From the Thirteenth to the Fourteenth Party Congress: Promises and Challenges of the PRC's Economic Reform, the ROC's Political Democratization and China's National Reintegration

Vincent Wei-cheng Wang
University of Richmond, vwang@richmond.edu

Follow this and additional works at: http://scholarship.richmond.edu/polisci-faculty-publications

Part of the Chinese Studies Commons, and the International Relations Commons

Recommended Citation

This Article is brought to you for free and open access by the Political Science at UR Scholarship Repository. It has been accepted for inclusion in Political Science Faculty Publications by an authorized administrator of UR Scholarship Repository. For more information, please contact scholarshiprepository@richmond.edu.
The thirteenth party congresses of the Chinese Communist Party (CCP) and the Kuomintang (KMT) were arguably the most important vantage points in contemporary Chinese political history. They symbolized an apex of reformist political currents in the People’s Republic of China (PRC) on the mainland and the Republic of China (ROC) on Taiwan, respectively.¹ The congresses ushered in a period of unprecedented change and uncertainty, hope and despair. Many analysts’ earlier euphoria, however, gave way to sober reassessment, as each polity encountered tremendous challenges. In particular, the Tiananmen Massacre served as a rude awakening to the seemingly irresolvable tension between economic reform and political reform.² By contrast, Taiwan’s further democratization has opened a Pandora’s box of political “untouchables” such as national identity, sub-ethnic conflict, and independence aspiration.³ Many noteworthy developments are still unfolding, the implications of which are not yet clear to us. But as Thomas B. Gold suggests, “the status quo is not static,”⁴ these significant events necessitate our reconceptualization of the political systems and the state-society rela-
tionship within each polity, as well as the repercussions of these events on Mainland-Taiwan relations.

An Epoch of Reform and Retrenchment

This period began on an upbeat note. Both the CCP and the KMT held their epochal thirteenth national congresses. Since these two parties still enjoy predominant positions in their respective political systems, their party congresses should be a focus of attention. The policies and personnel decided on in the party congresses had far-reaching implications for each polity's future directions, as later events have borne out.

To be sure, both Taiwan and the mainland had entered historical crossroads. For Taiwan, the issue of political democratization looms large. After two decades of rapid economic growth, an affluent society is starting to demand more effective political participation—a phenomenon which seems to vindicate the mainstream modernization school. The major events that precipitated the torrents of democratization included the birth of the Democratic Progressive Party (DPP)—the first meaningful opposition party, the lifting of the martial law, the decontrol of foreign exchange, the lifting of the bans on the formation of political parties (tang-chin) and the registration of new newspapers (pao-chin), and the decision to allow Taiwan's citizens to visit their relatives on the mainland. These important changes, pushed primarily by the late President Chiang Ching-kuo in his final years, set the agenda of political reform. Lee Teng-hui, Chiang's successor and the first Taiwan native to become the ROC president, strived to implement and augment the reform programs. In addition to international acclaim and a sense of confidence and pride, these reforms introduced in Taiwan unprecedented political pluralism. On the one hand, the increased political pluralism poses a challenge to the KMT on how to maintain, deepen, and broaden its political base in an increasingly complex, dynamic, and differentiated society. On
the other hand, it also provides an opportunity for the party and the society to stride together toward a genuine democracy, a system alien to Chinese history and culture but yearned for by modern Chinese intellectuals since the May Fourth era. The confidence and pride consolidated in the experience of democratization in turn assures the people on Taiwan of the future viability of their system vis-à-vis the mainland in the aftermath of Chiang’s death and “enlightened strong-man rule.”

For the PRC, economic reform has been the foremost priority on the national agenda. The campaign against “bourgeois liberalization” in early 1987 cast doubt over China’s future course. Yet the reform-minded Chinese leadership curbed the possible harms caused by policy swings that characterized the revolutionary Maoist era. In the Thirteenth Party Congress, China’s reformists, through careful arrangements and skillful maneuvering, set the stage for accelerating Deng Xiaoping (Teng Hsiao-p’ing) and Zhao Ziyang’s (Chao Tzu-yang) reform programs. No doubt, China is undergoing a fundamental change of its system, by uneasily incorporating elements of capitalism into the alleged socialist “core.” No one is certain about the final results of this unprecedented venture—what Deng called “China’s second revolution.” But the success (or failure) of these proposals would have profound impact on the nature of the regime, and the mainland’s appeal to capitalist Hong Kong and Taiwan.

Each polity’s endogenous changes contribute to transforming its own system. Yet changes in either side also constitute certain exogenous stimuli for further changes and adjustments on the other side. They also alter the patterns of interaction between the two. Many “internal” moves of one side are being perceived by the other side as a signal to it, not to mention the more explicit “external” moves that specifically target it.

This article stresses the interconnectedness between developments in the two systems. It will first discuss the backgrounds, results, and implications of each side’s party congresses, because the congresses could be regarded as a focal point of the key developments in this period in each system. Their agendas, achieve-
ments, and problems were indicative of the general trends and predictable obstacles that ensued. It will also show the different developmental orientations of the two sides: political democratization in Taiwan and economic reform in China. Then the broad factors resulting from these changes which may affect future mainland-Taiwan relations are identified and discussed. In conclusion, this paper offers an alternative perspective on the nature of the regimes of the two sides and the relationship between them in light of the changes these two have encountered.

The CCP’s Thirteenth National Congress: Achievements and Problems

The CCP’s Thirteenth National Congress was held at a historical juncture with undue weight caused by some unexpected disruptions. The congress would have been important enough for the PRC to assess its reform programs implemented since 1978 and to determine the priorities of its future reforms, had those series of events in winter 1986-1987 not happened. Clearly those events—large-scale student demonstrations demanding more freedoms, the abrupt dismissal of Hu Yaobang (Hu Yao-pang) as the CCP General Secretary, the launching of the campaign against “bourgeois liberalization,” the purge of several prominent party intellectuals critical of the regime—added a sense of urgency in the prelude leading to the congress. Facing tremendous pressures from conservative senior leaders, Deng was ever more anxious to ensure an “orderly succession” after his death. As Huntington has observed, “the way of the reformer is hard,” because he must implement reform measures quickly and with power against opposition from the conservatives. Intense power struggles preceded the congress, yet it turned out that the reformers won an important victory.
Achievements: Changing of the Guards and Ideological Refunctionalization

The major achievements of the congress can be analyzed along two dimensions: (1) personnel, and (2) policy. On the personnel dimension, virtually all the survivors of the Long March generation (with the notable exceptions of Deng and Yang Shangkun) were either retired or moved to secondary positions. Replacing these old guards were younger people with professional expertise. No generational change had been so striking before in CCP history. This symbolized a further retrenchment of the Maoist obsession with ideology and uninterrupted revolution. Instead, economics were back on the top. The selection of Zhao, Li Peng, Hu Qili (Hu Ch'i-li), Qiao Shi (Ch'iao Shih), and Yao Yilin (Yao Yi-lin) to form the Standing Committee of the Politburo reflected a balance of forces and policy views among the top leadership. But in the Politburo and the Central Committee, on balance, the reformists had got the upper hand. China seemed to have recovered from the harms caused by Hu's removal. Many observers hailed that an "orderly succession" to Deng had reemerged; Zhao was clearly ticketed to become China's preeminent leader in the post-Deng era.

On the policy dimension, Zhao's work report, which was accepted as an official document, contained three important elements. The first was the notion that China is currently in "the initial stage of socialism." During this period, which will last until the 2050s according to the theory, private ownership would be permitted to exist in order to improve productivity and economic development, which are prerequisites to the ultimate socialist transformation. This formulation represented China's yet another attempt to refunctionalize its Marxist doctrines; it provided Chinese reformers a theoretical justification for their current and future reform measures. Second, Zhao's report reiterated China's long-term policy commitments to a market-dominated economic system and the policy of opening to the outside world. Third, several temperate initiatives on political reform
(better termed "administrative reform") were enunciated: e.g., separation of party functions from government ones, improvement of administrative efficiency, and establishment of a civil service system.

These proposals, taken together, confirm the assertion that economic reform has been, still is, and will probably still be in the near future, the paramount concern of the leadership and the overall direction of developments in China. And how to best implement economic reform without endangering the supremacy of the CCP amidst a "revolution of rising expectations" constitutes a formidable task for the Chinese leadership.

However, one could not claim the congress a total success. It left many tough and fundamental problems unsolved (maybe they never will or can be solved), which eventually paved the way to a systemic crisis represented by the Tiananmen incident.

Problems: Pressures of Political Reform and Succession Crisis

One way to gauge the viability of reforms is to test them against some immediate, intermediate, and long-term challenges. The more immediate problems include the difficult but necessary price reform (rationalization of the price system without creating runaway inflation), budget deficits, and trade imbalances. The intermediate problems concern the lack of infrastructure, the shortage of professional human resources, and the inefficiency and resistance of the bureaucratic system. The long-term issues are more fundamental: (1) the ability to manage an increasingly complex economy by a socialist state which was so used to central planning,17 (2) the "diminishing marginal returns" of ideological justifications,18 and (3) the demand for democratization as people's living standard continues to rise, which will eventually call in question the party's legitimacy.

But these structural obstacles seem rather abstract in light of the personalistic aspect of Chinese politics. Looking from historical hindsight, nothing seems more ironic than many scholars'
romanticization of "orderly transition." In fact, the anxiety to secure an "orderly transition" reflects a "succession dilemma" facing China's paramount leader (Mao and Deng alike) face: the more he fears chaos after his death, the more he wants to groom an heir apparent while he is alive; but if anything happens to this prince, his succession plan will be disrupted, and he will feel more insecure about his death. The fates of Mao's and Deng's hand-picked successors (e.g., Liu Shaoqi (Liu Shao-ch'i), Lin Biao (Lin Piao), Hua Guofeng (Hua Kuo-feng), Hu Yaobang, and most recently, Zhao Ziyang)—disgraced, tortured, jailed, or vanished—should attest to this claim. The power triad erected since the Twelfth Congress in 1982—Hu in charge of party affairs, Zhao running the government, and Deng overseeing the military—is now distant history. Hu and Zhao in turn were scapegoats for power struggles. In the long run, the real solution to preventing post-strong man disorder is to institutionalize the succession process. Otherwise, the "succession crisis" will reoccur. In fact, the Tiananmen crisis clearly demonstrated this. It is the causes and consequences of Tiananmen that we now turn to.

**Genesis, Consummation, and Repercussions of the Crisis**

The Tiananmen massacre came as a "surprise" to many academics and politicians, who had euphorically believed and claimed that China "had gone capitalist," and Western ties had irreversibly brought China into the community of nations. What was not so long ago a quite trendy subject gradually turned into a marginal and embarrassing one, in light of the end of the Cold War and the universal demise of international communism. But a historical and scientific approach may help us understand why the reformist currents symbolized by the Thirteenth Party Congress would inevitably encounter insurmountable obstacles.

Numerous works in the aftermath of the Tiananmen crisis reflect a new and warranted sense of realism. Some provide illuminating details. Here I will only concentrate on the connec-
tion between the problems unsolved in the Thirteenth Party Congress and the Tiananmen crisis.

Not long after the Thirteenth Party Congress, the reform coalition ran into serious disarray. Beginning in mid 1988, Zhao’s power over economic affairs was greatly curtailed. This was due to the serious inflation that was imputed to the reformists’ unavoidable yet unpopular price reform. His attempt to gain inroads in the military was equally unsuccessful. As argued earlier, economic reform was, and will continue to be, the most important national task in the PRC. Before the inflation crisis in 1988, the main objective of Zhao and his protégés was to accelerate the pace of economic reforms. Since Zhao’s failure in instituting price controls, Li and Yao, thought to be more cautious and planning-oriented, took over economic affairs. To correct the problems of an over-heated economy, they instituted a series of austerity measures. Their primary goal was to slow down the pace: bringing in more control, reimposing many curbs, and averting a free-wheeling market economy.

Nevertheless, it was those dramatic events in April-May 1989 that culminated in Zhao’s fall. Hu’s untimely death in April triggered a massive student demonstration, demanding freedom and democracy and the end of official corruption and inflation. The students’ initial moderate requests were met by official refusal and stubbornness. A tough People’s Daily editorial called the protest a “chaotic disturbance” and promised to “use troops when necessary.” Tens of thousands of protesters marched through the police lines and surged into the Tiananmen Square to begin a month-long saga. The instant, powerful exposure provided by the flocking international press covering the Asian Development Bank meetings and the historic Sino-Soviet Summit and the lax political atmosphere surrounding these events emboldened the students. Clearly, compared to their senile leaders, the students felt inspired by Gorbachev’s perestroika and glasnost. Zhao exploited his public appearance with Gorbachev to reveal a “state secret” about the arrangement whereby Deng retained ultimate veto power over Politburo decisions. Deng was
suspicous about a conspiracy between Zhao and the students and decided to get tough with the latter. Then the fasting of 3,000 hunger strikers, defying martial law, catalyzed the event and drew extensive support in China and the rest of the world. Zhao and his protégés (e.g., Hu Qili), siding with the students, lost the power struggle and were denounced by the hard-liners as an “anti-party clique,” a phrase customarily used to stigmatize the losing side.

After the bloody massacre on the night of June 3-4 that shocked millions of TV viewers, Zhao was stripped of all party and government posts. His fall also spelled political oblivion for his associates. Many of them either fled the country or were disgraced and jailed. Li Peng, with key support from Deng and other key leaders, apparently won the battle. However, a compromise figure, Jiang Zemin, the former party boss of Shanghai, was named successor to Zhao. Other beneficiaries of the purge included new Politburo members Song Ping, Minister of the State Planning Commission (a protégé of Chen Yun), Li Ruihuan, ex-mayor of Tianjin, who was given the propaganda portfolio, and hardline Beijing Party Secretary Li Ximing. Gone were the “radical reformers;” China’s entire political spectrum had indeed shifted to a more conservative direction.

Internationally, the PRC was ostracized. Its relations with Washington entered a particularly difficult period, despite a nostalgic “China expert” sitting in the White House. The Iraqi invasion of Kuwait provided a respite for the PRC’s isolation. However, after the remarkable decommunization of the Eastern Bloc, the disintegration of the Soviet Union, and the ending of the Cold War, the PRC appeared vulnerable and marginal. It now was the surviving heartland of the withering communist gospel. Although it continues to play a key role in regional security affairs (e.g., the Korean and Indochinese peninsulas), its global strategic value as an anti-Soviet counterweight has become an anachronism.

As Dittmer points out, a “partial reform crisis” at the system level is analogous to a succession crisis at the leadership level.24
The situation becomes doubly complicated if these two crises coincide—as they did in 1989. As long as the current Chinese leadership continues to stress a more cautious economic reform without political liberalization and a personalized succession plan without institutionalized arrangements, a "partial reform syndrome" and "pre-mortem" struggle will continue to influence political developments in China.

The Fourteenth Congress is set to convene in fall 1992. A personnel reshuffle and a final resolution of Zhao Ziyang's case are likely to be among the key items on the agenda. Furthermore, a theoretical re-synthesis dealing with the pace and direction of the reforms and the status of socialism is needed to provide rationalization for China's future experiments.

To be sure, since the Tiananmen crisis, China's economic reform and open-door policy have not been fundamentally reversed. However, they have surely been retrenched and reassessed. How will the general trends of political and economic development affect Mainland-Taiwan relations?

Factors Affecting Mainland-Taiwan Relations

Assuming the current trends on the mainland of de-revolutionalization, de-ideologization, and economic reform will be maintained, several factors will affect mainland-Taiwan relations and Taiwan's developments. The first is generational change. Despite the increased political influence of the senior leaders after the Tiananmen crisis, nature will soon compel these revolutionary veterans to pass on the mantle of leadership to a new cohort. These younger, better educated and more cosmopolitan second and third echelons have an agenda different from that of the older generation. Their priorities derive from the popular desire for modernization and improved quality of material and spiritual life rather than finishing the civil war. Reunification is not a matter demanding their constant attention. Hence, the sense of urgency for reunification among the people and the élites will
continue to fade. Compared to their predecessors, these new leaders may show greater appreciation of the complexities of the realities in Taiwan.

A second factor is the extent of economic reform. Successes in urban reform and price reform, as well as the credibility of the state for respecting the private sector and the market mechanism, are all important in fostering the kind of “predictability” Max Weber believed to have contributed to capitalism. Taiwan’s businesses certainly will watch China’s developments along these lines. They will particularly observe the future developments of the special economic zones (SEZs) with caution and expectation. With caution because they will soon discover that the SEZs are replicas of their export-oriented labor-intensive factories. They will be squeezed out between mounting protectionism in the markets for their products in the industrialized nations (in particular, the U.S. and the unified Europe after 1993) and stiff competition from similar products from mainland SEZs produced by much cheaper labor. However, some more adventurous Taiwanese entrepreneurs will place their hope in the improvement of investment climate in the SEZs and the coastal areas.26

In fact, the linguistic affinity and the growing economic interdependence between Taiwan and Fujian, between Hong Kong and Guangdong (Canton) and the perceived illegitimacy of nationalism centralized in Beijing (Peking) may intensify the South’s centrifugal tendencies. As Edward Friedman eloquently foretells:

Increasingly, the south, the future and the Chinese diaspora of Hong Kong, Macao, Taiwan, and Southeast Asia seem tied by trade and finance and travel and post-modern electronic media into a common promise of a better future, a new, broader, more open nationalism. The nineteenth century centralized tightly closed railroad regime of the north is ever more a foreign country... The difference between... north and south is experienced in China as a difference between the past and the future, between failure and promise, a modern age that never was and a post-modern era that could yet be.27
The third factor is, of course, how and whether Beijing will honor its pledge to maintain Hong Kong's current systems unchanged for fifty years after the take-over. The reversion of Hong Kong to the PRC in 1997 seems to set a deadline for a change in Taipei's official "three-no" policy (no contact, no negotiation, and no compromise), because by then Taiwan would be dealing with a special administrative region (SAR) under Peking's sovereignty. The ROC government has announced that it will not withdraw its offices from Hong Kong after 1997. In fact, as will be shown later, Taipei has recently adopted a more assertive policy toward the mainland.

The events in Taiwan during this period sometimes contrasted with, yet at other times were influenced by, events on the mainland. We must now turn to recount the major developments in Taiwan. We start with the political agenda set forth by the late President Chiang Ching-kuo.

Chiang and Political Democratization in Taiwan

The general image of the Nationalist government as one of "hard authoritarianism," a nearly immutable image since the KMT moved to Taiwan in 1949, appears outdated in light of the series of landmark reforms implemented by Chiang in his final years. Some scholars marvel at the unique experience of a "quasi-Leninist" regime able to democratize itself in a top-down and peaceful manner. To be sure, there were some socio-economic determinants of Taiwan's democratization. Nevertheless, Chiang was the indisputable catalyst for Taiwan's great stride toward democracy. However, his decision in 1986 to speed up reforms was prompted by some of his long-term perceptions of the reality in Taiwan and some immediate problems facing the regime at that time. The long-term impetus for both liberalization and democratization came from his perception of the economic, social, and political maturation of the Taiwan population and the increasing electoral appeal of the Tangwai.

The most apparent immediate cause was the succession prob-
lem. In failing health, Chiang knew that his constitutional successor, Lee, would not likely replace him as the "lynchpin of cooperation between party conservatives and liberals and among party, state, army, and security officials." He may thus have felt that difficult but necessary reforms should be undertaken before he passed from the scene rather than be left for his less-equipped successor to handle. Moreover, reform could contribute to a smoother transition by increasing the legitimacy of the regime, reducing the motivation for the population to become involved in political disorders, and setting in place improved mechanisms for long-term recruitment of new leaders at all levels.

Additional concerns motivating the reform were a series of internal and foreign shocks in 1985-1986. The first was the revelation that the 1984 assassination of the U.S. businessman and writer Henry Liu had been carried out at the behest of the head of the Defence Ministry's Intelligence Bureau. The second was the bankruptcy of Taipei's Tenth Credit Cooperative due to mismanagement by officials with ties to KMT politicians. The third was the forced negotiation by officials of the state-owned China Airlines with PRC airline representatives over the return of a cargo plane hijacked by its pilot to Canton. Taipei's decision to enter talks practically broke the "three-no" policy despite the civilian and technical disguise of the negotiation.

Such incidents persuaded Chiang of the need to revitalize the ruling party and government. On the international scene, in addition, political reform offered the possibility of enhancing the image of a regime that had been especially vulnerable to foreign opinion (the U.S. in particular) due to its trade dependence and diplomatic isolation. Furthermore, the initiation of bold reform steps in 1986 offered the possibility of strengthening the KMT's appeal in the upcoming election on 6 December.

As Huntington's observation mentioned earlier demonstrates, the reformer is in a precarious position: he must maintain a concentrated hold on power in order to be able to disperse it, and must implement reform measures quickly enough to prevent the
consolidation of conservative opposition, but not so quickly as to allow the pace of events to get out of control. That is why "revolutions are rare, but reforms are even more rare." Among these rare reforms, Taiwan's reform is one of the very rare successes. To be sure, the challenges normally facing a reformer indeed challenged Chiang in 1986.

Preludes to the Thirteenth Party Congress

The question was how to turn a personal decision for reform into a party program. Chiang used a mixed strategy of persuasion, Machiavellian maneuvers, and public relations. After enunciating that the time had come for a constitutional democracy at the Third Plenum of the KMT's Twelfth Central Committee in March 1986, he appointed a twelve-man task force of Standing Committee members to study a six-point reform proposal. These issues pertained to (1) the strengthening of the central legislative bodies (by conducting a large-scale supplementary election), (2) the legal aspects of local self-government, (3) a national security law, (4) the organization of voluntary associations, (5) the improvement of social orders, and (6) the strengthening of party work.

On the eve of the Thirteenth Party Congress, concrete proposals for (1) and (2) were completed, despite DPP leaders' dissatisfaction. (3) was passed before the lifting of martial law in July 1987, and had been in force since then. (4) was long a point of contention between the KMT and the DPP in the legislature, primarily due to the KMT's insistence that new political bodies be anti-communist, endorsing the 1947 constitution, and non-separatist—a scheme to forestall the DPP's independence aspiration. Yet, the KMT made concessions on the procedures on the formation of parties (automatic approval). The DPP and all other political parties that "notified" the Ministry of Interior Affairs had all become legal.

The net results of these reforms have generally been positive.
A sense of political consciousness and efficacy were unleashed in the post-Chiang era. "Street demonstrations," "self-help remedy," "revelations" became everyday political activities. The general public responded to the KMT's reforms with more demands. Many long-time political taboos became subjects of after-tea talks. News media began to enjoy a greater scope of freedom because readers wanted to move ahead. The overall atmosphere was optimistic, confident, and imaginative.

Externally, the regime also began to display greater flexibility. In April 1988, after a two-year absence, the ROC returned to the annual conference of the Asian Development Bank (ADB) under the protested name "Taipei, China." This set a precedent for the coexistence of Taipei and Beijing in intergovernmental organizations, their formal names notwithstanding. Another example of this upbeat mood was the decision in late 1987 to allow Taiwan citizens to visit their relatives on the mainland. This act gave Taipei a propaganda bonanza. It was also a politically wise move: increased human exchanges reassured Taiwan citizens' confidence in their own system, created a momentum of its own for expanded contacts between Taiwan and the mainland, and dealt a blow to the Taiwan Independence groups. A third example was Taiwan's prompt delivery, in May 1988, of the crew, passengers, and plane of a PRC plane hijacked to Taiwan and the wise decision to handle the two hijackers according to international customary laws. A further relaxation of relations with the mainland seemed almost certain. Indeed, among the five major proposals discussed at the KMT's Thirteenth National Congress, the "mainland policy" proposal was the one that interested many Taiwan citizens and Western observers.

To show its keen appreciation of the prevailing trend of democratization, the KMT also did several things in a new style, such as the practice of electing (rather than appointing) most of its delegates to the congress. The party congress was expected to represent a culmination of the reform measures under way.
The KMT’s Thirteenth National Congress: Achievements and Challenges

The KMT’s Thirteenth National Congress sought to achieve a difficult two-fold task: promoting reform while placating conservatives. An element of *compromise* was thus seen throughout the congress, mainly because Lee was still striving to consolidate his own power and lacked the imperial mystique of his predecessor. Hence, the congress did not totally satisfy anyone, yet it also allowed each group to claim victory in various areas.

In many ways, the KMT’s Thirteenth National Congress was strikingly similar to the CCP’s Thirteenth National Congress held a year earlier. Both meetings represented a changing of the guard and a reinterpretation of ideologies to meet real-world demands.

**Personnel Rejuvenation**

On the personnel dimension, as mentioned earlier, in the PRC the congress marked the retirement of most veterans of the Long March (1934-35), participation in which had long been a required credential for senior leaders. In Taiwan, the congress, as one analyst stated, marked the retirement of many of Taiwan’s “Long Marchers”: those wealthy and powerful mainlanders who fled to Taiwan in 1949 with Generalissimo Chiang Kai-shek. In the PRC, Zhao, 69, a reform-minded technocrat who was not on the Long March, was confirmed as party general secretary. In Taiwan, Lee, 65, a reform-minded technocrat and native son of Taiwan, was confirmed as party chairman. Furthermore, the paramount Deng in the PRC intended to use the congress to solidify reforms. In Taiwan, the late Chiang had left behind a mandate to transform Taiwan into a democracy. The details were left to Lee.

There were several characteristics of other personnel arrangements: (1) rejuvenization (*nien-ch’ing-hua*), (2) professionaliza-
tion (chuan-yeh-hua), (3) pluralization (tuo-yuan-hua), and (4) democratization (min-chu-hua). First, the members of both the Central Committee (CC) and the Central Standing Committee (CSC) were much younger, their average ages dropped from seventy to fifty-nine and seventy to sixty-three respectively.\textsuperscript{42} Second, some important young generalists-technocrats joined the CC and the CSC and became cabinet members in the subsequent cabinet reshuffle.\textsuperscript{43} Third, both the CC and the CSC incorporated a wider spectrum of leaders, although the proportion of popularly elected legislators at various levels remained low. Moreover, native Taiwanese had since made up 45 percent of the CC and 51 percent of the CSC.\textsuperscript{44} Fourth, competition of the CC election was unprecedented. As many as thirty-three chairman-nominated CC candidates lost to self-proclaimed contestants. The ranking of the CC members elected contrasted sharply with the chairman’s ranking.

\textit{Policies and Doctrines}

On the policy dimension, the KMT’s congress also resembled the CCP’s in its attempt to reinterpret its official ideology. The KMT had long claimed to be the follower of Dr. Sun Yat-sen’s “Three Principles of the People”—nationalism, democracy, and people’s livelihood. Since the KMT moved to Taiwan, nationalism had been reinterpreted to mean the recovery of China from the communists. Under plans laid by Lee, the party congress was slated to shift these priorities around. Democracy was moved to the forefront;\textsuperscript{45} nationalism was reinterpreted to mean that the KMT must set a democratic example for the PRC to follow. This shifting in priorities confirms this paper’s argument that democratization will be Taiwan’s foremost task in the near future.

There were five major proposals in the congress. In addition to the “ideology and thought” proposal mentioned above, the other four were: “amendment of the party constitution,”
"reform of party work," "platforms and policies," and "mainland policy." Among them the most crucial task was the restructuring of the party. The proposed change would reorganize the KMT more or less along the lines of the Japanese Liberal Democratic Party. The new party structure would consist of three branches: policy coordination, organization and mobilization, and administration and management. The immediate major aim of this reorganization, according to Lee Huan, the KMT's secretary-general, was to win the supplementary (legislators) and local elections in late 1989.

The "platforms and policies" proposal was criticized as being too vague and lacking concrete measures for executing these political pronouncements.

The "mainland policy" reflected an incrementalist response to the new situation between Taiwan and the mainland. It urged limited further relaxation of human, commercial, and cultural interchanges between the mainland and Taiwan. It was generally believed that future policies toward the mainland would amount to continued ex post facto legalization of the multitude of fait accompli between the two sides. However, it gradually became clear that Taipei was increasingly concerned about receiving reciprocal signals from Beijing showing its sincerity following each "concession" made by Taipei (i.e., relaxation of control on contacts with the mainland).

Overall, the general trends favor the reformists. As time passes, Lee will gradually nurture his own prestige and credibility. However, some uncertainties obscure Taiwan's future.

**Unsolved Problems**

The KMT's Thirteenth National Congress could not solve some of the most difficult problems that later dictated the ROC's political development. The first was the pace of the reforms. The ruling and reality-bound KMT was commonly perceived by the oppositionist and idealistic DPP as sluggish and half-hearted in
pushing forward the reforms the DPP had long been demanding. For example, on the issue of rejuvenating the national legislatures, the KMT favored an incremental approach: a combination of supplementary elections for those legislators that represent Taiwan constituencies and an honorable (and "voluntary") retirement scheme for those that have not faced reelection for the past forty years. Yet the DPP demands a total replacement of these old guards by Taiwan politicians.\textsuperscript{49} Confrontations such as this had been carried to the streets from the legislatures.

The second is a growing polarization between the KMT positions and DPP positions on the debate on independence versus reunification ($t'ung$ $tu$ $chi$ $cheng$), a twisted simplification of the discussion of Taiwan's future and mainland-Taiwan relations. The sentence of Ts'ai You-chüan and Hsu Ts'ao-teh for "disseminating ideas of Taiwan independence" failed to put a lid on this burning issue. The tragic self-incineration of Cheng Nan-jung, a radical non-DPP mainlander advocate of Taiwan Independence, further dramatized this issue. The DPP challenged discrepancies between KMT's rhetoric (reunification) and behavior (independence).\textsuperscript{50} As later events showed, this controversy revived the specter of sub-ethnic conflict ($sheng$-$chi$ $wen$-$t'i$) and caused great confusion with respect to national identity. It seems that for the foreseeable future, the only tacit consensus for these two most important political groups would be limited to Taiwan's further democratization.

\textbf{Constitutional Engineering and the National Affairs Conference}

Many of these problems had collectively and cumulatively elevated the political crisis to a constitutional crisis. It appeared necessary for the major political actors in Taiwan to negotiate a new "pact"\textsuperscript{51} that possessed a constitutional status, because the constituencies and political environment associated with the 1947 constitution had fundamentally changed, notwithstanding the
fact that that constitution had never been faithfully enforced due to the layers of extraordinary measures placed upon it over the last four decades. This new consensus-building is an important ingredient in any further meaningful movement toward democratization. In fact, political development in Taiwan since the KMT’s Thirteenth National Congress had been dominated by this challenge. In particular, an unusual National Affairs Conference (NAC)\textsuperscript{52} was held to hear all major social groups’ opinions. Afterwards, Lee Teng-hui tried, with toil and frustration, to lead the KMT to implement the limited conclusions reached in the NAC.

\textit{Preludes to the NAC: Constitutional Crisis and Student Demonstrations}

As Lee was seeking reelection in early 1990 after having served the unfinished term of Chiang, he faced a concerted challenge from within the KMT. A chasm between an “anti-mainstream faction” (\textit{fei chu-liu p’ai}) and a “mainstream faction” (\textit{chu-liu p’ai}) developed along the fault line of sub-ethnicity.\textsuperscript{53} And this split, caused by a sheer power struggle, spilled into the society-at-large and reopened a politically sensitive wound. The “anti-mainstream faction” put forth a countertext consisting of Lin Yang-kang and Chiang Wei-kuo, the surviving son of Chiang Kai-shek. The Lin-Chiang candidacy was viable only because the president is not popularly elected, but is chosen by the National Assembly, which, until then, was still controlled by elderly mainlanders last elected in 1947. It was increasingly clear that the National Assembly was going to engage in a game of political blackmail, embarrassing the KMT and infuriating the general public.

In March, an estimated 10,000 students staged a sit-in, demanding the dissolution of the National Assembly, the abolition of the Temporary Provisions (which greatly restricted many constitutional freedoms because of the “communist rebellion on
the mainland"), a timetable on Taiwan’s political restructuring, and a national meeting to discuss Taiwan’s political future. In contrast to the CCP leaders, Lee met with the students and agreed to hold a national meeting during the summer that would consider their requests. However, there is a similarity between Taipei’s 1990 and Beijing’s 1989 student protests. The students (and the intellectuals in general), who in China traditionally had a sense of mission and often served the rulers, had once again become involved in a leadership power struggle, except that Lee seemed bolstered, and Zhao weakened, by the students’ support.

On 21 March, Lee was elected president. In his inaugural speech in May, he announced that he would revoke the Temporary Provisions within a year, and he reassured the conservatives that he would strive for peaceful reunification of China. The abrogation of the Temporary Provisions implied ending the state of war that had existed with the PRC. It also involved the amendment and modification of hundreds of laws that derived from the provisions. This was a daunting task, given the fist-fight culture existing in the Legislative Yuan.

Lee and key KMT officials sensed that the octogenarian parliamentarians would become a major electoral liability, as demonstrated in KMT’s “defeat” in the 1989 elections. A “voluntary” honorary retirement scheme for these elders encountered great resistance, particularly from the National Assembly delegates, who knew too well that it was they that would elect the president. Finally, a “judicial” solution, which was wise and fundamental, was found to solve this political problem. In June, the Council of Grand Justices, which thirty-nine years earlier ruled in favor of the “everlasting delegates,” ruled that all delegates elected by mainland constituencies or according to the Temporary Provision’s “supplementary elections” arrangement in Taiwan would have to retire by 31 December 1991. This historic constitutional interpretation (No. 261) finally ended the “Everlasting Parliament.” The stage was set for faster and deeper political reform.
The National Affairs Conference: Reassembling Consensus?
Can it be Done?

The NAC was attended by 150 representatives from across the entire political spectrum. Five major issues dominated the agenda: (1) reform of the central legislatures, (2) local government, (3) structure of the central government, (4) revision of the ROC Constitution (including the Temporary Provisions), and (5) policy toward the Mainland.

Given the composition of the participants and the nature of the meeting, several predictable results can be summarized. First, the NAC symbolized a period of political relaxation. Many overseas dissidents were invited. The key leaders of the KMT and the DPP seemed to develop a "working relationship." The meeting was characterized by lively debate. Second, it was increasingly clear that the NAC was degenerating into a two-party affair, with scholars and third parties playing marginal roles. The DPP seemed to be willing to become a "vested interest," sharing important political resources with the KMT.

Third, the NAC failed to reach consensus on most issues. Although the mainstream forces of the KMT (the "mainstream faction") and the DPP (the moderate Formosa clique, mei-li-tao hsi) seemed to have developed between them a kind of "camaraderie," they still had to seek support from the vocal opponents within their parties: the conservative "anti-mainstream faction" of the KMT, and the radical New Tide clique (hsin-ch'ao-liu hsi) of the DPP.

The areas of agreement were limited: (1) retirement of all senior parliamentarians, (2) symbolic representation by "nationwide" and overseas delegates in the legislatures, (3) abrogation of the Temporary Provisions, (4) direct, popular election of the governor of Taiwan and of the mayors of Taipei and Kaohsiung, and (5) an incremental and functional approach for mainland-Taiwan relations.

The controversies, however, were more fundamental. First, the KMT insisted on a "partial revision" of the 1947 constitu-
tion, whereas the DPP promoted a new constitution. The KMT hoped to reduce social costs and preserve the original constitution as much as possible. Its strategy was a two-staged constitutional revision. The first stage, "procedural revision," would enact a Supplementary Provisions (tseng-hsiu t'iao-wen) to replace the Temporary Provisions and serve as a "bridge" to the second-stage "substantive revision" of the constitution by the Second National Assembly delegates to be elected in December 1991. The DPP's proposed constitution calls for direct, popular election of the president, who would command enormous powers. A popularly elected president with real powers would be an important part of "self-determination."

Second, although both parties agreed that the next president would be chosen through direct, popular elections, they differed on how such "direct and popular" votes should be carried out. The DPP insisted that the president be elected by all eligible citizens. The KMT, during the campaigns of the 1991 National Assembly election, instructed its candidates to sell the idea of "delegated direct vote" (wei-jen chi-hsüan), which would function much like the U.S. electoral college system. This system would preserve the constitution and symbolically maintain a constituency representing all China (because some of the "electors" would be "nationwide" or "overseas" delegates). The DPP insisted that the president be elected by all eligible citizens. The KMT, during the campaigns of the 1991 National Assembly election, instructed its candidates to sell the idea of "delegated direct vote" (wei-jen chi-hsüan), which would function much like the U.S. electoral college system. This system would preserve the constitution and symbolically maintain a constituency representing all China (because some of the "electors" would be "nationwide" or "overseas" delegates). 65

Third, on the structure of the central government, the DPP clearly favored a presidential system. The KMT initially hoped to retain an essentially "five-power system" 66 by partially revising the 1947 constitution. However, as seen in recent drafts of the revisions, 67 it is increasingly less clear how such a system can be retained.

No doubt, the Fourteenth Party Congress, which is scheduled to convene in spring-summer 1993, 68 will be empowered to tackle some of these issues and initiate another round of personnel reshuffling.

Apparently, Taiwan had entered another period of political uncertainty. One of the major problems is the deteriorated quality of political culture in the legislatures. The earlier euphoria of
many analysts rested on the assumption that the retirement of the “everlasting delegates” would contribute to a more democratic and effective legislature. However, the superficial self-aggrandizement and brazen power-hunger displayed by these legislators duly elected by Taiwan’s voters promise more trouble ahead.

Nevertheless, there are still reasons for hope. Despite occasional setbacks, Taiwan’s democratization has progressed through a critical point. Such a development seems almost impossible to reverse. Hopefully, with the distribution of political resources eventually completed, and the élites and populace gaining more political maturity, Taiwan may indeed become a stable and respectable democracy. Moreover, with the increased contact with the mainland, Taiwan can be expected to exert more influence on future developments in the PRC. It is on this prospect that we now turn to.

Prospects for Taiwan-Mainland Interactions

Clearly, developments in Taiwan will have a tremendous impact on developments in the mainland and on the evolution of mainland-Taiwan relations. First, the Taiwan leadership is undergoing not only a generational, but ethnic change. For the first time, a native son of Taiwan is the boss and wields real power. The younger leaders, brought into the political spotlight under Chiang’s policies of “Taiwanization” (t'ai-wan hua) and “indigenization” (pen-t'u hua), are more cosmopolitan in their world view than their predecessors and are less likely to maintain the same sort of political system or adherence to the myth of being the government of all China. While lacking their elders’ sentimental attachment to the mainland and their relatives there, they also lack their direct fear and mistrust of the CCP and their unwillingness to pursue contacts. Yet, translating this pragmatic attitude toward the mainland into a willingness to negotiate
terms of reunification with the mainland requires a leap of faith unjustified by the evidence presently available.

In fact, as argued earlier, most key leaders in Taiwan now favor an incremental and functional approach toward the mainland. They hope to carefully engage the PRC in a peaceful environment by gradually providing economic incentives.

Compared to previous policies toward the PRC, which were dogmatic and defensive, the ROC had completed an organizational chain in charge of mainland affairs, with the National Reunification Commission (NRC) under the president’s office making high-level policies, the Mainland Affairs Commission (MAC) under the cabinet carrying out these policies, and a semi-official Strait Exchange Foundation (SEF) doing the actual negotiations with PRC authorities on such matters as fishing disputes, cooperation on crime prevention, notarization of documents, etc. for the government. And the scope of such functional and “unofficial” matters keeps expanding. Increasingly, regular contacts and working relationships had developed between the SEF and its mainland counterparts in many functional areas. This must be seen as a positive trend.

Furthermore, in early 1991, the Guidelines for National Reunification thoughtfully spelled out the concrete goals for each successive stage in a long process of Taiwan-mainland rapprochement leading to national reunification. 69

Taiwan’s growing confidence toward the PRC is also part of a new outward assertiveness that employed practical and unconventional conduct of external relations. 70

A second factor is Taiwan’s democratization itself. Taiwan’s experience has reflected the emergence of a highly educated and affluent middle class no longer satisfied with political nonparticipation. New actors join the pluralizing political scene. The political authorities are held more accountable, responsive, and responsible. This means that Taiwan’s democratization will inspire the incipient democratization movement in the mainland. 71 Moreover, this political pluralism symbolizes that any negotiated solution by the KMT and the CCP alone on future
mainland-Taiwan relations will no longer be a possibility. The increasingly complicated situation requires Beijing to replace its one-sided and domineering position with an accommodative, business-like stance based on sensitivity to and current knowledge of Taiwan's reality.

Third, Taiwan's increasing international diplomatic isolation (largely due to Beijing's pressure) may generate among the leaders and the people resentment about Beijing's intentions and mistrust in its offers. On the other hand, it might also compel a desperate Taipei to succumb to Beijing's reunification scheme. But the possibility of this latter scenario should not be exaggerated, since Taiwan has for years been conducting its "substantive diplomacy" (virtually all ties except diplomatic ones) with most countries in the world. More likely it will force Taiwan to take a more explicit independent posture.

Finally, Taiwan's economy is confronted with the need for upgrading its industrial structure and diversifying its export markets, for it is faced with reduced competitiveness (in such sectors as textiles and low-technology electronics), and increasing protectionism in the U.S. and other markets. In the near future, however, the existence of a China market for goods and services, for raw materials and low-cost labor, as well as capital investment opportunities present an almost irresistible lure to some Taiwanese businessmen and will probably solve a number of problems faced by the Taiwan economy.

Interdependence, Competition, and Learning

Comparing recent developments in the mainland and Taiwan reveals an interdependence between their systems: the endogenous changes on one side form some exogenous stimuli to the endogenous changes on the other side; and changes on either side affect the interactions between the two sides. Developments in the mainland and Taiwan should not be regarded as isolated phe-
nomena; in fact they occur in a larger ecology that link the two sides.

This growing interconnectedness is facilitated by a number of factors. The first is a shared developmental orientation toward domestic agenda at the present time. The mainland’s orientation toward economic reform will improve the material welfare of the populace and enhance its appeal to the outside world, including Taiwan. Taiwan’s orientation toward political democratization will help strengthen the regime’s ultimate legitimacy and provide a role model and a source of hope for the Chinese people’s perennial quest for democracy. Both leaderships’ resort to rationality and their need to safeguard the domestic scene can contribute to a more relaxed and tolerant atmosphere between the two.

Secondly, concrete contacts between the two sides have been steadily developing, although they are still not fully regulated and, hence, are risky. The discussion on the future political relationship between the mainland and Taiwan should not be teleologically predetermined (i.e., reunification simply for the sake of reunification) as to violate the natural evolution of mainland-Taiwan relations. From a positive angle, the eventual resolution of the political arrangement between the mainland and Taiwan should involve a sequence of processes.

The first process is reduction of hostility: the emergence of pragmatic young leaders free of historical burdens, the general orientation toward domestic priorities on both sides, and the courage to take bold initiatives to cope with a new situation are all conditions which will contribute to that goal.

The second process is reconciliation and trust/confidence building: the increased contacts between the two will require the two to foster a stabilized relationship between them. Accumulation of good experiences from a pile of low-level, people-to-people, technical, “peripheral” contacts provides the confidence and trust that can pave the way for higher-level, public, “core,” political contacts.

The third process is resolution of differences. This does not mean that these two systems should be homogenized, in fact they
may never be. What this means is that each system develops closer to the other: to develop values and institutions that accommodate their differences. Increased contacts create a momentum of their own and may exceed a critical mass as to generate qualitative changes. "The Guidelines for National Reunification" largely captured this need for incremental and sequential development.

Both systems are in the transition to a "softer" and more "functional" variant of polity that makes mutual accommodation more possible.

Taiwan is described as changing itself from "hard authoritarianism" to "soft authoritarianism," or even to a rudimentary democracy. The state-society relationship is relative, since a highly differentiated, privatized society checks the power of the political center. And its political center relies on incremental adjustments to achieve its goals.

On the contrary, the PRC used to be pictured as a "totalitarian" or "totalistic" polity. Its state-society relationship used to be absolute, and its political center used to rely on dramatic transformations to achieve its goal. Now with the privatized incentive system, the state refrains from total interference in various sectors in the society. Further, there is an urge for genuine implementation of constitutional protection of citizen's freedoms and rights. The changing Chinese system defies existing nomenclatures in most instances. Yet the overall trend is toward, not away from, Taiwan's direction.

These shifts may indicate the élites' realization that there are circumstances in which relatively democratic institutions are more functional for them than authoritarian ones. The new rationality in politics each side obtains will facilitate the solution of each side's own problems and ease contacts with the other side.

The current situation between the mainland and Taiwan can best be termed as a "competitive learning process." But this is a new game: yesterday's competition based on ideological confrontation, conflicting legal claims, and political power has changed
into a new competition based on policies and systems. This competition is interactive, benignant, and progressive. Hopefully it will help Chinese on both sides of the Taiwan Strait to search for a genuinely suitable system.

NOTES

1 The CCP’s Thirteenth National Congress was held 25 October-1 November 1987. The KMT’s Thirteenth National Congress was held 7-13 July 1988.


6 For a brief review of the evolution of the DPP's predecessor, *Tangwai* (literally outside the party), and the birth of the DPP, see Yangsun Chou and Andrew J. Nathan, "Democratizing Transition in Taiwan," *Asian Survey*, Vol. XXVII, No. 3 (March 1987), pp. 277-89.

7 Technically speaking, what was lifted on 15 July 1987 was the Emergency Decree of 1947, which designated Taiwan as a war zone. The martial law, upon which the decree was based, however, is still on paper. A new National Security Law superseded some of the decree's key functions. On 1 May 1991, President Lee Teng-hui announced the abrogation of "The Temporary Provisions for the Period of Mobilization for the Suppression of the Communist Rebellion," which had effectively frozen the 1947 constitution and conferred extraordinary presidential powers.


9 It is plausible to argue that China's persistent yet futile attempt at balancing traditional ideas (supposedly spiritually superior) and Western ideas (evidently materially superior) since the 1860s has continued. One finds a modern-day reincarnation of chung-hsiueh wei t'i, hsi-hsiueh wei yung (Chinese learning as essence, Western learning as application in the Dengists' quest for "building socialism with Chinese characteristics." For instance, according to one report, after the upheavals of June 1989, Deng Xiaoping asked that the selection and promotion of cadres should be based on their ability to "uphold the 'four cardinal principles,' while supporting reform and the policy of opening up; to remain loyal to Marxism, while maintaining their professional competence; to devote themselves to socialism, while understanding contemporary capitalism...," British Broadcasting Corporation, *Summary of World Broadcasts, Part 3: The Far East/1049*, quoted from Quarterly Chronicle and Documentation (April-June 1991), *China Quarterly* 127 (September 1991).

10 Huntington, op. cit., pp. 344-5.

11 Deng relinquished his final and crucial post as the chairman of the CCP Central Military Commission in favor of Jiang Zemin (Chiang Tse-min), the CCP general secretary since June 1989, at the Fifth Plenum of the Thirteenth Congress in November 1989. Yang Shangkun, who sits on the CCP Politburo and CMC and is the PRC president, is considered "the Second Deng Xiaoping." He will enjoy enormous prestige and influence after the Fourteenth Party Congress (to be held in fall 1992) and definitely in the post-Deng era.

12 Some analysts believe that the retirement of key conservative leaders from the top ranks of the party would reduce the potential for factional conflict over ideological issues. See *Far Eastern Economic Review* (hereafter *FEER*), 12 November 1987, p. 35. However, as Shambaugh points out, power at the pinnacle of the
Chinese political system continues to be shared among approximately thirty individuals, nearly half of whom are over eighty and hold few formal posts. "China in 1991," op. cit., p. 20. These octogenarian leaders often intervened in politics whenever they deemed it necessary and "justified," particularly in the aftermath of the June 1989 crisis. Dittmer correctly argues that these old guards, without high formal posts but with great prestige and informal influence, were able to exercise power without responsibility. Op. cit., p. 28. The most prominent such example is certainly Deng.

Although some analysts contend that the core of the crisis in China is economic (i.e., the inability to deal with an economic system which needs to be reformed), politics and ideology are still of paramount importance. As Segal points out, the PRC is still a communist regime which is concerned about the extent to which socialism should still be a guiding principle of the economy. Op. cit., p. 146. As Tiananmen demonstrates, ideological forces can easily find their way back to the choppy political cycles of reform-chaos-retrenchment.

13 Michel Oksenberg, interview, Ann Arbor, MI, 21 November 1987.

15 The text of Zhao's work report, "Advance Along the Road of Socialism with Chinese Characteristics," was translated and published in Foreign Broadcast Information Service: China-Daily Report (hereafter FBIS-CHI), 26 October 1987, pp. 10-34.

16 Tang Tsou's term.

17 The difficulty of this task was made even more painfully clear by the collapse of communist regimes in Eastern Europe and the Soviet Union. Decades of central planning seems to have stifled economic vitality and entrepreneurialism, which the new-found democracy has yet to facilitate.

18 It is reasonable to conceive of a "marginal utility curve" of ideological justifications that is similar to the typical marginal productivity (or utility) curve in neo-classical economics. In the beginning, it rises very fast with each additional "unit" of ideological justification. Then it reaches a maximum (we can call it "optimal level of ideological justification"). After that it gradually declines to zero and eventually to negative utility. It is easy to explain why marginal utility declines: because greater trade-off of other "social commodities" (such as ideological orthodoxy, political legitimacy, homogeneity of society, etc.) is required for each additional unit of ideological justifications. The issue is whether the concept of "the initial stage of socialism" represents that optimal level.

19 The anomaly of senior leaders having no formal posts yet wielding power without responsibility also contributes to the plight of the heirs apparent. Whenever there is a major policy failure, it is the young guards that take the shots; the old guards, because of their lack of key posts, can distance themselves from the fiasco and thus remain intact.

20 See, for example, some of the works cited in note 2.

21 In the first several months of 1988, inflation surged to an unofficial but acknowledged annual rate of nearly 50 percent in cities and corruption among officials seeking to cash in on the entrepreneurial spirit appeared unchecked. The situation generated tremendous discontent. New York Times (hereafter NYT), 17 October 1988, p. 1.
A plausible report opines that Yang Shangkun is expected to step down as the state president, the party CMC vice-chairman, and chief of the party leading group on Taiwan Affairs. This is part of Deng’s long-term attempt to persuade the old guards to retreat with him to the secondary lines. His half-brother, Yang Baibing (Yang Pai-ping), presently the CMC secretary-general and director of the General Political Department of the People’s Liberation Army, is expected to succeed him in the CMC and ascend to the Standing Committee of the Politburo (PBSC). Wu Xueqian (Wu Hsiieh-ch’ien), ex-foreign minister, is likely to take charge of Taiwan affairs. Li Peng, if removed as a political liability, may be “upgraded” to become the state president, with the Premiership taken over by either Zou Jiahua (Tsou Chia-hua) or Zhu Rongji (Chu Jung-chi), who will replace Yao Yilin and Song Ping in the PBSC. The successor to Li Xiannian (Li Hsien-nien), chairman of the Chinese People’s Political Consultative Congress, is also worth attention. See Chung-yangjih-pao (Central Daily News) (international edition) 23 April 1992, p. 1.

One estimate put the 1991 “indirect” trade between the two sides of the Taiwan Strait at around $7 billion, and Taiwan’s total investment in the PRC over $2 billion, surpassing that of the U.S. and Japan. Free China Journal (FCJ), 10 May 1991. It is important to note that before 1 January 1979, when the PRC normalized its relations with the U.S. and changed its policy toward Taiwan from one of “military liberation” to “peaceful reunification,” such economic contacts were virtually non-existent.


Edwin A. Winckler, “Institutionalization and Participation on Taiwan: From Hard to Soft Authoritarianism?” China Quarterly, No. 99 (September 1984), pp. 481-99. He is writing a sequel for the China Quarterly to account for Taiwan’s democratization since the mid 1980s.


One should recall the general thrust of the Modernization School, see supra, note 5.

Chou and Nathan, op. cit., p. 284.
Chiang’s politically active son, Hsiao-wu, was implicated in the case. Chiang later dispatched him to a trade mission post in Singapore.


The result was a mushrooming of small parties, over three dozens to date. Yet, no party other than the DPP could pose a credible threat to the KMT. The ROC can be seen as a “two-party system,” in the sense that no third parties other than the KMT and the DPP can win a meaningful number of seats in any election. Yet a key feature of a “two-party system,” the rotation in power by the two major parties, is still missing in Taiwan politics. In this regard, the ROC must still be seen as a “one-party dominant” system.

An even more dramatic move came in Taipei’s participation in the ADB meeting in Beijing in May 1989. Led by Shirley Kuo, the finance minister and eleventh-hour appointed ADB governor, this official delegation was the first in forty years.

In August 1991, the Asia-Pacific Economic Cooperation (APEC) decided that the PRC, the ROC (under the name “Chinese-Taipei”), and Hong Kong could join it simultaneously and on an equal footing. In late 1990, the ROC filed an application to join the General Agreement on Tariffs and Trade (GATT) under the name, “Taiwan, P’enghu, Kinmen, Matsu Customs Territory.” Neither the ROC nor the PRC belong to the GATT, the former for political reasons, the latter for economic reasons. The ROC is the world’s twelfth largest exporter and fourteenth largest trading nation. Its trade regime qualifies GATT provisions. However, the PRC, whose application was delayed due to numerous questionable trade practices, demands that it enter the GATT first, and then “sponsor” Taipei’s accession as a province. To avoid that arrangement, the ROC wisely applied to join the GATT as a “separate customs territory possessing full autonomy in the conduct of its external commercial relations” under Article XXXIII of the GATT, rather than Article XXXII, which refers to governments as Contracting Parties. Provisions of the GATT are included in John H. Jackson and William J. Davey, *Documents Supplement to Legal Problems of International Economic Relations*, 2nd ed., St. Paul: West Publishing Co., 1986. Partly to deflect congressional opposition to his support of the most favored nation (MFN) treatment for the PRC after June 1989, President Bush has started to actively support Taipei’s admission to the GATT.

The PRC and the ROC have for years used defected pilots from the other side for propaganda purposes. In handling this case, Taiwan authorities stressed the legal, instead of political, aspects. It not only avoided a policy predicament as to how to handle the one hundred-plus non-hijackers, but also won international praise. In contrast, the PRC’s tactic in May 1986 of keeping the hijacked China Airlines crew and plane as hostages to force a negotiation with Taipei was politically motivated and breached international customary laws.


Three individuals in particular were regarded as being groomed for future
premiership: Fredrick Ch'ien, Taiwan's ex-chief emissary to Washington and the new head of the Council of Economic Planning and Development, Ch'en Li-an, son of Ch'en Ch'eng, the vice president in the early 1950s, and ex-chair of the National Science Council and the new economics minister, and James Soong, the KMT's deputy secretary general. After the cabinet reshuffle following Lee's reelection in 1990, Ch'ien, Ch'en, and Soong became foreign minister, defense minister, and KMT secretary general, respectively.


45 This was reflected in the party's slogan of the congress: democracy, equitable wealth, and unification (min-chu, chün-fū, t'ung-yi). The text of the proposal of "Promoting the Thoughts of the Three Principles of the People—Striding Toward a Democratic, Equitable, and United New China" can be found in *Compendium of the Chairman's Address and Resolutions of the Thirteenth National Congress of the Chinese Nationalist Party* (Chung-kuo Kuo-min-tang ti-shi-san-tzu ch'üan-kuo-t'ai-piao-ta-hui chu-hsi-ch'i-tsu, chuēh-yi-an hui-pien; hereafter, hui-pien), Taipei: Central Committee, the KMT, pp. 103-108.

46 The text of each can be found in hui-pien, op. cit.


48 Indeed, additional relaxations on contacts with the mainland have been introduced since then: journalists may do reporting in the mainland; movie makers and actors may shoot their films there; public schools teachers and low-ranking public functionaries may visit their relatives; cultural, scientific, and sports concerns can participate in international events hosted in or by Beijing, etc. More and more mainland scholars, journalists, artists, and scientists have visited Taiwan. Contacts changed from one-way to two-way, with a quantitative favor going to Taiwan, creating a "mainland fever" in Taiwan and a "Taiwan fever" in the mainland. See *NYT*, 4 May 1989, pp. 1 & 6. The 1989 purge brought about only a brief hiatus in these contacts, which intensified unabatedly.

49 All the senior legislators in the National Assembly, the Legislative Yuan, and the Control Yuan that had not faced periodic reelections were finally retired in December 1991, thanks to a historic rule (No. 261) in June 1990 by the Council of Grand Justices that required these legislators to retire by the end of 1991.

50 The KMT is charged with practicing tu-t'ai (separate Taiwan), as opposed to some DPP's advocacy of t'ai-tu (Taiwan independence).


52 I agree with Ts'ai and Myers that the term kuo-shih hui-i literally means "a meeting to decide the country's destiny." For simplicity, I still use the more familiar term "National Affairs Conference." Ts'ai and Myers, "Manichaean Suspicions," op. cit., p. 34.

53 This classification was widely and imprecisely used by the press. Lee and most important Taiwanese leaders were said to belong to the "mainstream faction,"
joined by some key younger mainland leaders such as James Soong and the national security chief, Sung Hsin-lien. By contrast, Lee Huan, Hau Pei-ts'yun, and most mainland leaders were said to belong to the “anti-mainstream faction.” The most notable exception was Lin Yang-kang, a Taiwanese politician with equal seniority and prestige to Lee's. The latter group was suspicious about the Lee's tendency toward tu-t'ai (separate Taiwan) and close association with the DPP. Many protégés of the first group exhibited a “Lee complex” in that they regarded his ascendance as representing ethnic emancipation, and they subsequently sought to prevent the conservatives from sabotaging Lee’s reform programs.

Historically the KMT in Taiwan had won around two-thirds or 70 percent of the votes in all elections, with the Tangwei or the DPP never getting more than 30 percent. However, in the December 1989 elections, the KMT got 59.11 percent of the votes to the DPP’s 30.23 percent (other parties got 10.66 percent). Moreover, the KMT lost seven seats of county magistrates or city mayors to the DPP (six) and the independents (one). Shih-chieh jih-pao [The World Journal], 3 December 1989, p. 8.

Soon after the 1947 constitution was promulgated and delegates to the National Assembly, the Legislative Yuan, and the Control Yuan were duly elected, the ROC government moved to, and remained in, Taiwan. The reelection of these delegates became impossible. In 1951, a constitutional interpretation (No. 31) was made by the Council of Grand Justices that mandated that these delegates would continue to exercise their powers until new delegates from all of China can be lawfully elected to replace them. This became the legal basis for the infamous “Everlasting Parliament” (wan-nien kuo-hui).

The NAC was held 28 June-4 July 1990 in Taipei.

A useful guide to the proceedings of the NAC is Kuo-shih hui-i tsung-chieh pao-kao (Complete Conclusions Reported from the NAC), compiled by the Secretariat of the NAC.

Some critics contended that the NAC lacked legitimacy: its delegates were appointed, not elected; many of the subjects it discussed were within the purview of the Legislative Yuan; and it only served consultative functions. However, the DPP delegates considered this a rare opportunity that the DPP could stand on an equal footing with the KMT in Taiwan politics, and believed that they could accomplish their political goals by directly appealing to the President without going through the struggles in the Legislative Yuan, in which the DPP enjoyed the status of only a raucous and frustrated minority.

One example that supports this claim is the new practice of “party proportional representation” for selecting the new “nationwide” and “overseas” delegates to the Second National Assembly (December 1991). Parties can field a proportional number of candidates in these two categories according to the ratios of the general votes they obtained in district-based contests, provided they received more than 5 percent of the total votes (the so-called “threshold clause”). As that election turned out, the KMT fielded three-fourths of those seats, the DPP one-fourth, with no other party able to cross that threshold and field any candidates. Before this practice became effective, several small parties charged that the DPP, by tacitly supporting
the "threshold clause," had become part of the establishment and a representative of vested interests.

60 The DPP demanded the immediate retirement of all these parliamentarians. The KMT had hoped to set 31 December 1991 as the deadline for their retirement, as required by the 261st constitutional interpretation. This is an area of minor difference on the pace rate.

61 There would be eighty, twenty, and five "nationwide" delegates for the Second National Assembly, Legislative Yuan, and Control Yuan, respectively, who would symbolize a constituency for China as a whole. There would be twenty, six, and two "overseas" delegates for these three bodies respectively. Both categories of delegates would be selected, as mentioned earlier in note 59, based on the proportions of votes their parties had won in the general elections. The KMT was attacked by many overseas Chinese who argued that the country was going to discard them, despite their contributions in the Nationalist Revolution of 1911 and the Sino-Japanese War. The DPP opposed in rhetoric only and pragmatically fielded its candidates when it became clear that only the two major parties could pass the "threshold" test.

62 As we recall, Lee had announced in his inaugural speech in May 1990 that he would revoke the Temporary Provisions in one year.

63 Again, the two parties only differed on the timetable for such elections.

64 The Supplementary Provisions stipulated, among other things: (1) the reduced size of the three legislatures after all the elder legislators retired, (2) the number, methods of selection, and length of tenure of the new delegates, (3) a "sunset clause" that would protect the organizational status of three agencies created under the Temporary Provisions (i.e., National Security Council, Bureau of National Security, and Bureau of Personnel Administration), and (4) the power for the President to impose "emergency decrees" (chin-chi ming-ling)—a residue of the power of "emergency measures" (chin-chi chu-fen) in the Temporary Provisions.

65 Faced with increased pressures, Lee, in a KMT Standing Committee meeting in early March 1992, abruptly announced that on the issue regarding the method of electing the president, he wanted to decide in favor of an alternative method, "direct vote by citizens" (kung-min chi-hsüan), which resonated the DPP proposal. A political upheaval, not unlike that of early 1990, immediately ensued, with leading forces within the party diverging into two camps, the "delegated vote faction" (wei-hsüan p'ai) which roughly resembled the "anti-mainstream faction" of 1990, and the "direct vote faction" (chi-hsüan p'ai) which roughly resembled the "mainstream faction" of 1990. However, there were important crossovers. Lin Yang-kang shifted to the latter group, hoping to benefit electorally after Lee's term expires in 1996 (Lee had said that he would not seek reelection). Ch'iu Ch'uang-huan, another key Taiwanese leader and ex-vice premier and Governor of Taiwan Province, joined the first group, probably in deference to Lee's or Lin's popular appeal. Debate between these two camps boiled in the Third Plenum of the Thirteenth Congress in late March and resulted in a stalemate. Lee said that he would make the final decision in 1995. It seems, however, the "direct vote" position will eventually prevail. Lee hopes to spend the period before 1995 cultivating popular support for that position.
The DPP, in the meantime, charged that Lee had betrayed his promise made in the NAC and staged an unsuccessful five-day street demonstration in April.

66 Many important constitutional scholars argue that the 1947 constitution actually mandates a cabinet system, as seen in the provisions that require the premier to be responsible to the Legislative Yuan for his cabinet's governance, and that require the premier's signature for any presidential decrees and orders to be effective.

67 These drafts proposed that (1) the president be directly and popularly elected, with the choice between a "delegated" and "direct" scheme pending until 1995; (2) the National Assembly, rather than being abolished, should assume additional powers, such as the power to approve the nominees for the Judiciary, Examination, and Control yuans (the Control Yuan used to approve nominees for the Judiciary and Examination yuans); (3) the delegates to the Control Yuan, a watchdog body, should be appointed by the president, no longer selected by provincial and municipal assemblies; and (4) the premier should in effect become the president's chief of staff, with the president becoming the top executive of the country. The Second National Assembly, free of elders for the first time and scheduled to meet until late May, saw over one hundred constitutional amendment bills, many of which aimed at expanding the powers of the National Assembly at the expense of the Legislative Yuan.


69 Wang, op. cit.

70 Beginning in early 1989, Lee experimented with various proposals that may lead to possible diplomatic breakthroughs, such as "flexible diplomacy," under which the ROC sought to interact politically and economically with countries, regardless of whether they recognized the PRC, and renewed active participation in international organizations that had admitted the mainland.

71 Qian Ning (Ch'ien Ning), who used to work for the Shanghai Economic Herald and visited the PRC extensively immediately after the campaign against "bourgeois liberalization," confirmed that many Chinese students who participated in the demonstration in winter 1987-88 did follow the development of Taiwan's democratization, and this might have encouraged them to demand more political freedom from their government. The powerful electronic technology that brought together the student demonstrators at the Tiananmen Square and the vigil-supporters at the Chiang Kai-shek Memorial Hall just before the 4 June bloodshed further cultivated a sense of common destiny between the cohorts on both sides of the Taiwan Strait.

