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Democratization under One-Party Dominance: Explaining Taiwan's Paradoxical Transition

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Two paradoxes characterize Taiwan's democratic transition: the initiation of reform by the regime in power and the continued dominance of the ruling party after the opening of electoral competition. This record remains unrivaled by any other transitioning democracies. This article untangles these puzzles by arguing that Taiwan's unusual transition owes as much to historical contingencies as to the judicious electoral engineering undertaken by the incumbent elite. As an émigré regime, the Kuomintang (KMT) relies on partial elections to consolidate its local base. These elections and related electoral systems create an electoral certainty that is crucial to both the regime's opening in the mid-1980s and its post-transition dominance. This confidence in its electoral competence precipitated the KMT's initiation of democratic opening and has safeguarded the party after the transition. In conclusion, this article suggests that the Taiwan experience, though not duplicable, can be useful to other transitioning societies.

KEYWORDS: **democratization; Kuomintang (KMT); electoral system; SNTV; game of transition**

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Two Paradoxes

Among the world's transitioning democracies, Taiwan distinguishes itself by the smooth (though still incomplete) transition from authoritarianism to democracy which occurred within a decade.[1] Even more remarkable is a set of paradoxes that characterize the process. First, the ruling Kuomintang (KMT, the Nationalist Party) has played a crucial role in initiating, if not steering, the transition.[2] Intriguing is the fact that democratic reform should be piloted by the very regime to be reformed. Second, the KMT has survived and remains dominant after the transition to an electoral democracy[3] under which genuine multipartism is burgeoning. This record is not only unparalleled by any other case,[4] but also calls into question why the party would open the political market in the first place.[5]

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[1]This process began in September 1986, when the first genuine opposition party—the Democratic Progressive Party, DPP—was allowed to come into being, and culminated in 1996 in the first direct presidential election in history. See Hung-mao Tien, *The Great Transition: Political and Social Change in the Republic of China* (Stanford, Calif.: Hoover Institution Press, 1989), and Hung-mao Tien, "Taiwan's Transformation," in *Consolidating the Third Wave Democracies: Regional Challenges*, ed. Larry Diamond, Marc F. Plattner, Yun-han Chu, and Hung-mao Tien (Baltimore: Johns Hopkins University Press, 1997), 123-61. For a diachronic account of the turning points in Taiwan's liberalization and democratization, see Jaushieh Joseph Wu, *Taiwan's Democratization: Forces Behind the New Momentum* (Hong Kong: Oxford University Press, 1995).

[2]Bruce J. Dickson, "The Kuomintang Before Democratization: Organizational Change and the Role of Elections," in *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave*, ed. Hung-mao Tien (Armonk, N.Y.: M.E. Sharpe, 1996), 42-78. That the incumbent elite initiate the transition by no means implies the unimportance of the opposition. The model in section three will show that, without the threat from the opposition, the incumbent would not reform so quickly.

[3]Electoral democracy is defined by the constant operation of open and fair elections. Elections are one of the crucial conditions that constitute a liberal democracy, where human rights are protected, laws are enforced, and the judicial system is independent. For a detailed discussion, see Larry Diamond, "Democracy in Latin America: Degrees, Illusions, and Directions for Consolidation," in *Beyond Sovereignty: Collectively Defending Democracy in the Americas*, ed. Tom Farer (Baltimore: Johns Hopkins University Press, 1996), 52-104.

[4]Among the transitioning regimes, only Mexico's Institutional Revolutionary Party (PRI) matches the KMT in longevity (1930-97). Nonetheless, in 1997 the PRI lost its majority in the Chamber of Deputies, the government of Mexico City, and two state governorships. Many believe that political reforms before the elections contributed to the PRI's setback. Since then, the KMT stands out again by its initiation of reform and survivability after the transition.

[5]Huntington, in concluding the experiences of the "third wave" democratization, suggests

Intellectually, these puzzles are by themselves captivating. Indeed, the noteworthiness of the case is justified by its uniqueness.[6] Moreover, students of democratization may find the Taiwan case enlightening by the messages it conveys. Taiwan's experience gives a hope to freedom fighters that forcing open a well-protected regime is possible, in a short period of time, without bloodshed; the case comforts the authoritarian elite that power can be maintained even after transition. This democratic transition challenges the common wisdom that liberal democracy is basically a Western tradition and nullifies the hypothesis that Asian nations are by nature despotic.[7]

However, uniqueness is also an obstacle to generalization. To what extent can the Taiwan experience be imitated? For example, is the People's Republic of China (PRC) likely to follow the same path if similar conditions are fulfilled? If such a chance exists elsewhere, why have other authoritarian regimes allowed themselves to collapse? What theoretical contribution can the Taiwan case render other than its peculiarity?

The purpose of this study is to uncover the underlying dynamics of Taiwan's transition. This paper argues that Taiwan's unusual transition owes as much to historical contingencies as to the judicious institutional engineering undertaken by political elite.[8] Momentous historical events include the unplanned transplant of a quasi-Leninist regime to a relatively developed society, an international isolationism that haunts the regime unceasingly, and the preexisting history of local elections. Together, these forces make elections an acceptable survival kit for an authoritarian regime

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that "elections are not only the life of democracy; they are also the death of dictatorship." See Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991), 174.

[6]Democratic transition in Spain is also elite-initiated and peaceful. Unlike in Taiwan, however, post-transition Spain witnessed the realignment of political parties and the adoption of a new constitution. See Richard Gunther, "Electoral Laws, Party Systems, and Elites: The Case of Spain," *American Political Science Review* 83, no. 3 (1989): 835-58; and Josep M. Colomer, "Transitions by Agreement: Modeling the Spanish Way," ibid. 85, no. 4 (1991): 1283-1302.

[7]This view is expounded most blatantly by Samuel P. Huntington in *The Third Wave* and "The Future of the Third Wave," *Journal of Democracy* 8, no. 4 (1997): 3-12.

[8]Institutional engineering refers mainly to the selection of electoral systems and the adjustment of campaign strategies in various arenas that help the KMT uphold its dominance.

in crisis. The early opening of partial elections creates an electoral certainty that is vital for the opening of party competition and the avoidance of unnecessary collisions between the regime and the opposition.[9]

This study agrees completely with the claim that political culture matters in democratic consolidation. Nonetheless, the literature review presented in the next section suggests that culture alone does not enucleate historical conjunctures that are pivotal to the transition. I shall argue that strategic interaction under structural constraints explains the transition more adequately. To reveal the dynamic process of strategic interaction and its consequences, the third section presents a game-theoretic model that illustrates how the authoritarian regime reacts to crisis and how uncertainty plays a crucial role. Section four demonstrates that Taiwan satisfies the conditions of the model. Section five surmises how, after the opening of electoral competition, the KMT may have benefited from Taiwan's peculiar electoral system. Section six concludes by bringing Taiwan back into a comparative perspective that highlights the sources of the case's uniqueness.

Prevalent Theories

One long-held belief is that prosperity brings democracy.[10] A less materialist version of this theory argues that modernization increases the exposure to democratic values that are conducive to the development of a democratic culture. Followers of this school will be happy to point out that Taiwan, in comparison with other transitioning societies, is both rich and pro-West. To these observers, democratization in Taiwan is simply a natural consequence of modernization.

A corollary of the modernization theory is that the prospect of democratization is dismal in countries where the economic performance is poor.

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[9]For a brief history of Taiwan's electoral opening, see note 23 below.

[10]Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper & Row, 1976); Seymour Martin Lipset, *Political Man: The Social Bases of Politics* (Garden City, N.Y.: Anchor Books, 1963).

This is obviously false. In fact, transitions in many Third World countries are triggered not by affluence, but by economic disaster. Despite this deficiency, modernization theory does account for the implantation of democratic values into Taiwan's civil society, without which a genuine transition is impossible. What the theory does not explain, however, is the timing of the transition and why the KMT has maintained its dominance thereafter. The first issue involves the decision of the incumbent elite; the second issue concerns voter decision.

Treating transition as a decision-making problem, some studies underscore the strategic interaction between the incumbent elite and the opposition.[11] Other studies suggest that pre-transition electoral politics contributes to Taiwan's transition by eroding the KMT's authoritarian foundation.[12] Both theories are essential, and will be incorporated into the present analysis, but neither is sufficient. Strategic interactions and the subsequent "round table" negotiations are so common among the third wave democracies that the real puzzle is not so much about process as about outcome: Why do strategic interactions precipitate elite-led transition in Taiwan, but not in many other nations? If electoral politics enters the KMT's calculus, why has the result been the regime's opening? What could have happened if the KMT decided to take other routes, such as repression? Most important, why has the transition been smooth?

Those who stress the personal role played by the KMT's leaders (especially Chiang Ching-kuo) should answer the same questions. There is little doubt that personal judgments matter. The real issue, however, is how an individual case can be generalized. For example, under what circumstances can we expect a different leader to take the same action as promoted by Chiang Ching-kuo? Why do leaders in most transitioning societies choose other alternatives?

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[11]Guillermo A. O'Donnell and Philippe C. Schmitter, "Tentative Conclusions about Uncertain Democracies," in *Transitions from Authoritarian Rule: Prospects for Democracy*, ed. Guillermo A. O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), 37-47.

[12]Tun-jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," *World Politics* 41 (1989): 471-99; Hung-mao Tien, *The Great Transition*; Teh-fu Huang, "Electoral Competition and the Evolution of the KMT," *Issues & Studies* 31, no. 5 (May 1995): 91-120.

To answer these questions, we must put the incumbent elite and the opposition back into the decision-making context and look for rational explanations for the actions taken, namely, the KMT's liberalizing policies and the opposition's giving up of revolutionary doctrines.[13] The next section presents a model that generates some preliminary hypotheses. The analysis shows that a crucial factor in explaining the KMT's concession to opposition demands and its post-transition dominance has been electoral certainty.[14]

A Model of Democratic Opening

Consider the following story (a game-theoretic version is illustrated in the appendix). Imagine an incumbent leader of an authoritarian regime who encounters serious hazards in the environment (e.g., economic crisis, political upheaval, international pressure, defeat in war, or natural disaster), and is considering opening the political market (such as beginning free elections and permitting party formation) to alleviate the pressure by broadening domestic support. By doing so, the incumbent elite run the risk of losing power to the new competitor. The incumbent can of course decide to maintain the status quo, leaving two alternatives to the challenger. Nothing changes (in terms of power redistribution) if this challenger accepts the status quo. Rejecting the status quo sends the challenger to a non-

[13]Lin Chia-lung ascribes Taiwan's unusual transition to the rational calculation of ruling elite and the KMT's unusual regime type, and contends that the KMT's strength and responsiveness prompted the party to initiate the transition. See Lin Chia-lung, "Explaining Taiwan's Democratization: Regime Types and the Strategic Choices of Elite," in *Liang'an dangguo tizhi yu minzhu fazhan* (The party-state systems and democratic developments across the Taiwan Strait), ed. Lin Chia-lung and Qiu Zeqi (Taipei: Yuedan chubanshe, 1999), 87-152. The present article takes this argument a step further and examines the micro process of the strategic interaction.

[14]Others have already pointed out that the emergence of democracy is facilitated by the surpassing of the cost of suppression over the cost of tolerating political competition. See Robert A. Dahl, *Polyarchy: Participation and Opposition* (New Haven, Conn.: Yale University Press, 1971). In constructing a model of democratic opening, I also consider the contrast between these two costs. However, only through a game-theoretic model can we see that the certainty of this contrast is what plays the crucial role in affecting the incumbent's decision.

electoral arena to confront the incumbent elite. This arena can be a revolution, a coup d'état, or simply natural selection. The strategic interaction between the challenger and the incumbent elite determines which of the following three outcomes will occur: democratic opening, maintenance of the status quo, or a non-electoral clash.

To discern the strategic factors contributing to democratic opening, a theory must meet two requirements. First, democratic opening cannot be the only outcome that the theory predicts, otherwise the explanation becomes self-fulfilling. Second, the prediction should be based solely on strategic factors specified by the theory. In accordance with these requirements, the following assumptions are made to derive the propositions of democratic opening. These assumptions constitute a decision tree whereby the incumbent elite decide whether or not to open and the opposition reacts accordingly.

Assumption 1: The elite will lose some power when the political market is opened, and the new power distribution reflects the result of a fair competition where no privilege is granted to the incumbent. This assumption states that democratic opening imposes a positive cost on the incumbent elite, who make such a choice only when strategic calculations guide them to do so.

Assumption 2: No power redistribution occurs if the elite keep the political market shut and the challenger takes no action to protest. With this assumption, we are able to ascribe democratic opening solely to the calculations regarding the outcome of strategic interactions.

Assumption 3: If the elite defend the status quo but the challenger disagrees, a battle fiercer than the election occurs. Whoever wins the contest gains more than what an electoral victory can reward, but the loser will also be punished more severely than merely losing some legislative seats. For instance, by winning the combat the elite can remain unchallenged for years (such as the Chinese Communist Party after the Tiananmen Square suppression). However, losing the game means losing everything. For the challenger, a setback in this non-electoral tournament can send him to prison or even to the gallows, although victory can bring him the whole kingdom rather than merely a portion of the legislature.

The appendix demonstrates how different information structures and

Table 1
Different Outcomes of the Democratic Opening Game

		Information Structure		
		Both the incumbent and the challenger are uncertain about the incumbent's strength	Only the challenger is uncertain about the incumbent's strength	Both the incumbent and the challenger are certain about the incumbent's strength
Incumbent Elite	**Strong**	*Status quo* accepted by the challenger	*Status quo* accepted by the challenger	*Status quo* accepted by the challenger
	Weak	*Non-electoral clash:* The incumbent seeks to maintain the status quo but the challenger refuses	*Non-electoral clash:* The incumbent seeks to maintain the status quo but the challenger refuses	*Democratic opening:* The challenger is ready to challenge and the incumbent concedes
	Very Weak	*Democratic opening:* The challenger is ready to challenge and the incumbent concedes	*Democratic opening:* The challenger is ready to challenge and the incumbent concedes	

Note: The outcome is italicized. "Strong," "weak," and "very weak" are defined by the probability for the incumbent to win the non-electoral battle. See the appendix for technical explanations.

payoff distributions affect the likelihood for each scenario to occur. The main results are summarized in table 1 from which several propositions are derived.

Proposition 1: *When either the incumbent or the challenger is uncertain about the regime's strength, the regime becomes protective and will engage in democratic opening only when it becomes very weak.* This proposition, which has a simple logic and an interesting implication, reveals why uncertainty is the root of conservatism. Being uncertain about their own strength, the incumbent elite can only move probabilistically. Maintaining the status quo is the correct way if the challenger does not in fact challenge. In case the opposition challenges, the possibility of the incumbent's being strong compensates for his risk of defending the status quo when the regime is weak but not very weak. According to the model, the challenger will challenge when the regime is not strong (see proposition 3).

Therefore, uncertainty induces a non-electoral confrontation between a weak (but not very weak) incumbent and an ignorant challenger even if such a fight is beneficial to neither side.

Proposition 2: *The chance of democratic opening is increased by the certainty of the regime's strength.* This proposition is a corollary of the previous one: an elite-led transition takes place only if the incumbent is fully aware of his weakness. Both the incumbent elite and the challenger will choose contingent strategies when the information is complete. The regime maintains the status quo only if it is strong. Knowing this, the opposition accepts the status quo if the regime decides not to allow change, because the incumbent will obviously not be defeated. Reversely, complete information gives the opposition the confidence to challenge a weak regime, which forces the regime to open first.

Proposition 3: *With or without uncertainty, the opposition is ready to challenge the status quo as soon as the authoritarian regime has no chance to win the non-electoral competition.* We have seen how uncertainty makes the incumbent *less* compromising than what his strength can afford. Nevertheless, uncertainty does not make the challenger *more* compromising. The logic is the same: even if the incumbent is not very weak (but not yet strong), the risk of challenging a strong incumbent is compensated by the reward of beating the latter. We may thus conclude that the effect of uncertainty on democratic opening is negative. Uncertainty can mistakenly incite a weak (but not very weak) regime to repress a defiant opposition, even when democratic opening is better for both.

Proposition 4: *When the incumbent is weak, the smaller the payoff difference between the electoral and non-electoral competitions, the greater the chance for the incumbent and the challenger to fight in the non-electoral arena.* The preceding proposition demonstrates how uncertainty can cause confrontation. The magnitude of this impact, hence the likelihood of a non-electoral battle, is affected by the difference between the two types of competition. If, to a weak incumbent, joining an election is as ruinous as confronting a revolution, maintaining the status quo may be a safer choice. By the same token, the more the elections abate the regime's loss of power, the more likely the regime will be committed to the establishment of electoral democracy.

Taiwan's Opening to Electoral Democracy

It follows from the above model that a smooth and incumbent-led transition requires at least two conditions. First, safer is for the authoritarian regime to confront the challenger in elections than in the non-electoral arenas. This outcome occurs either when a non-electoral clash is very damaging, or when the incumbent is electorally competent. Second, uncertainty about the regime's electoral and non-electoral strengths should be low. We may thus conclude that the more an incumbent party is certain about its electoral superiority over the challenger, the more likely the ruling elite will extend the scope of electoral competition.

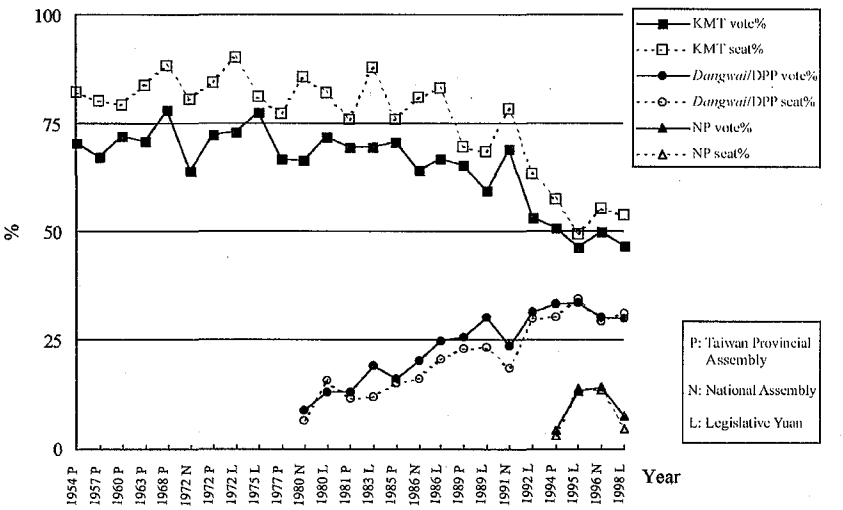
The degree of *electoral certainty* rises as the number of elections increases and the outcomes converge to a certain trend. Being aware of this trend, the incumbent elite open the political market as soon as they find guarding the status quo to be more costly than engaging in an upgraded electoral battle.

Figure 1 provides clues regarding whether Taiwan satisfies these conditions. The picture depicts the vote shares and seat shares of Taiwan's main parties in the multi-seat elections (including delegates to the Taiwan Provincial Assembly, the National Assembly, and the Legislative Yuan) between 1954 and 1998.[15] Several patterns in the figure are noteworthy. First, despite some short-term fluctuations, the long-term trend has been quite steady. The KMT's share of the votes has been gradually declining, especially since the democratic opening of 1986. In contrast, the vote share of the *dangwai*/DPP (Democratic Progressive Party) has improved at an increasingly faster pace, although the marginal growth rate diminishes as time goes by.[16] Second, while the KMT has been enjoying some seat

[15]The parties include the KMT, the *dangwai*/Democratic Progressive Party (DPP), and the New Party. Composed of anti-KMT activists who later formed the DPP, *dangwai* can be regarded as a quasi-party ever since 1980 when it endorsed its own candidates under a unified platform. I discuss multi-seat elections because this type of election reflects the electoral strengths more accurately than the single-seat elections.

[16]The discrepancy between the KMT's decline and the DPP's rise can be partly attributed to (1) the joining of many independent candidates into the opposition since the 1980s and (2) the formation of the New Party in 1993.

Figure 1
Outcomes of Taiwan's Multi-Seat Elections



bonuses,[17] the seat shares of the *dangwai*/DPP barely match its vote share. In fact, the KMT's seat bonuses secure a majority for the ruling party in all legislatures.

These patterns manifest two clear messages. First, the KMT cannot maintain authoritarian rule without paying a significant price. In just six years after the Kaohsiung Incident of December 1979, the anti-KMT activists (composed mostly of ethnic Taiwanese) boosted their vote share from less than 10 percent to almost 20 percent.[18] This result warns the mainlander-dominated KMT that, without adjusting itself, the party will soon suffer from an electoral misfortune that endangers the foundation of its legitimacy. The second message, however, suggests that the KMT

[17]Defined as seat share minus vote share.

[18]In terms of the model, this incident marks an attempt to challenge the regime when the strength of the latter appears weak (the United States severed diplomatic ties with Taiwan a year earlier). Most of the anti-KMT leaders were imprisoned after the Kaohsiung Incident.

should still be confident in its electoral competence. In the fifteen multi-seat legislative elections between 1954 and 1985 (with an election taking place almost every other year), the KMT was able to maintain a 70 percent vote share on the average. Thus, even if the *dangwai*'s upsurge was to be expected, the opening of electoral competition should not likely have deprived the KMT of its ruling status immediately.

The KMT's initiation of transitional reforms in the decade following 1986 can thus be explained by the distinct contrast between two alternatives. On the one hand, the KMT runs the risk of being subverted by the opposition's nationalistic mobilization if the ruling party attempts to defend the status quo. The *dangwai*'s quick resurgence indicates this possibility.[19] On the other hand, the KMT will suffer from a minor loss of legislative seats if the party decides to enlarge electoral competition, but no detrimental outcome is likely to follow.[20]

Most important, the certainty of this contrast is what accelerates the prompt transition.[21] The long pre-transition electoral history makes it possible for both the incumbent elite and the opposition to project with a great certainty the outcomes of electoral opening. The model has shown that, without this certainty, both sides could have exaggerated their respective strengths and instead fought each other in the non-electoral arena.

The logic of the KMT's calculus has now been clarified, but some issues remain to be resolved to complete the analysis. Why would the KMT allow partial elections since the early 1950s? How can the KMT maintain a steadily high vote share in these elections? What accounted for

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[19]Chiang Ching-kuo's deteriorating health might have exacerbated the KMT's crisis. The KMT long relied upon charismatic leadership to keep the party from falling apart. Chiang's fading away thus foretells a succession problem for the party to solve.

[20]Because of the mainlanders' overrepresentation in key political posts, subethnic mobilization before 1986 is indistinguishable from democratic movements. For a listing of important milestones in Taiwan's democratic transition, see Tien, "Taiwan's Transformation," 132-35.

[21]It is unlikely that all cadres of the KMT receive Chiang Ching-kuo's liberalization moves with happy applause. The decision had to do with Chiang's personal concern over the *dangwai*'s rising challenge and his determination to direct the competition into the electoral arena. The key to unveiling the decision-making process is of course Chiang Ching-kuo's personal account, which no study has been able to reveal so far. For a conjecture on Chiang's calculation, see Lin, "Explaining Taiwan's Democratization," 119-27.

the swift resurgence of the anti-KMT forces after the violent repression in the Kaohsiung Incident? Why does the KMT feel threatened by a non-electoral confrontation with the opposition? These are empirical questions, and their answers make up the preconditions for the preceding theory.

The answers to these questions share a common historical origin: the KMT's move to Taiwan after losing to the Chinese Communists in the civil war. Many intended and unintended consequences followed this historical event. To begin with, the KMT's inheritance upon the party's arrival of all Japanese assets made for an unbeatable combination of power and wealth. That the Nationalists immigrated into Taiwan, however, meant that the regime had only a weak social base. Moreover, Taiwan in the early postwar period was more modernized than the mainland in many ways, including industrial base, food supply, standard of living, and educational level. The KMT regime is thus strong at the top but fragile at the bottom.[22] This top-heavy structure is reflected in the ethnic distribution of political and economic power. While the mainlanders are overrepresented in the government, the military, and the cultural institutions, ethnic Taiwanese dominate the private sectors. As a result, subethnic cleavage has always been an effective variable in explaining Taiwan's political and economic transformation. This historical background is related to Taiwan's pre-transition conditions in the following ways.

First, in a desperate need to rebuild its legitimacy and to install faithful agents in the local constituents, the KMT opened local elections upon arrival in 1945 and gradually upgraded the level of elections.[23] These elections have had the effects of incubating local factions that became the KMT's clients, revealing more information about local factions through

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[22]It is thus possible that the KMT's ruthless suppression in the early postwar period (represented by the February 28th Incident of 1947) resulted from fear and anxiety.

[23]The sequence of electoral opening in Taiwan (indirect elections excluded) is: members of township councils (1946) → members of county and city councils (1950); county magistrates and provincial municipality mayors (1950) → rural and urban township magistrates (1950-52) → members of the Taiwan Provincial Assembly (1954) → supplementary members of the National Assembly and the Legislative Yuan (1969) → members of the National Assembly (1991) → members of the Legislative Yuan (1992) → President (1996). See Central Election Commission, *Zhonghua minguo xuanju shi* (Electoral history of the Republic of China) (Taipei: Zhongyang xuanju weiyuanhui, 1987), 532-67.

their competition with each other, and intimidating disobedient local agents through the control of party nominations.

Second, the KMT's steady electoral dominance is due primarily to the party's tight control of political and economic resources. With Taiwan's unusual electoral system (see next section for a detailed discussion), winners are usually those who can effectively connect themselves with a particular group of voters via money or organization. While the KMT provides its nominees with both the economic leverage (through the allocation of economic rents, for example) and political mechanism to achieve this end, non-KMT candidates were not even allowed to form a party until 1986.

Third, the revival of the anti-KMT forces in the 1980s was quickened by their nationalistic mobilization strategy. Although the *dangwai* movement was founded on the goal of democratization, unspoken resentment toward the mainlander-dominated political system has helped solve the collective action problem among activists.[24] The nationalistic mobilization strategy (such as advocating Taiwan independence) also gives the *dangwai* supporters a very simple and clear reason why they must sacrifice. Obviously, the unequal distribution of political power among subethnic groups fuels this discontent.

Finally, Taiwan's isolated international status is an important source of the KMT's insecurity, which effectively facilitated Taiwan's political opening at a critical moment. The lack of foreign support makes it difficult for the KMT to survive solely based on dependence on outsiders, a strategy relied upon by many other authoritarian regimes. Instead, the KMT is forced to fortify its domestic legitimacy to ease external pressures. These foreign pressures contributed to Chiang Ching-kuo's Taiwanization policy that began in the early 1970s, and possibly Chiang's final concession to the formation of the DPP in 1986. Nevertheless, the exact timing of Chiang's

[24]A clear contrast is the failure of the democratic movements in the 1960s. These movements mark a coalition between the liberal mainlanders and the Taiwanese elite. The KMT's merciless suppression is of course responsible for their destruction, but the potential disagreement over the future status of Taiwan would become a divisive force, if these movements have continued.

decision has to be explained by short-term factors, including Chiang's deteriorating health, concurrent reforms in the PRC, pressure from the United States for political liberalization on Taiwan,[25] the sudden rise of social protests since the early 1980s,[26] and the formation of an overseas independence party.[27] Together, these events helped the KMT to realize that encountering the *dangwai* in the electoral districts is not only a safer alternative, but also a better strategy to win international recognition. Later developments prove this view correct.

How the KMT Survives the Transition

The foregoing analysis implies that, when confronting a crisis, an authoritarian regime initiates a democratic opening only if the ruling elite are confident in their electoral survivability after the transition. An equivalent statement is that, if a regime is forced to open, it must be electorally weak and very likely to step down after the transition. This is actually what occurs in many transitioning democracies, the KMT in Taiwan being an exception.[28] We have thus found a common explanation for both the KMT's active role in Taiwan's democratic opening and its post-transition dominance: the certainty of the party's electoral strength. The questions thus become where does this strength come from and why is it so unusual?

Many intuitive conjectures can be given to explain the KMT's persist-

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[25]The United States contributes to Taiwan's democratic opening in intended and unintended ways. The KMT was first put in an unprecedented crisis by the establishment of U.S.-PRC diplomatic ties in 1979. In 1984, the assassination of Chiang Nan, a U.S.-based journalist critical of Chiang's past history, invited angry response from the United States and warned the KMT of the danger of unrestrained authoritarian rule. See Bruce J. Dickson, "The Kuomintang Before Democratization," in *Taiwan in the Asia-Pacific in the 1990s*, ed. Gary Klintworth (Sydney: Allen & Unwin, 1994), 18-19.

[26]Yun-han Chu, *Crafting Democracy in Taiwan* (Taipei: Institute for National Policy Research, 1992), 99-126.

[27]Li Xiaofeng, *Taiwan minzhu yundong sishi nian* (Forty years of democratic movement in Taiwan) (Taipei: Zili wanbao chubanshe, 1987), 231.

[28]Huntington finds that in all cases authoritarian rulers sponsored elections after the transition and lost or did much worse than anticipated. He calls this a stunning election pattern. See Huntington, *The Third Wave*, 174-80.

ence. Plausible hypotheses can include the facts that the KMT effectively turns its wealth into political loyalty, that the legacy of authoritarianism still lingers, or simply that people in Taiwan appreciate the government's capable management of the economy. All may be right, but none touches the fundamental issue: How does the KMT channel these assets (if they indeed are) into electoral success? After all, the KMT's survival is defined by its control of the government and legislature, which is impossible if the party loses in the elections.

Electoral success is defined by a party's ability to obtain political power by defeating its rivals. Returning to figure 1, we find that although the KMT still maintains a majority vote share, its electoral performance has actually been declining steadily. We may thus hypothesize that some systematic and long-term force is at work. The questions thus become why voters in Taiwan consistently vote for the KMT, although the number has been declining slowly, and how these votes are turned into political power. The key to the first question lies in Taiwan's issue structure, and both questions concern Taiwan's electoral systems.

How people in Taiwan vote is a question beyond the scope of this article. Yet all theories must share a common assumption: a voter supports the KMT because he thinks he can receive some benefit or avoid some penalty. The key is in determining what this benefit or punishment is and at what information cost can this voter link his welfare with the decision to vote for the KMT. The following analytical scheme demonstrates that the KMT's electoral fortune hinges on two factors: voter information capacities and the electoral systems. The configuration of these variables produces different constituency types, where the KMT adjusts tactics to maximize support.

Imagine a spectrum of possibilities. On one extreme, voter X is equipped with perfect information capacity, whereby he relates his preferences to the platform of the political parties, and through a careful assessment decides to vote for a certain party or candidate. On the other extreme, voter Y has a very low information capacity and cannot associate his personal well-being with the performance of any party or candidate. Y votes for a particular party or candidate based on the advice of an agent whom Y trusts. Apparently, voter X is generally better educated than Y and more

Table 2
Constituents and Electoral System: Four Ideal Types and Their Outcomes

	Electoral System	
Constituents	**SMSP**	**SNTV-MMD**
X: Voters are informed	1. Policy-centered party competition; strategic voting in multi-candidate elections	4. Candidate-based multipartism; vote division problem
Y: Voters are not informed	2. Image-centered candidate competition	3. Dominance of single party through clientelism; vote division problem

likely lives in an urban area. When interviewed in a survey, Y is more likely than X to give no answer, making the result dominated by the X-type voters. However, it may be easier to attract the Y-type voters who are more vulnerable to political manipulation. The problem for the KMT is which voters to court: the articulate or mobilizable ones?

An obvious answer is whichever voter type is the majority, although the exact strategy also depends on the rules of the electoral game. Electoral systems used in Taiwan are comprised of two types: the "single-member, simple plurality" (SMSP) rule for electing administrative heads and the "multi-member, single nontransferable vote" (SNTV-MMD) for legislators.[29] Together, voter type and electoral system produce four ideal types summarized in table 2. A discussion of the KMT's winning strategy follows the descriptions of the features of each type.

Type 1: *Informed voters and SMSP.* With only one winner, the electoral district is usually large and each party nominates only one candidate.

[29]SNTV-MMD requires voters to cast one nontransferable vote for a particular candidate, and there is more than one winner to be elected in a district. It is an unusual system used only in Japan (1947-94), South Korea (1980-88), Taiwan (1935 to now), and recently Jordan in national elections. For the history of SNTV and its application in Taiwan, see Chen Ming-tong and Lin Jih-wen, "The Origin of Taiwan's Local Elections and the Transformation of State-Society Relations," in *Liang'an jiceng xuanju yu zhengzhi shehui bianqian* (Local elections and sociopolitical changes on both sides of the Taiwan Strait), ed. Chen Ming-tong and Zheng Yongnian (Taipei: Yuedan chubanshe, 1998), 23-70. Since 1992, a small number of the seats in the Legislative Yuan are allocated by party list, but the share is determined by the district vote total of each party.

The lack of personal ties with the candidates on the one hand and the similarities between candidates and party platforms on the other make the election policy-centered. Party platforms can sometimes converge because of the centripetal tendency under SMSP, in which case the voters must rely on personal image to distinguish between candidates. But personal votes in this situation by no means undermine the importance of policy debate. The situation becomes complicated when more than two parties join the race. The issue-minded voters may be forced to vote strategically for candidate A to prevent candidate B from being elected, even though candidate C matches the voter's ideal most closely. The recent Taipei mayoral elections provide the best examples of strategic voting and how this scenario helps or hurts the KMT. The KMT lost the 1994 Taipei mayoral election because the ruling party nominated a candidate too weak to counteract the New Party's (NP's) ideological mobilization strategy. Many ethnic Taiwanese votes therefore went to Chen Shui-bian, the DPP nominee, thus electing him to City Hall. The situation became reversed in 1998, when the NP supporters strategically discarded their own nominee to save Ma Ying-jeou, the KMT nominee.

Type 2: *Uninformed voters and SMSP.* For candidates to establish personal ties with voters in these constituencies is still costly. Since it is too costly for the uninformed voters to understand and distinguish among different policy proposals, the best campaign strategy is to highlight the candidate's personal image. Parties can only demonstrate their image through their nominees. Strategic voting is less common than in the previous case, because the voters are less capable of calculating the winning odds of each candidate, and the candidates do not have clearly distinguishable platforms to guide the voters. Since the uninformed voters tend to rely on agents to decide their vote, factionalism arises in this type of case. Thus, the strategic factor that can exert a tremendous impact on electoral outcomes is factional realignment. For instance, the DPP commonly benefits from KMT factional struggles. The best examples are the elections of Taiwan's county magistrates.

Type 3: *Uninformed voters and SNTV-MMD.* Given the same level of information capacity, voting behavior under SNTV-MMD is entirely different. For the candidates, the threshold of representation under SNTV-

MMD is the same as under the proportional representation system.[30] Since only one vote is to be cast for a particular candidate, a voter typically chooses the candidate with whom he is most familiar or from whom he benefits most. Together, these institutional arrangements cultivate a singular campaign culture: the candidates solicit a particular group of voters by trying to become their favorite. With uninformed voters, taking policy positions is not a useful way to attract these voters. Since the number of votes needed to guarantee the candidate a seat is typically small under SNTV-MMD, a natural winning strategy is to establish personal ties with a particular group of voters. Constituency services and particularistic goods are two of the common means to strengthen such ties. The role of parties, though indispensable, becomes mechanic. To overcome the vote division problem, a party must nominate the optimal number of candidates who have differentiated territories. Typical cases of this electoral type can be found in the rural constituencies of Taiwan's legislative elections.

Type 4: *Informed voters and SNTV-MMD.* With the same SNTV-MMD system, the dominant party may face a totally different fate when voters become issue-oriented. Since candidates can no longer beguile their supporters with personalistic services and money (candidates even face difficulties in identifying the whereabouts of urban voters), policy stance or personal image becomes the most expedient strategy to garner votes. Under the logic of SNTV-MMD, the better strategy is for the candidate to display distinguishable policy positions or conspicuous personal images than to be neutral and mild. This creates a centrifugal tendency that is troublesome for large parties.[31] A party wastes votes by endorsing candidates who sell similar platforms, but the informed voters can desert a party

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[30] With district magnitude m and the number of votes to cast v, the threshold of representation is $v/(m+v)$. For SNTV-MMD, the threshold becomes $1/(m+1)$ and is a negative function of m. In Taiwan's Legislative Yuan elections, 10 percent of the popular votes are typically required to win a seat, and the threshold can be as low as 2 percent in some districts. For a detailed discussion on the logic of SNTV, see Jih-wen Lin, "Vote Buying vs. Noise Making: Two Models of Electoral Competition under the Single Nontransferable Vote/Multi-Member District System," *Chinese Political Science Review* 30 (1998): 93-122.

[31] Gary W. Cox, "Centripetal and Centrifugal Incentives in Electoral Systems," *American Journal of Political Science* 34, no. 4 (1992): 903-35; Gary W. Cox, *Making Votes Count: Strategic Coordination in the World's Electoral Systems* (Cambridge, U.K.: Cambridge University Press, 1997), 238-50.

that nominates (whether intentionally or unintentionally) candidates who display contradictory policy stances. In Taiwan, the best examples of this phenomenon can be found in the legislative elections in Taipei City.

The above four election types pose different strategic problems for the KMT to solve. The ease with which the KMT overcomes these problems determines its electoral success, hence the regime's dominance.

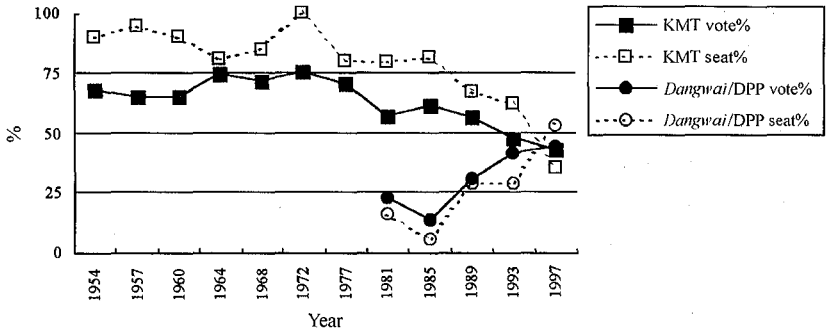
Consider the type 1 election where one winner is to be elected by the informed voters. Given the nature of the electoral district, the best winning strategy is to become a strong median candidate. In this way, a candidate prevents himself from being given up by the strategic voters on ideological grounds.[32] To be strong is also important, otherwise psychological factors (in the Duvergerian sense) would force some voters to seek the more promising, though less favored, candidates. A good example of how this tactic works is the presidential election of 1996, where Lee Teng-hui won a landslide victory by successfully presenting himself as the most viable candidate. The military threat from the PRC also helped Lee by first making him a safer choice than the DPP candidate, and then turning national identity into a salient electoral issue. Without the first factor, Lee could not have taken so many votes from the DPP. Without the second, the less informed voters would not have so easily perceived the critical nature of the issue and thus Lee's indispensability. Another example is the Taipei mayoral election in 1998. Many ethnic Taiwanese votes went to KMT nominee Ma because he appeared more moderate than the DPP incumbent, while votes from the far right swung to him for the strategic purpose of bringing down the DPP.

The KMT's median position, which can only be claimed on issues related to national identity, no longer helps when the complexity of issues raises voter information cost.[33] Neither do these voters care about policy debates nor can they accurately identify the strength of each candidate. When only one winner is to be elected, the best strategy for the KMT is thus to nominate a candidate who has an outstanding and clean image and can

[32]With only one winner and one issue, the median is the only Condorcet winner (that is, no other candidate can attract a majority of votes to beat the median).

[33]Even if policy positions are identifiable, the KMT is a weak minority on many other issues, including economic development, anti-corruption, and social welfare.

Figure 2
Electoral Outcomes of Taiwan's County Magistrate Elections



thus exempt the party from any political blame. Despite this attempt, however, less informed voters tend to be more vulnerable to factional mobilization, making local factions the major players in type 2 elections. If the KMT is unable to force the local factions to back up the image-based nominee (who is usually non-factional), the DPP has a greater chance to take advantage of the KMT's split and win the election. That is the major reason why the KMT's performance in the county magistrate elections has been deteriorating, and the ruling party has lost more than half of the county governments to the DPP (see figure 2).

With the same set of ill-informed and issue-indifferent voters, the KMT's fate is completely reversed in multi-seat elections. As explained above, providing particularistic goods and services is the most effective means to consolidate votes under SNTV-MMD. Although factional strife necessarily accompanies these elections, a dominant party also becomes indispensable as a result. Without their party's dominance of the legislatures, the local factions cannot secure the particularistic goods they crave. Moreover, the unusual problem of vote division under SNTV-MMD requires a powerful party that has the capacity to coordinate the nomination. Both missions fit the KMT perfectly.[34] Therefore, the KMT has been able to

[34]For an analysis of the relationship between SNTV and one-party dominance, see J. Mark Ramseyer and Frances M. Rosenbluth, *Japan's Political Marketplace* (Cambridge, Mass.:

maintain a tight control over Taiwan's legislatures even in counties where the DPP heads the administration and the KMT is factionalized.

Unfortunately, the fate of a dominant party under SNTV-MMD is reversed again by a different constituency structure.[35] When the voters become issue-conscious and vote according to the logic of SNTV-MMD, the candidates must respond with distinctive policy positions. This puts the KMT in an unfavorable position because the party's median position on national identity incurs criticisms from both extremes. For KMT candidates, the centrifugal tendency under SNTV pitches them against each other on vital issues, creating the impression that the party suffers from ideological schisms. Faction-based candidates will also find campaigning difficult in these districts, as the voters care more about policy outcomes than about selling their votes. Since many of these problems are structural and cannot be rectified by strategic manipulations, the KMT is thus unsurprisingly facing a gradual loss of control in urban legislatures.

To summarize the above analyses, the KMT performs most successfully in the SNTV-MMD elections where the voters are uninformed and vulnerable to particularistic infiltration. Once the voters become policy-conscious or ideologically minded, the same electoral system can bestow great disaster on the KMT. The KMT's fortune in the administrative head elections lies in between the first two cases and varies across issue structures and district sizes. The KMT can perform most admirably in critical (usually national) elections where the campaign is dominated by security issues or national identity debates. Otherwise the KMT faces a tough challenge. With the disproportionate representation of votes per seat, the single-winner elections tend to produce unpredictable results.

The secret of the KMT's post-transition dominance is now unveiled. As long as SNTV-MMD is used to select Taiwan's legislators and most voters remain myopic, no party is likely to replace the KMT's majority status in the near future. Indeed, we have seen how this certainty has con-

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Harvard University Press, 1993). The book studies Japan's Liberal Democratic Party (LDP) which also enjoys an impressive record of perennial dominance.

[35]See note 30 above.

tributed toward the opening of elections on Taiwan. Had the single-member district system been used in all elections before 1986, the KMT's electoral performance would have been less stable and Taiwan's democratic opening would have followed a different path.

Most important, the mixture of election types and the intense frequency of elections make no single election critical. Even if the KMT fails in an important election, there is always the chance to strike back in another battle.[36] The KMT undulates, but never sinks.

Conclusion: How Unique is the Taiwan Experience?

Almost all factors that contribute to Taiwan's transition seem unusual: the KMT's resourcefulness, the asymmetric distribution of political and economic power between state and society, Taiwan's insecure international status, and a long history of pre-transition elections. The KMT's post-transition survival has also been based on two uncommon conditions: an exceptional electoral system that makes the dominant party indispensable and a menacing external pressure that steepens the cost of replacing the incumbent government.

Architects of democratic transition in other nations, however, should in no way be daunted by the peculiarity of the Taiwan experience. To begin with, there is a natural tendency for a social phenomenon to defy comparison, let alone the combination of many phenomena. Second, a general logic can always be extracted from any particular event. As demonstrated by the model of democratic opening, any regime as electorally confident as the KMT does have incentives to open more seats to fair competition, especially when the regime encounters insurmountable crisis in the non-electoral arena. Most authoritarian regimes simply never have the chance

[36]This tendency of indecisiveness is further strengthened by Taiwan's semi-presidentialist constitution adopted in 1997. With the division of executive powers between the president and the premier, the KMT can veto policymaking by controlling either the presidency or the legislature.

to test their electoral strength until so forced, such that the election right after the transition becomes the first and the most critical one. A belated response to electoral challenge is also responsible for the quick downfall of these regimes. In this case, society pays the price: stable multipartism is unlikely to evolve if the parties are constantly realigning themselves.

To view the problem more positively, historical conditions cannot be repeated, but appropriate institutional engineering can be imitated. Institutional engineering refers to the selection of rules of competition that suit particular historical conditions most properly. The Taiwan experience provides at least two lessons to learn. First, electoral certainty is the key to peaceful transition. Therefore, both the incumbent elite and the challenger in pre-transition societies must accept fairly conducted partial elections as a common ground. As soon as each side finds the electoral result a legitimate confirmation of their strengths, elections can be upgraded until the regime gives up the hope of suppressing the opposition through non-electoral means. Second, the electoral system should be carefully chosen. In general, the proportional representation system reflects the distribution of partisan supports more accurately, thereby reducing the uncertainty in government changeovers.[37] That is, this system puts the authoritarian regime in a safer position and increases the ruling elite's motivation to open. SNTV-MMD is a system that produces proportional seat distributions and fits many transitioning societies based on their personalistic culture. Nonetheless, SNTV-MMD is not the only system that brings a proportional distribution of legislative seats. Stories of how this system nurtures Taiwan's political corruption and money politics are appalling enough to caution those who are concerned with the quality of democracy, if not with one-party dominance.

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[37]Proportional representation should be carefully juxtaposed with other institutional arrangements. For example, the combination of this system with presidentialism is thought to be responsible for the breakdown of many Latin American democracies. See Scott Mainwaring, "Presidentialism, Multipartism, and Democracy," *Comparative Political Studies* 26, no. 2 (1993): 198-228.

Appendix:
A Model of Democratic Opening with Various Degrees of Uncertainty

A game is played between an incumbent elite and a challenger. The incumbent elite move first and have two options:

O: to engage in democratic opening
C: to maintain the status quo by closing the chance of electoral competition

Two players participate in an election if the incumbent adopts the *O* strategy. We have assumed that the opening of democratic competition will necessarily bring some loss to the incumbent's power. The payoff of following the democratic opening is thus $-d < 0$ for the incumbent, and $d > 0$ for the challenger (d designates the electoral strengths of the two players).

Should the incumbent decide to take the *C* strategy, the challenger can respond with one of the two options:

a: accept the incumbent's decision
r: reject the incumbent's decision

Nothing happens if the challenger accepts the status quo, in which case both players gain 0. This payoff indicates that no change takes place in the distribution of power. A non-electoral confrontation takes place if the challenger rejects the incumbent's decision. The payoff depends on the relative strengths of the two sides in the non-electoral arena. Two cases are possible:

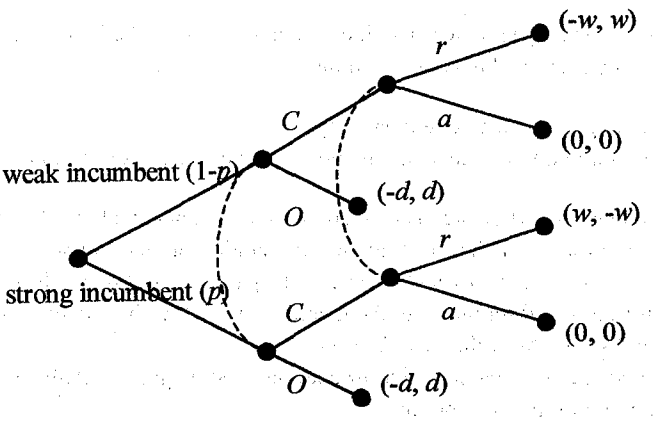
Case 1: The incumbent is stronger than the challenger. The payoff for the incumbent is w, and that for the challenger is $-w$.
Case 2: The incumbent is weaker than the challenger. The payoff for the incumbent is $-w$, and that for the challenger is w.

The probability is p for case 1 (that the incumbent is strong), and $1-p$ for case 2 (that the incumbent is weak). The stake in a non-electoral confrontation is larger than that in an election, therefore $w > d$.

To find their best strategy, the players need to know the strengths of each side. The following three games exhaust the possibilities of different information structures:

Game 1: Both the incumbent and the challenger are uncertain about their relative strengths. As we can see in the following game tree, uncertainty severely limits the alternatives of the players. The incumbent elite have only two options: *O* (open) or *C* (close). The challenger responds to *C* with also two strategies: *a* (accept) or *r* (reject). Simple calculation shows that the Nash equilibrium of this game depends on p, w, and d (see figure 3):

Figure 3
Game 1



1. When $2p\text{-}1 \geq 0.5$, the Nash equilibrium is (C, a)
2. When $2p\text{-}1 < 0.5$ and $p \geq (w\text{-}d)/2w$, the Nash equilibrium is (C, r)
3. When $2p\text{-}1 < 0.5$ and $p < (w\text{-}d)/2w$, the Nash equilibrium is (O, r)

Game 2: Only the challenger is uncertain about the relative strengths of each other (see the game tree below). Complete information now opens four strategies for the incumbent elite, contingent upon their strength:

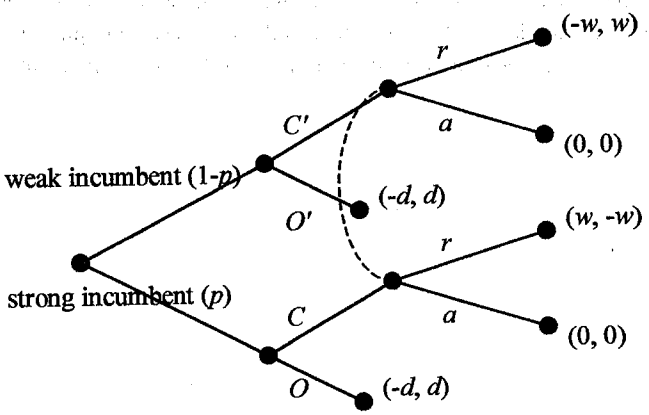
OO': open no matter strong or weak
OC': open if strong, close if weak
CO': close if strong, open if weak
CC': close no matter strong or weak

The challenger, being ignorant, still chooses between *a* and *r*. It can be verified that the following Nash equilibrium exists:

1. When $2p\text{-}1 \geq 0.5$, the Nash equilibrium is (CC', a)
2. When $2p\text{-}1 < 0.5$ and $p \geq (w\text{-}d)/2w$, the Nash equilibrium is (CC', r)
3. When $2p\text{-}1 < 0.5$ and $p < (w\text{-}d)/2w$, the Nash equilibrium is (OO', r)

Game 3: Both the incumbent and the challenger have complete information about their relative strengths. Complete information gives both players four strategies. For the incumbent elite, they are the same as in Game 2. For the challenger, the strategies are:

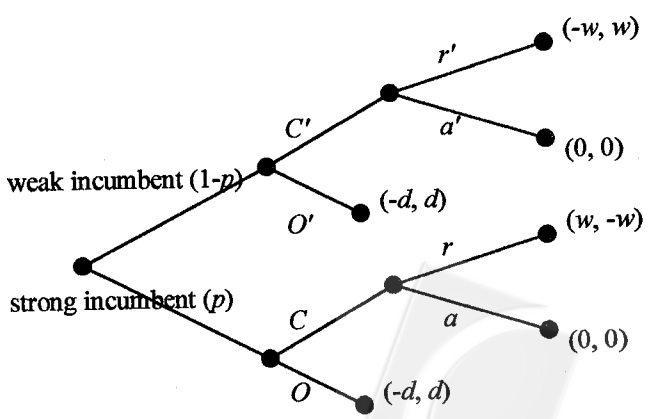
Figure 4
Game 2



aa': accept regardless of the incumbent's strength
ar': accept if the incumbent is strong, reject if the incumbent is weak
ra': reject if the incumbent is strong, accept if the incumbent is weak
rr': reject regardless of the incumbent's strength

There is only one Nash equilibrium: (*CO'*, *ar'*). It shows that both players carefully choose their strategies according to the relative strengths of each side: the incum-

Figure 5
Game 3



bent engages in democratic opening if and only if he is weak, while the challenger challenges an intransigent incumbent only if the latter is weak. Such a case will never happen, however, because a weak incumbent will never be intransigent. Thus, no confrontation will occur when both sides have complete information. What table 1 illustrates is an informal summary of the above three games.