted upon when it “has been forgotten or abandoned or threatened.”⁵⁹ Above all, nationalism is a principle that requires the preservation of national interests. Correspondingly, we shall discuss the transformation of the KMT’s nationalism by analyzing its mainland policy, cultural policy, and policies toward foreign investment.

Mainland Policy

The return-to-the-mainland policy was a symbol of the KMT’s revolutionary ideology. The goal of recovering the mainland from the Communists was the first priority for Chiang Kai-shek; in the words of Thomas Gold, “All other parochial interests had to be sacrificed in order that all forces be mobilized for this overriding sacred mission. In the terms of Antonio Gramsci, the KMT con-

⁵⁶Ibid., 59.

⁵⁷Ernest Gellner, *Nations and Nationalism* (Ithaca, N.Y.: Cornell University Press, 1983), 1.

⁵⁸Wachman, *Taiwan*, 26.

⁵⁹Dankwart Rustow, *A World of Nations: Problems of Political Modernization* (Washington, D.C.: The Brookings Institution, 1967), 21.

structed a 'collective national-popular will,' articulating what it determined was the dominant ideology. It did not tolerate heterodox challenges to this orthodoxy.'⁶⁰

In the 1960s, however, the ideal of recovering the mainland slowly faded to a near impossibility, although Chiang still insisted that the KMT would complete the historical task of recovering the mainland. Many still paid lip service to the goal, but few took it seriously. Since the 1980s, "unify China under the Three People's Principles" has become the new principle of nationalism. This slogan still has a strong ideological flavor, but it is a retreat from the earlier slogan of "reconquer the mainland" in the 1950s and "develop Taiwan, gloriously recover the mainland" in the 1960s and 1970s. The new slogan is more pragmatic (albeit not pragmatic enough) in that the Chinese Communists also regard Sun Yat-sen as national father (*guofu*) and do not oppose his doctrine. They have competed with the Nationalists to be the "real" keeper of Sun's doctrine.⁶¹

In late 1987, Chiang Ching-kuo decided to allow ROC citizens to visit mainland China for humanitarian reasons. However, he laid down three basic guiding principles: (1) there must be no change in anticommunist policy; (2) there must be no change in the national goal of the recovery of mainland China; and (3) the new policy must pose no threat to Taiwan's security. Since late 1987, cross-Strait relations have expanded in both substance and scope, notably in the rapid growth of indirect economic and trade ties.

After Chiang's death in January 1988, some old guard of the KMT proposed an even more pragmatic slogan during the party's Thirteenth Congress, i.e., to unify China on the basis of Confucianism. Chen Li-fu, an old party organizer and Confucian scholar, was joined by thirty-four members of the party's Central Advisory Committee and submitted a proposal for reunification on the basis of Chinese culture. He "promoted Confucianism as a truly Chinese alternative, a way to transcend differences between the Nationalists and Communists."⁶² Chen urged the Chinese Communist Party (CCP) to accept the revival of Chinese culture and restore Confucian virtues as a substitute for the "four cardinal principles," and urged the KMT

⁶⁰Thomas B. Gold, "Taiwan's Quest for Identity in the Shadow of China," in Tsang, *In the Shadow of China*, 170-71.

⁶¹Chang and Gordon, *All Under Heaven*, 158.

⁶²Moody, *Political Change*, 24.

and the CCP to cooperate to accomplish Sun's doctrine.⁶³ But "unify China under the Three People's Principles" has remained the official policy. The meaning of nationalism, therefore, has changed. On the one hand, it is used to justify the KMT's commitment to one China, or in other words, opposition to Taiwan independence;⁶⁴ on the other, it also is used to delay reunification with the mainland.

Some scholars think that nationalism "still [forms] an integral part of the regime's self-legitimation and Lee [is] in no position to repudiate it";⁶⁵ in addition, Sun's nationalism could provide the ideological grounds for unification. In reality, under Lee Teng-hui's guidance, Taiwan has oriented itself more and more to a sort of quasi-independence. People on the island describe it as an "independent Taiwan" line to distinguish it from the opposition's "Taiwan independence." Lee has shaped Taiwan as an independent political entity, providing that it is impossible to realize independence under the current reality. He wants to maintain a friendly relationship with mainland China on the basis of equality and mutual benefits. All these are steps toward normalizing relations between two countries. He pushes for a return to the United Nations. Of course, independent Taiwan line also hopes that the mainland undergoes substantial change; however, its major aim is not to replace the CCP's regime, but to ensure Taiwan's survival.

Thus, in some important aspects, the KMT's mainland policy is in agreement with the DPP's demands. Despite fundamental disagreements regarding national identity, they both agree that Taipei's mainland policy should not undermine Taiwan's security; cross-Strait relations should be conducted on the basis of equality, mutual respect, and mutual benefits; and any negotiations between the two sides should be conducted at a government-to-government rather than party-to-party level.

The *Guidelines for National Unification* is Lee's brainchild and was adopted in March 1991 by the National Unification Council. One principle of the *Guidelines* is that "the timing and manner of China's unification should first respect the rights and interests of the people

⁶³ *Zhongyang pingyi weiyuan diyici huiyi yicheng* (Agenda of the first session of the members of the Central Advisory Committee) (Taipei: Kuomintang Thirteenth National Congress, 1988), 5-8; Chang and Gordon, *All Under Heaven*, 161.

⁶⁴ Moody, *Political Change*, 21.

⁶⁵ *Ibid.*, 158.

in the Taiwan area, and protect their security and welfare.”

In the political program adopted at the Party's Fourteenth Congress, nationalism means to (1) unify China according to the *Guidelines for National Unification*; (2) actively engage in international organizations and activities under the principle of one China; and (3) develop Chinese culture and enlarge academic and culture exchange with the mainland.⁶⁶ The KMT government now admits that the ROC's current jurisdiction does not include China proper, and proposes the idea of “one China, two governments” or “one country, two regions,” and so forth. All these were justified by the need to be more pragmatic and flexible in dealing with the mainland.

In an official statement on “Relations Across the Taiwan Strait” (*Haixia liang'an guanxi shuomingshu*) released by the Mainland Affairs Council (MAC) of the Executive Yuan on July 5, 1994, the KMT authorities argued that the existence of separatism in Taiwan is a reality and the mainland is responsible because of its antagonistic attitudes toward Taiwan. The statement argues that separatism may become the mainstream of public opinion, and the KMT government has to follow public opinion, implying that the government is likely to embrace Taiwan independence or an independent Taiwan.

The KMT government has constantly stressed that separation is a fact and it effectively controls territories of Taiwan, Penghu (the Pescadores), and the two island groups of Kinmen (Quemoy) and Matsu. It only identifies its territory with these limited areas. Generally speaking, Chinese nationalism is declining and Taiwanese nationalism is arising in the KMT on Taiwan. It is no longer interested in rapid reunification with the Communist mainland, but it cannot abandon the idea. As one author puts it, “Without it, the KMT would be an emperor with no ideological clothes. As it is, the KMT is wearing far fewer ideological robes than it once did.”⁶⁷

Cultural Policy

The KMT's affirmation of Confucianism distinguishes it from the CCP on the mainland. Ever since the May Fourth Movement of 1919, there was a bifurcation of attitudes toward traditional Chinese culture. While the Communists represented the antitraditional current,

⁶⁶*Lian he bao*, August 21, 1993.

⁶⁷Wachman, *Taiwan*, 234.

the Nationalists represented the protradition current. As George P. Jan points out, "Sun was one of the few Chinese revolutionary leaders of his time who did not denounce traditional Chinese culture."⁶⁸ Sun himself admitted that "among the various revolutionary ideas I hold, some are adapted from traditional Chinese thought, and some from Western thought. . . ."⁶⁹ He maintained that the Confucian moral ideals, political philosophy, and method of personal cultivation were all superior to their Western counterparts. The traditional ethics of China, in his view, inculcated an entire syndrome of personal and collective virtues conducive to the modernization of China. The KMT has thus systematically cultivated the Confucian ethics as part of its official policy. In the 1930s, the KMT waged a New Life Movement to revive traditional culture and fight against both socialism and Western liberalism.

In Taiwan, oppositionists often used the concept of culture as a metaphor for politics, and criticized the KMT's authoritarianism by propagating Westernization. *Wenxing* (Apollo), a magazine published from 1957 to 1965, is an example: it was critical of the Chinese tradition to which the KMT considered itself heir. In response to liberal criticism of the KMT's one-party rule and martial law in the 1960s, Chiang Kai-shek proposed a revival of Confucianism on Taiwan and the KMT sponsored a Cultural Renaissance Movement and explicitly reaffirmed Chinese culture.⁷⁰ The Taiwanese authorities established the Confucius and Mencius Studies Association on April 10, 1960. Opposing Communist damage to traditional culture, Chiang Kai-shek stressed ethics in addition to "democracy and science," the two principles raised in the May Fourth Movement, and stated that ethics had a complementary relation with democracy, arguing that the spirit of freedom means obeying the law and performing one's role (*shoufa shoufen*). On December 26, 1966, the fourth session of the KMT's Ninth National Congress passed the bill on "Measures for the Chinese Cultural Renaissance Movement."⁷¹ In June 1967,

⁶⁸George P. Jan, "The Doctrine of Nationalism and the Chinese Revolution," in Cheng, *Sun Yat-sen's Doctrine in the Modern World*, 146.

⁶⁹Cited in Ying-shih Yu, "Sun Yat-sen's Doctrine and Traditional Chinese Culture," *ibid.*, 79.

⁷⁰Warren Tozer, "Taiwan's 'Cultural Renaissance': A Preliminary Survey," *The China Quarterly*, no. 43 (July/September 1970): 61-99. For documentation, see *Wenhua fuxing yu Zhongguo wenhua* (The cultural renaissance and Chinese culture) (Taipei: Zhongguo guangbo gongsi, 1970). Also see Moody, *Political Change*, 76-77.

⁷¹Li Sung-lin et al., eds., *Zhongguo guomindang dashiji, 1894-nian shiyiyue—1986-*

the KMT Central Standing Committee ratified the organizational charter of the Committee of Chinese Cultural Renaissance Movement. Chiang Kai-shek assumed the chairmanship of the committee, and appointed Sun Ke, Wang Yun-wu, and Chen Li-fu as vice chairmen. On April 22, 1973, Chiang Kai-shek stressed Confucian ethics in a conference of the Confucius and Mencius Studies Association,⁷² pointing out that Confucianism was in accordance with the essence of the Three People's Principles, and science and democracy could be used as instruments of Chinese values.

The KMT used Confucianism as a tool of thought control, basing its legitimacy on its insistence on Chinese tradition, and reproaching the damage done to Chinese cultural tradition by the Communists on mainland China. The KMT government attempted to shape itself as the guarantor of Chinese tradition, using traditional culture both to marginalize cultural Westernization and Taiwanese localism. Opposition critics charged that the KMT "has given voice to the importance of Chineseness as a way to subdue Taiwaneseess."⁷³ Thus, the KMT's Cultural Renaissance Movement did not attract much of an audience.

In his later years in Taiwan, Chiang Kai-shek adopted some more liberal prescriptions and shifted toward science and modernization, as Sunism became the basis for constructing a new modern culture. However, it was only in the Chiang Ching-kuo period that restrictions on cultural Westernization were removed⁷⁴ and Taiwanese localism gradually gained acceptance. In the 1980s, the KMT tried to accommodate both cosmopolitanism and localism, and since the late 1980s, it has even promoted cosmopolitanism, while it has tried to curb "mainland mania." The Confucian character of Taiwan's population has gradually faded away.⁷⁵

The change in the KMT's cultural orientation should not surprise us; while KMT top leaders had genuine faith in Chinese culture, they

nian shieryue (Chronology of the KMT, November 1894-December 1986) (Beijing: Jiefangjun chubanshe, 1988), 465, 484, 485. However, the Chinese Cultural Renaissance Movement received little state funding as the government's main resources were allocated to military and economic fields.

⁷²Ibid., 487, 512.

⁷³Wachtman, *Taiwan*, 122.

⁷⁴Edwin A. Winckler, "Cultural Policy on Postwar Taiwan," in *Cultural Change in Postwar Taiwan*, ed. Stevan Harrell and Huang Chun-chieh (Boulder, Colo.: Westview Press, 1994), 25.

⁷⁵Sun Chen, "Investment in Education and Human Resource Development in Postwar Taiwan," *ibid.*, 109.

did not necessarily oppose Western civilization. Sun Yat-sen is an example. As has been noted, “many Mainlanders in the upper echelon of the KMT, including the last three ROC presidents, are Christians.”⁷⁶ As we shall see later, many KMT officials were imbued in Western cultures before they returned to serve the party and government in Taiwan. Their open-minded attitude toward Western culture has been a positive factor in Taiwan’s democratization.

Policies Toward Foreign Investment

Sun’s nationalism contains anti-imperialism, but he did not oppose China’s international involvement. The KMT on Taiwan has followed suit and aired anti-imperialism very rarely; these attitudes have been largely eclipsed by its anticommunism.

The KMT government on Taiwan has a strong nationalist commitment regarding foreign investment, as nationalism has played a role in directing Taiwan’s import-substitution and outward-looking modernization. Following Sun’s teachings, the KMT government has employed protective policies to shelter infant industries. As early as 1949, the government initiated a program of foreign exchange controls through which the state blocked selected imports and helped develop import-substituting industries such as those producing chemicals, chemical fertilizers, and petrochemical goods. By 1955, the state trade control agencies controlled the import of a whole range of products such as cotton, man-made fibers, leather and leather manufactures, cement, chemical fertilizers, soap, paper, tin plating, sewing machines, bicycles, motorcycles, etc.

The KMT government on Taiwan from its very beginning believed that international support could be obtained under conditions of mutual benefit and Taiwan’s comparative economic advantages could fuel domestic economic growth. It has been written that “the readiness with which Taiwan accepted foreign concessional and non-concessional aid and foreign loans and investment was a direct result of Sun’s conception of international economic relations.”⁷⁷ Sun argued that China should take advantage of low labor costs in the development of its economy,⁷⁸ nevertheless, as Peter Fischer points out, “the

⁷⁶Wachman, *Taiwan*, 121.

⁷⁷Gregor, Chang, and Zimmerman, *Ideology and Development*, 92.

⁷⁸*Ibid.*, 53.

national interest, in particular the economic and social development of the ROC, constitutes the determining factor for the admission of foreign investment to this country.”⁷⁹ On the one hand, the KMT has tried to absorb foreign investment to foster economic growth, and on the other, it has not allowed foreign investors to control its economy. The willingness to attract foreign investment has not created a laissez-faire policy, as the ROC government has tried to manage foreign investment through legislation such as the Statute for Investment by Foreign Nationals, promulgated on July 14, 1954, and the Statute for Technical Cooperation, promulgated on August 9, 1962. To control and direct foreign investment, the ROC government has implemented various measures, such as entry screening and monitoring and ownership restraints. The government has reserved certain businesses for local investors. For instance, the state controls almost all infrastructure, including transportation, communications, and public utilities. Foreign capital participation has been encouraged only in priority and high-tech industries.⁸⁰

Since the late 1980s, Taiwan's policy toward foreign investment and outgoing investment has been based more and more on Taiwanese nationalism. Taiwan's efforts to attract foreign investment are due not only because of modernization needs, but also security considerations. It has tried to get as many countries as possible involved with Taiwan commercially, and hopes that such a measure will make it more difficult for mainland China to use force against it, because the use of force would also hurt many other countries' interests.

At the same time, the ROC government has taken a restrictive policy toward Taiwanese investment on the mainland. Private investment from Taiwan has grown rapidly since 1989; Taiwanese investments exceed those of U.S. firms, and Taiwan is now the second largest foreign capital investor in mainland China.⁸¹ The ROC government fears that such massive investment on the mainland will endanger Taiwan's security and economic interests. Therefore, it has made efforts to stop Taiwanese investment on the mainland. For instance,

⁷⁹Peter Fischer, "Legal Aspects of European Investment in the Republic of China," in *The Republic of China on Taiwan Today*, 156.

⁸⁰Hao Wang, "Foreign Investment and the State in Postwar Japan and Taiwan," *Issues & Studies* 29, no. 6 (June 1993): 80-96.

⁸¹Li Rongxia, "Taiwan Investment on the Mainland," *Beijing Review* 37, no. 25 (June 20, 1994): 26.

when Formosa Plastics Group, one of Taiwan's largest conglomerates, proposed the construction of a US\$186 million naphtha plant on the mainland, the ROC government denied its proposal, fearing that if Formosa Plastics Group moved to the mainland, many other large-scale industries would follow.⁸² As a measure to counter the west-bound investment, it encouraged investment in Southeast Asia, rather than the mainland.

Seen from the above three aspects, the KMT's nationalism has had a great impact on Taiwan's modernization and political development; at the same time, it has also endured transformation itself. Its nationalism is less and less centered on China as a whole and more and more centered on Taiwan. This point is clearly revealed in its policies toward the mainland as any serious attempt to reconquer the mainland would have risked destroying the prosperity and stability that were so crucial to Taiwan's political development. While retaining the Chinese culture, the KMT government has accepted localism and encouraged cosmopolitanism. The dramatic increase of foreign investment in Taiwan and the government's encouragement of outgoing investment in Southeast Asian countries other than mainland China show both the KMT government's assertion of Taiwan identity and desire for cosmopolitanism. Like its attitude toward the other two principles of Sunism, the KMT also takes a pragmatic attitude toward nationalism. The issue of national identity in Taiwan is closely linked with democratization. The KMT's compromise on this issue is, to some extent, equal to a quasi-democratization effort.

Functions of the KMT's Ideology

The KMT's ideology is the most obvious factor that distinguishes the KMT from Leninist parties, and is thus a major factor that may determine the fate of democratization in Taiwan. Politically, it opposes proletarian dictatorship and embraces Western democracy, and economically it is committed to private ownership and a market economy. As we have seen earlier, the KMT embraces capitalism as an important ideological tenet. Taiwan had a large public-sector economy until the late 1950s; the private sector grew in importance thereafter, and

⁸²Phillip D. Grub and Jian Hai Lin, *Foreign Direct Investment in China* (New York: Quorum Books, 1991), 86.

capitalism has thus grown with the Nationalist rule of Taiwan. A democracy is most likely to grow with capitalism, although capitalism itself is not sufficient for democracy. Opposition politicians have usually advocated more social welfare and better pay for workers, and have even called for European socialist welfare state systems. In recent years, in order to cater to constituents, the KMT has carried out many social welfare programs, rendering the opposition's socialist ideas less appealing to ordinary Taiwanese people. The populace agrees with the KMT's anticommunism, though it does not support it as an ideology as strongly as the government does.⁸³

One basic function of ideology is that it envisages the future. Sunism and the Constitution of the ROC require that the KMT realize democracy in the end. Sun's tutelary approach to democracy provided the KMT with an easy excuse to maintain its authoritarian rule, but the tutelary stage could not be prolonged forever. In recent years, ideology still has an instructive function, but democratic ideology has become the guideline for Taiwan's continuous democratic reforms.

Another function of ideology is to defend a particular established order.⁸⁴ By definition, ideologies are intended to legitimate certain activities or arrangements and have the function of justifying underlying interests. They may simply be used to justify the rule of the regime, and indeed, the KMT has used the Three People's Principles both to defend its earlier authoritarian rule and to justify its recent reforms. The eclectic nature of Sunism facilitated the KMT's manipulation and operation of it in its official ideology. When ideologies are taken very seriously, the result may be intense intraparty struggles or even totalitarian efforts to ensure complete popular conformity to the party's ideology, which can be highly destabilizing. The KMT avoided such tragedy by pragmatic use of Sunism and intentionally downplaying the importance of ideology. In this aspect, the KMT can be described as a mature political party, because ideology normally plays a crucial role in shaping the newly formed organization and in determining its collective identity, but has less of a role in directing a mature party.

Ideology can also play an important role in political stability, and the KMT's ideology has never been purely and simply a facade.

⁸³John F. Copper, *Taiwan: Nation-State or Province?* (Boulder, Colo.: Westview Press, 1990), 72-73.

⁸⁴Vincent, *Modern Political Ideologies*, 8.

The party-state needs a strong ideology, and a strong ideology dictates a strong state. A clear and definite ideology is necessary for the party-state to control people's minds. The KMT authorities formulated a nationalistic curriculum to indoctrinate its official ideology and by insisting on Sunism, especially in its early stages, the KMT regime imposed at least a superficial "consensus on the fundamentals of politics and precluded the advocacy of any alternative ideology."⁸⁵ By doing so, it created a peaceful environment in which it could carry out political reforms according to its own agenda.

Conclusions

When discussing the failure of democratization in Latin America between World War II and the 1970s, Guillermo O'Donnell points out two ideological factors: "One of them was that most intellectuals were actively hostile to those exercises in democracy. The second factor was the ambiguity and opportunism with which major political parties assessed the very idea of democracy."⁸⁶

Similarly, in its early years in Taiwan, the KMT was hesitant to apply democratic ideology. Through the years this situation changed, and the KMT transformed its revolutionary and authoritarian ideology into a pragmatic and democratic one. Changes in the KMT's ideology have been especially evident in the post-Chiang Ching-kuo era and with the new explanation of the Three People's Principles at the Thirteenth Congress. The order of the Three Principles was changed at that time to people's rights, people's livelihood, and nationalism, and their content was modified to accommodate the new situation.

The transformation of the KMT's ideology can be explained by generational changes within the party and society in general. The second generation of the KMT has been more influenced by Western political thoughts, as a very high proportion of the KMT elite received advanced graduate degrees in the United States, are familiar with American democratic operations, and are not insensitive to calls for democracy.⁸⁷ Intellectuals have also contributed to the democratic and

⁸⁵ Cheng and Haggard, *Political Change in Taiwan*, 6.

⁸⁶ Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule: Prospects for Democracy* (Baltimore: The Johns Hopkins University Press, 1986), part 2:16.

⁸⁷ Moody, *Political Change*, 16.

pragmatic ideology; Tun-jen Cheng and Stephan Haggard note that “a close connection exists between the development of the discipline of political science and the development of democracy. Historically, these two have gone hand in hand. Taiwan, like Korea, has a healthy and vigorous political science profession.”⁸⁸

In addition, oppositional ideology has pushed the KMT's ideological changes. Political opposition groups in Taiwan have espoused Sun's teachings, especially democracy and people's livelihood, and criticized the KMT for its failure to fulfill Sun's prescriptions about democratic government. For instance, oppositionists argued that the period of tutelage should have ended much earlier and the Constitution should be revived. Daniel Berman notes, “To many, the KMT's shopworn, unexciting Three People's Principles paled by comparison.”⁸⁹ Clearly, however, the ideological gap between the KMT and its opposition has narrowed in recent years. Although the DPP's platform has rich ideological overtones, it has taken an increasingly pragmatic position on issues that polls showed the electorate was concerned about. Meanwhile, the KMT has accepted the need for more democracy and the legitimacy of opposition. After the forming of a democratic and pragmatic ideology that is shared by the DPP and general populace, the KMT now faces a choice in the left-right continuum. It can no longer claim that it represents the interests of all the people in Taiwan. Its original ideology does not seem to attract voters, and the election system has forced the KMT to be constituent-oriented.

However, the KMT's ideological changes can also be explained by the nature of Sunism. As long as the KMT alleged its ideological commitment to Sunism, it could not maintain its authoritarian rule forever. As Berman observes, “Restrictions of civil rights were neither represented as necessities of the revolutionary state nor embodied in the basic constitutional order. Rather, these restrictions were presented as temporary measures arising from the condition of civil war with the Communists.”⁹⁰ Peter Moody has a similar observation when he points out that “Kuomintang quasi-fascism was a fascism more of expediency than of principle, a sense that one must be tough because the times are tough. The ideology had no pretensions of metaphysical

⁸⁸Cheng and Haggard, *Political Change in Taiwan*, xiv.

⁸⁹Berman, *Words Like Colored Glass*, 197.

⁹⁰*Ibid.*, 154.

or permanent historical truth.”⁹¹ When the immediate military threat from the mainland receded and the island prospered, the KMT lost the excuse to maintain authoritarian rule; it had to go back to constitutional order according to Sunism. Such a commitment was required by the regime’s need to maintain its legitimacy. Therefore, the KMT’s practical ideology contains elements that push the party to control/dominate its internal affairs and external environment, but also contains an affirmation of democracy that requires the party to always rationalize its authoritarianism by reference to extraordinary circumstances and take the lead in democratization when such circumstances change.

The pragmatic, eclectic, and flexible character of Sunism itself facilitated the development of the KMT’s ideology and offered the KMT a wide leeway to manage society in a pragmatic way. Due to this flexible nature, there have been no severe ideological clashes within the KMT. In terms of ideology, the post-World War II KMT is similar to what Samuel Huntington describes as an established one-party, because its ideology was relatively unimportant in shaping its goals compared to the decisions of its leaders and pragmatic considerations. Furthermore, Sun’s original design was for the whole of China, and the KMT on Taiwan was bound to modify it to some degree to accommodate Taiwan’s situation.

However, Sun’s tutelary design undoubtedly facilitated the KMT’s rule of Taiwan, and was used as a nation-building blueprint.⁹² Through tutelage, Sun meant to educate people to enjoy their freedoms and rights. In contrast, the KMT used it as a method to limit people’s freedoms and rights, and rationalized its authoritarian rule by the same principle. The transformation of the KMT and party politics in Taiwan reflects the natural transition from a tutelary stage of political rule to the stage of full democracy.

Therefore, the KMT’s ideology has had an impact on Taiwan’s political development. Sun’s writings provided Taiwan with a political model; in the initial stage, the people’s livelihood principle encouraged the KMT to carry out land reforms that laid down the basis for later rapid economic growth, and the democracy principle (especially the

⁹¹Moody, *Political Change*, 23.

⁹²The idea of tutelage is not particular to the KMT’s ideology, but common to many ruling parties in the developing world. Cf. Paul E. Sigmund, Jr., ed., *Ideologies of the Developing Nations* (Princeton, N.J.: Princeton University Press, 1971).

tutelage principle) encouraged local self-governance that formed the basis for democratization in recent years. Sun put election politics in a central position in the political constitution, and his plan has been largely fulfilled by the KMT in Taiwan. The stress on equality urged the state to invest in education, providing people with “the equality of opportunity,” and led Taiwan’s growth without serious inequality. In the meantime, the KMT’s ideology has transformed from actual authoritarian convictions to a democratic ideal, moving to a constituent-oriented ideology. Adapted to electoral politics, the KMT is also converting from mainland-oriented nationalism to Taiwan-oriented nationalism, and its concerns have shifted from long-range and messianic ones to short-range and pragmatic ones. This democratic change in the KMT’s ideology is an important factor in the democratic transformation of Taiwan’s political system.