

# Taiwan's Geopolitics and Chiang Ching-Kuo's Decision to Democratize Taiwan

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Taiwan's successful transition from authoritarian regime to democracy suggests that neither a Leninist party structure nor a Confucian cultural heritage is a bar to democratization. Taiwan's experience also clearly illustrates that democracy can be achieved through political leadership, a mode of democratic transition that has been emphasized in recent scholarship by Samuel Huntington,<sup>1</sup> Bruce Dickson,<sup>2</sup> and Steven Hood, the lattermost of whom argues that democratic transitions are brought about by political elites who have changed their attitudes about democracy. This process has been described by Nancy Bermeo as "political learning," meaning the process by which "authoritarians come to realize the benefits, or in some cases their only option for survival, is to move towards a democratic solution."<sup>3</sup>

As the paramount leader of the Kuomintang (KMT), the decision to move forward with Taiwan's democratization in 1986 ultimately belonged to Chiang Ching-kuo (CCK). Although CCK initially supported the status quo, he eventually came

to realize that a democratic solution would benefit the KMT, and that failure to liberalize the system could result in violent conflict.<sup>4</sup> However, little research has been done on CCK's political learning process.<sup>5</sup> The link between Taiwan's geopolitics and CCK's decision to ease the political system onto a path of liberalization and finally democracy is the primary focus of this research paper. I argue that Taiwan's growing diplomatic isolation was the driving force behind CCK's transformation from head of the feared secret police in the 1950s to political reformer in the 1970s and 1980s. Since Taiwan could not hope to compete with the PRC for power, CCK opted to secure Taiwan's foreign relations by building a relatively free and prosperous Taiwan, putting Taiwan on the road to reunification on its own terms. So long as CCK was confident in the US commitment to defend Taiwan, there was little incentive to change the political system. Once President Nixon made clear his intention to play the China card, and international support for his regime began rapidly eroding, CCK took decisive steps to

<sup>1</sup> Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (University of Oklahoma Press, 1991), 316. Huntington suggests that "economic development makes democracy possible; political leadership makes it real."

<sup>2</sup> Bruce Dickson, *Democratization in China and Taiwan: The Adaptability of Leninist Parties* (Oxford: Clarendon Press, 1997), 203. In his analysis of the adaptability of Leninist parties, Dickson argues that "how party leaders interpret their environment determines their willingness to adapt."

<sup>3</sup> Steven Hood, *The Kuomintang and the Democratization of Taiwan* (Westview Press, 1997), 9.

<sup>4</sup> *Ibid.*

<sup>5</sup> Although many studies on Taiwan's democratization consider the international environment to be a key factor, few have linked it directly to CCK's decision to move toward a democratic system.

Taiwanize the regime and to move toward a more representative government. The US de-recognition of Taiwan in 1978 and Deng Xiaoping's reform and open door policy reaffirmed CCK's belief that Taiwan must pursue a democratic path in order to survive.

My examination of the process of CCK's political learning will be organized into three distinct phases based on Taiwan's changing geopolitical conditions: the strong US-ROC alliance (1950s-mid 1960s); the new world order of the 1960s; the US de-recognition of Taiwan and Deng Xiaoping's reforms (1979-1987).

### **Strong US-ROC Alliance (1950s - mid 1960s)**

From 1950 to the first half of the 1960s, Taiwan's security rested solely on the military and economic aid provided by the United States. The outbreak of the Korean War in 1950 was perceived by the Truman administration as a general communist offensive in the Pacific region by the newly formed Sino-Soviet alliance between Mao and Stalin. As such, the Truman administration decided to defend South Korea and simultaneously reversed its earlier decision not to defend Taiwan. On June 27, 1950, President Truman dispatched the seventh fleet of the United States naval force to neutralize the Taiwan Strait, or in other words, to prevent either side from attacking the other. In practice, considering the enormous disparity in size between the two sides, this meant protecting Taiwan from the mainland. During the Korean War, the US considered Taiwan to be strategically important to its security in the Pacific, and as a result the Government of the Republic of

China (GRC) had enormous leverage over the United States. In 1954, under President Eisenhower, the United States and the GRC signed a mutual defense treaty covering Taiwan and certain islands immediately adjacent to it. This treaty formally incorporated the ROC into the US's collective security system in Asia. For the next two decades, the United States would recognize the KMT regime on Taiwan as the sole legitimate Chinese government.

During the 1950s, CCK, as the chief of Taiwan's secret police and intelligence agency, came to be identified as the enforcer of the White Terror. Wu Kuo-cheng, a former governor of Taiwan and a standing member of the KMT central committee, accused CCK of establishing a spy network that created fear not only throughout the society, but within the KMT as well. Wu claimed that only 18 out of 998 arrests made by the secret police in 1952 were for serious crimes. The rest were made to intimidate and root out opposition to the party.<sup>6</sup> In July 1950 the CIA reported a noticeable increase in repressive activities and a resultant "popular [Taiwanese] revulsion against the regime." The American chargé d'affaires before Rankin called it a "reign of terror," suggesting that even mild criticism of the regime could result in arrest and disappearance.<sup>7</sup> Such allegations reinforced CCK's growing reputation for ruthlessness, and raised concerns in Washington. Although Secretary of State Dulles commented on CCK's "roughness" in handling security matters during the intelligence chief's first visit to the United States in 1953,<sup>8</sup> CCK remained convinced that repressive action was necessary to combat communist infiltration and

<sup>6</sup> Hood, 35.

<sup>7</sup> Jay Taylor, *The Generalissimo's Son: Chiang Ching-kuo and the Revolutions in China and Taiwan* (Harvard University Press, 2000), 211; source: American Embassy Taipei, cable Sept. 6, 1950, FRUS, 1950, vol. 6, 48.

<sup>8</sup> *Ibid.*, 220; source: Memo for the files, MacConaughy, Nov. 13, 1953, FRUS, 1952-1954, vol.14, 253.

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subversive activity, and that an open democratic society such as the one he witnessed in the US was a distant goal for his country.<sup>9</sup> It was also clear to CCK that US support for his government would continue whatever the degree of “roughness” in his methods.<sup>10</sup> According to US Ambassador Rankin’s 1957 report, since mid-1950, combined US economic and military aid to Taiwan amounted to approximately US\$2 billion.<sup>11</sup> In early 1958, about one-third of the cost of the ROC’s military establishment of 650,000 men, one of the largest in the world, was being met by US aid.<sup>12</sup>

However, as CCK and his father would soon learn during the Battle of Quemoy in 1958, most Americans and United Nations members favored a two Chinas solution that was unacceptable to both the GRC and the CCP. The Chiangs learned from Dulles that most UN members supported the withdrawal of ROC forces from the offshore islands, adding that the KMT’s military buildup on its offshore islands was perceived abroad as “militaristic...apt to precipitate a world war.”<sup>13</sup> Dulles had made it clear to the Chiangs that most Americans favored a *de facto* if not *de jure* two Chinas solution, and that even a conservative Republican administration in Washington would not easily be drawn into a war with China.<sup>14</sup> After three days of intensive consultations between

Secretary Dulles and the Chiangs, the government of the United States and the GRC signed a joint communiqué on October 24, 1958, in which Chiang Kai-shek renounced the use of force to recover the mainland. Chiang Kai-shek (CKS) stated in the communiqué that the GRC “considers that the restoration of freedom to its people on the Mainland is its sacred mission...and that the principle means of successfully achieving its mission is the implementation of Dr. Sun Yat-sen’s ‘Three People’s Principles’ (nationalism, democracy and social well-being) and not the use of force.”<sup>15</sup> It was during the Quemoy crisis that CCK first came to realize that military return to the mainland was a distant, if not impossible, dream, and that the

future of his regime rested on the wellbeing of people in Taiwan. According to Ray Cline, CIA representative in Taiwan from 1958 to 1962, CCK was convinced that the only way to win back the mainland was to preserve Taiwan as a free society, improving and perfecting it

into a showcase for democracy that would entice the people of mainland China.<sup>16</sup>

However, so long as the KMT leadership was confident about the US commitment to defend Taiwan, there was little incentive to change the political system. CCK was fully aware that a free and democratic election would likely result in a Taiwanese, non-KMT and even pro-independence government.

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<sup>9</sup> Ibid., 221; source: American Embassy Taipei, dispatch, Oct. 13, 1954. NA-box 4218.

<sup>10</sup> Ibid.

<sup>11</sup> Ralph N. Clough, *Island China* (Cambridge: Harvard University Press, 1978), 16.

<sup>12</sup> Ibid., 14; source: *US Mutual Security Agency Report to Congress*.

<sup>13</sup> Taylor, 245.

<sup>14</sup> Ibid., 247.

<sup>15</sup> Stephen P. Gibert and William M. Carpenter, ed., *America and Island China: A Documentary History* (University Press of America), 97-99. Contains full text of the 1958 joint communiqué.

<sup>16</sup> Ray Cline, *Chiang Ching-kuo Remembered: The Man and his Political Legacy* (Washington, DC: United States Global Strategy Council, 1989), 70.

Chiang Kai-shek and his regime paid little more than lip service to the party's democratic claim. One-party local elections in which independent candidates were allowed to run for office were the only concession CKS made towards creating a democratic system, the minimum the KMT leadership considered necessary to engage the Taiwanese and placate the Americans.<sup>17</sup> CCK's attitude toward political rights at this time was best reflected in his tough position against Lei Chen, a well-known KMT critic who announced his intention to form the China Democratic Party. Lei and his business associate, Liu Tzu-ying were arrested and sentenced by military court to 10 years in prison on charges that they had conducted communist activities. While there were different opinions within the KMT on how to react, CCK took a tough position, arguing that "if an effective political opposition should ever be able to organize, it would inevitably devolve into a Taiwanese organ and portray the KMT as a mainlander dominated party...in honest elections, the KMT would almost certainly be doomed."<sup>18</sup> CCK did not believe it was wise to promote any democratic changes under the circumstance, and showed no sign of loosening up its control over dissidents; independent political thinking remained dangerous in Taiwan.

### The New World Order of the 1960s

#### *Sino-Soviet Breakup*

By 1960, the Sino-Soviet alliance was deteriorating rapidly. Sino-Soviet hostility first became evident after 1956 when the CCP leadership began to distrust Khrushchev, especially after his denunciation of Stalin and

his invasion of Hungary and grew as the war in Vietnam escalated in 1965. After the Soviet invasion of Czechoslovakia in the summer of 1968 and the subsequent statement of the Brezhnev Doctrine, which effectively allowed the Soviet Union to overthrow any communist government of which it did not approve, as well as a massive build-up of Soviet forces on the Chinese border, Beijing now considered the Soviet Union to be a major threat to China's national security. The growing tension between Beijing and Moscow was further increased by a frontier clash between Chinese and Soviet forces on Damansky Island in March 1969. The rising tensions put serious military constraints on the PRC, forcing it to defend its northern border, thus reducing its threat to the region. In the 1950s, Taiwan's security (and more importantly, the survival of the KMT as the ruling party on the island) was guaranteed only by the US commitment to defend the island as part of its policy of containing Chinese communist expansionism. The geopolitical shift caused by the rapid deterioration of Sino-Soviet relations in the early 1960s would severely undermine Taiwan's strategic importance to US security in the region.

#### *Changing U.S.-China Relations and Taiwan's Growing Isolation*

Meanwhile, the United States began to reconsider its China policy, in part because of Nixon's desire to promote détente with the Soviet Union, and in part because of the need to end US involvement in Vietnam. Playing the China card could be a means of accomplishing both objectives.<sup>19</sup> In an October 1967 article in *Foreign Affairs*,

<sup>17</sup> Taylor, 203.

<sup>18</sup> *Ibid.*, 259; this quote is not from CCK but from Ambassador Drumright's analysis of the situation, though Taylor believed CCK assuredly held the same view (see Taylor's reference note #14 on page 487).

<sup>19</sup> Jeffrey T. Richelson, Thomas S. Blanton, Malcolm Byrne, John Martinez, ed., *China and the United States: From Hostility to Engagement, 1960 - 1998* (Alexandria, VA: Chadwyck-Healey, 1999), 19.

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Nixon wrote:

“ . . . [A]ny American policy toward Asia must come urgently to grips with the reality of China . . . There is no place on this small planet for a billion of its potentially most able people to live in angry isolation . . . The world cannot be safe until China changes. Thus our aim . . . should be to induce change. The way to do this is to persuade China . . . that its own national interest requires a turning away from foreign adventuring and a turning inward toward the solution of its own domestic problems.”<sup>20</sup>

Soon after Nixon entered the White House in January 1969, his administration relaxed restrictions on travel and trade with China, and ended US naval patrols of the Taiwan Strait and reconnaissance flights over Chinese territory, suggesting the administration's strong desire to improve relations with the PRC. In 1970, CCK made his last visit to the United States to find out what concessions President Nixon was preparing to offer Beijing.<sup>21</sup> CCK met with President Nixon and Henry Kissinger. Nixon reportedly “listened to Ching-kuo very closely but did not make any promises” regarding US relations with Beijing.<sup>22</sup> Kissinger tried to get CCK's reaction on moving Sino-American talks from Warsaw to Washington or Beijing, an indication of the seriousness of their discussion.<sup>23</sup> Having acted as chief negotiator with the US on behalf of his father since the 1950s, CCK understood the serious implications of the geopolitical shift for US-Taiwan relations. He also understood that the issue of Taiwan was the key to a breakthrough in US-PRC relations. The following year, the

United Nations passed a resolution by a large majority to “restore all its rights to the People's Republic of China and to expel forthwith the representatives of Chiang Kai-shek from the place which they unlawfully occupy at the United Nations and in all the organizations related to it.”<sup>24</sup> The UN's decision clearly suggested that the international community rejected the KMT's claim to rule over the local Taiwanese as the head of a temporarily-exiled Republic of China representing all of the Chinese people. In February 1972, Washington and Beijing issued a joint communiqué, known as the Shanghai Communiqué, as a result of President Nixon's historical visit to Beijing. In this communiqué, both sides agreed that “progress toward the normalization of relations between China and the United States is in the interests of all countries.” The PRC reaffirmed its position that “the Taiwan question is the crucial question obstructing the normalization of relations between China and the United States . . . Taiwan is a province of China . . . the liberation of Taiwan is China's internal affair in which no other country has the right to interfere; and all US forces and military installations must be withdrawn from Taiwan.” The United States, while acknowledging that there was only one China, stated that it was in the US's interest to resolve the Taiwan issue peacefully. With this in mind, the US affirmed its ultimate goal of “the withdrawal of all US forces and military installations from Taiwan.”<sup>25</sup> On the one hand, the Shanghai Communiqué suggested that the normalization of relations between Washington and Beijing was just a matter of time. On the other hand, however, it linked

<sup>20</sup> Richard Nixon, “Asia After Viet Nam,” *Foreign Affairs*, Oct, 1967, 121.

<sup>21</sup> Taylor, 296.

<sup>22</sup> *Ibid.*, 297, citing James Shen, “The US and Free China: How the US Sold Out Its Ally”.

<sup>23</sup> *Ibid.*, 298.

<sup>24</sup> Gibert and Carpenter ed., 109.

<sup>25</sup> *Ibid.*, 111-114; text of Shanghai Communiqué of 1972.

US-ROC military relations to a peaceful settlement of the Taiwan issue.<sup>26</sup> Later that year, Japan, Taiwan's most important supporter and trading partner after the US, switched its diplomatic relations from Taipei to Beijing. More countries would soon follow suit. It was reported that of the states with formal diplomatic relations with the ROC in 1971, 45 percent had switched ties to the PRC from 1971 to 1973.<sup>27</sup> Taiwan's growing diplomatic isolation brought home the reality that "whatever the differences Taiwanese and mainlanders once had or still have, they are sharing the lifeboat of Taiwan."<sup>28</sup> The KMT leadership finally realized the task confronting them was that of survival.

#### *CCK's Pragmatic Approach*

Faced with dwindling international support, CCK began to take concrete measures towards building a more representative government that allowed for a much wider range of dissident views. In 1966, CCK pushed the National Assembly to approve a constitutional amendment that allowed a supplementary election be held in Taiwan to add a number of new legislative seats to reflect Taiwan's population growth: 11 new seats to the Legislative Yuan, 15 seats to the National Assembly and 2 seats to the Control Yuan. While the number of new seats was insignificant vis-à-vis the total number of legislative representatives required by the constitution (3,045 seats for the National Assembly, 773 for the Legislative Yuan and 223 seats for the Control Yuan),<sup>29</sup> it was a tiny,

but symbolically significant first step toward a more representative government. The election was held in 1969, the year that CCK finally assumed a formal leadership role as the vice premier. During the December election, CCK permitted unprecedented criticism of the regime by non-KMT candidates, including charges of discrimination against native Taiwanese, governmental corruption, and complaints that the lion's share of government spending went to the military. Some even suggested that the vice-presidency be held by a Taiwanese and martial law lifted. One of the non-party candidates Huang Hsin-chieh went so far as to say that return to the mainland was hopeless and the country would suffer if

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president CKS remained in office much longer.<sup>30</sup> Huang received a warning to tone down his attack, but was allowed to continue his campaign. Three non-party candidates including Huang were elected, with the KMT winning 23 out of all 26 new seats. The harsh criticism of the regime made by the Taiwanese candidates

suggested a deep resentment of mainlander dominance on the island, underscoring the dilemma faced by the Nationalist party as CCK embarked on a path to gradually open up the system without losing the party's grip on power. Following Taiwan's expulsion from the United Nations in 1971, another amendment to the temporary provisions to add additional new seats to the legislative bodies was passed, further broadening political participation on the island and

<sup>26</sup> Martin L. Lasater, "Military Milestones," Gibert and Carpenter ed., ch.4, 29.

<sup>27</sup> Hung-mao Tien, *The Great Transition: Political and Social Change in the ROC* (Hoover Institution Press, 1989), 222.

<sup>28</sup> From C.K. Yen's inauguration speech quoted in *Far Eastern Economic Review* (FEER), April 18, 1975, 21.

<sup>29</sup> Tien, 146, Table 6.1.

<sup>30</sup> Sheldon Appleton, "Taiwan: Portents of Change," *Asian Survey*, Vol. 11, No.1, A Survey of Asia in 1970, Part I (Jan., 1971), 68-73.

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adding another 119 new members to the three legislative bodies. As one analyst suggested, "each time the ROC suffers a major diplomatic setback, it takes an additional step to liberalize the pattern of representative government to quiet critics and enhance political harmony on Taiwan."<sup>31</sup> As before, the result of the 1972 election was predictable; the KMT candidates won a majority of the new seats. One American observer of the 1972 election reported that "The elections, despite their shortcomings, enabled candidates to present controversial ideas directly to the public and performed the function of electing outspoken critics of the Nationalist Party . . . The permissible range for constructive dissent has been considerably broadened."<sup>32</sup> Soon after the election, CCK addressed the National Assembly in its annual Constitution Day meeting. He said:

"After careful consideration, Ching-kuo felt strongly that, under the difficult circumstance [the rapidly deteriorating international condition], we must begin with political reform in order to bring about the overall reform necessary to build a strong and incorruptible government . . . The successful completion of the supplemental election two days ago was not only a major step toward realizing our goal of constitutional democracy, but also a major test to our nation's stability and unity . . . the high voter turnout . . . could be viewed as the best indication of our citizen's support for the government."<sup>33</sup>

In marked contrast to his tough stand against Lei Chen in 1960, CCK now perceived political reform as a means to strengthen the KMT's ruling position abroad and at home.

Meanwhile, CCK stepped up his effort to co-opt young, talented Taiwanese into the leadership ranks. Beginning in 1969-1970, growing numbers of Taiwanese were appointed to chair the party's local committees, a direct result of CCK's efforts to weed out older and incompetent cadres. Between 1968 and 1971, 641 older functionaries, or 37 percent of the total staff in the party's provincial headquarters retired or left office.<sup>34</sup> By 1977, about one third of all county and city chairmen were Taiwanese, and by 1984, half were Taiwanese.<sup>35</sup> Lee Huan, who held various important party posts and was instrumental in carrying out CCK's recruitment policy, described CCK as eager to promote Taiwanese to the party's provincial offices, describing CCK's criteria as "Taiwanese, with advanced degrees, possessed new ideas."<sup>36</sup> CCK also made clear to Lee Huan his plan to appoint younger and better educated Taiwanese to central leadership positions in the future. In 1976, CCK instructed Lee Huan to select several dozen young party leaders for the highest-level cadre training program at the party school. Among the 60 individuals chosen for the training, half were Taiwanese, including Lien Chan (a CSC member and minister of foreign affairs), Wu Po-hsiung (a CSC member and mayor of Taipei), Shih Ch'i-yang (a CSC member and vice premier).<sup>37</sup>

<sup>31</sup> Chiu 1986a, 9-10, quoted in Tien, 145. The first time a supplementary election was authorized was in 1966 in response to the 47-47 tie vote in the UN to expel the ROC; the 2nd time was after the ROC lost its UN seat, and the 3rd time was after the US-PRC normalized their relations in 1978.

<sup>32</sup> J. Bruce Jacobs, "Taiwan 1973: Consolidation of the Succession" *Asian Survey*, Vol. 14, No. 1 January 1974, 22-29.28.

<sup>33</sup> *Selected Statements of Premier Chiang Ching-kuo*, May 1972-Jan.1973 (Central Daily Newspaper), 47-49.

<sup>34</sup> Tien, *The Great Transition*, 70.

<sup>35</sup> *Ibid.*, 69-70.

<sup>36</sup> Lin Yin-ting, *Forty-four Years with President Chiang Ching-kuo: Lee Huan's Memoirs (Zhui sui ban shiji: Li Huan yu Jingguo Xian Sheng)* (Commonwealth Publishing, 1998), 120.

<sup>37</sup> Tien, *The Great Transition*, p. 69-70.

When CCK assumed the premiership in 1972, he appointed six Taiwanese to cabinet posts, including the vice-premiership that was previously held by CCK himself. Three of the remaining four Yuans, the Judicial, Legislative, Examination and Control, had Taiwanese vice-presidents. Also, for the first time a Taiwanese, Hsieh Tung-min was appointed governor of the province of Taiwan. CCK's appointments of native Taiwanese were hailed by *Ta-hsueh ta-chih*, Taiwan's most outspoken independent journal at the time, as "fully reflect[ing] the realities of the political situation."<sup>38</sup> During the inaugural ceremony of Taiwan's new Taiwanese governor, CCK emphasized the importance of societal harmony (*ren-he*) in achieving national unity, and outlined his vision of developing Taiwan into a democratic society as a means to recover the mainland. CCK stated:

"... national unity can only be achieved through ethnic harmony (*jen-he*). The union of Taiwan's 15 million

people is strong enough to not only guarantee Taiwan's security, but also to achieve our historical mission of second Northern Expedition [return to the mainland]. In the past, Guangzhou was the base for the victorious Northern Expedition, and Chongqing was the base for our victorious resistance against the Japanese invasion; now Taiwan is the base for victorious return to the mainland. To make greater strides in

developing Taiwan today, we must strengthen our democratic political system to ensure that everyone in Taiwan enjoys a freer and more prosperous life in marked contrast to the miserable life under the Communist regime."<sup>39</sup>

Once CCK was elected party chairman after his father's death in 1975, additional steps were taken to include Taiwanese in the party's central organ where the real power resided. Taiwanese membership in the party's Central Standing Committee (CSC) grew from 2 out of 21 seats in 1969 to 5 out of 22 in 1976, 9 out of 27 in 1979 and 16 out of 31 in 1988.<sup>40</sup> However, the expansion in the size of the CSC was a compromise to avoid the perception that the Taiwanese were squeezing mainlanders out of key posts,<sup>41</sup> showing the delicate line that CCK walked in his effort to fold Taiwanese into the political process.

The increasing number of Taiwanese admitted to the party elite reflected CCK's willingness to adapt to political reality and shift

the party from a temporary government in exile to the ruling party of Taiwan. This rise in political concessions to native Taiwanese followed Taiwan's loss of its UN seat in 1971 and the Shanghai Communiqué in 1972, suggesting that a shift in the geopolitical balance coupled with Beijing's aggressive efforts to win Taiwanese sympathy convinced CCK of the urgency of making some political concessions. In his memoir, Lee Huan suggested that CCK's

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<sup>38</sup> Mab Huang, *Intellectual Ferment for Political Reforms in Taiwan, 1971-1973*, Michigan Papers in Chinese Studies (University of Michigan, 1976), 89; source: *Ta-hsueh*, no. 54, June 1972, 6-7.

<sup>39</sup> Translated from CCK speech in Taiwan's provincial governor inauguration ceremony, June 6, 1972, *Selected Statements of Premier Chiang Ching-kuo, May 1972 to January 1973*, (Central Daily Newspaper), 88-89.

<sup>40</sup> Dickson, 114 and Tien, 77.

<sup>41</sup> *Ibid.*, 115.

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decision to Taiwanize the regime was influenced by both external and internal developments. “Internationally, support for the ROC as China’s legitimate government was rapidly eroding. Domestically, the party was under growing pressure from a younger generation of opposition leaders to open up its political system. To consolidate its power as the ruling party, the KMT had to seek support from, and identify itself with the island’s majority Taiwanese population.”<sup>42</sup> Years later, CCK told Hao Pei-ts’un, his chief military advisor, that he chose Lee Teng-hui, a native Taiwanese, as his constitutional successor simply because of the political reality; “it [the next vice president] has to be a Taiwanese.”<sup>43</sup> P’eng Ming-min, a prominent dissident supporting Taiwanese independence whom CCK repeatedly tried to co-opt into working within the system in the 1960s, explained that “CCK realized his regime would not be able to return to the mainland, and his only hope for survival is to develop Taiwan and to take every measure to ensure that Taiwanese gradually come to accept his government.”<sup>44</sup> On the other hand, CCK was careful to ensure that all sensitive posts remained in the hands of mainlanders. As Jonathan Unger pointed out in his March 6, 1975 report for *Christian Science Monitor*, “The KMT has shown little intention of sharing its power with the Taiwanese.” Furthermore, Unger reported, “political controls have lessened only slightly since Chang Ching-kuo attained power. The press, books, films and TV remain heavily censored; the island’s large network of secret police and informants

remains intact, and the jails still hold considerable numbers of political prisoners.”<sup>45</sup>

To further develop Taiwan’s economy, CCK’s government undertook the “Ten Major Development Projects” to improve Taiwan’s economic infrastructure, focusing on transportation and the capital-intensive petrochemical, iron, and steel industries. Despite their astronomical cost, CCK insisted that the development projects must proceed, noting that “if we don’t do it today, tomorrow we will regret it.”<sup>46</sup> The success of the ten major projects played a key role in sustaining Taiwan’s economic growth during the global economic slowdown and energy crisis of the 1970s, and at the same time, enabled the GRC to maintain foreign relations through trade and cultural ties.

Additional evidence of CCK’s changing political agenda can be seen in the gradual reduction of government spending on defense, beginning with the CCK era in 1969. Net government expenditures in general administration and defense as a percentage of GNP decreased from around 60 percent throughout the 1950s and 1960s, to 48.7 percent in 1969 when CCK became vice-premier, down to 43.8 percent in 1972 when he assumed the premiership, 39.1 percent in 1976 when he was elected the party chairman and 37.1 percent in 1978 when he took over the presidency.<sup>47</sup> For years, critics of the KMT government had attacked the high percentage of military spending as coming at the expense of Taiwan’s social and economic development. The progressive reduction of government spending on defense under CCK’s

<sup>42</sup> Lin, 113.

<sup>43</sup> Wang Li-hsing edited, *Hao Pei-ts’un Diary (Hao zhong zhang riji zhong di ching-kuo xian shen wan nian)*, (Commonwealth Publishing, 1995), 317.

<sup>44</sup> Wakabayashi, Masahiro, *Chiang Ching-kuo and Lee Teng-hui*, translated by Xiang-ing Lai, (Yüan-liou Publishing, 1998), 137.

<sup>45</sup> Jonathan Unger, “Taiwan Today: Shrinking Expectations,” *Christian Science Monitor*, March 6, 1975, 5.

<sup>46</sup> Taylor, 314.

<sup>47</sup> *Taiwan Statistical Data Book*, 1987, 173.

leadership suggests a major priority shift from recovering the mainland militarily to addressing the needs of the people in Taiwan.

*US De-Recognition of Taiwan and China under Deng Xiaoping's Reforms*

CCK's political reforms during the 1970s were best described by Edwin Winckler, who characterized them as a gradual transition from hard to soft authoritarianism.<sup>48</sup> Two major forces, the US de-recognition of Taiwan in 1978, and Deng Xiaoping's reforms in China, would serve as the catalysts for hardening CCK's view on Taiwan's democratic future.

*The Normalization of US-PRC Relations*

On December 15, 1978, President Carter announced the establishment of diplomatic relations with the PRC, effective January 1, 1979, and the termination of the US-ROC mutual defense treaty one year after. In his announcement, President Carter made it clear that in recognizing the People's Republic of China as the sole legal government of China, "we are recognizing simple reality." The United States also stated that it would be withdrawing its remaining military personnel from Taiwan within four months, and would maintain future commercial, cultural and other relations with Taiwan "without official government representation and without diplomatic relations."<sup>49</sup> In addition, the United States reaffirmed its continuing interest in the peaceful resolution of the

Taiwan issue voiced its expectation "that the Taiwan issue will be settled peacefully by the Chinese themselves." Meanwhile, the PRC in its statement reiterated its one-China position and stated firmly that the return of Taiwan to its motherland was "entirely China's internal affair."<sup>50</sup> The normalization terms reached between Washington and Beijing raised serious questions about the future of Taiwan. On the one hand, the PRC refused to make an explicit commitment not to use force, which they regarded as a matter of sovereignty. On the other hand, the United States had publicly expressed its intention to supply Taiwan with selected arms of a defensive character.<sup>51</sup> As Senator Jesse Helms put it, "the PRC and the United States hold the ultimate levers: the PRC retains its right to use force, and the United States retains the right to supply [or withhold sales of] defensive weapons."<sup>52</sup> Although Secretary of Defense Harold Brown assured the members of the Senate Foreign Relations Committee during the Taiwan Relations Act (TRA) hearings that "for a variety of reasons PRC military action against Taiwan is extremely unlikely for the foreseeable future," that probability could increase should China gain a decisive military advantage, or should Taiwan move toward independence.<sup>53</sup> In terms of total military capabilities, Taiwan was vastly outnumbered in most crucial categories, frequently by a ratio of 10 to 1.<sup>54</sup> Since Taiwan could not match the PRC in quantity, it had to maintain its military advantage by

<sup>48</sup> Edwin Winckler, "Institutionalization and Participation on Taiwan: From Hard to Soft Authoritarianism?" *The China Quarterly*, No. 99 (Sep., 1984), 481-499.

<sup>49</sup> Gibert and Carpenter, ed., 203. Diplomatic Relations between the US and the PRC, US Statement, Dec. 15, 1978.

<sup>50</sup> *Ibid.*, 206, statement by the PRC.

<sup>51</sup> *Ibid.*, 216, comments by Secretary of Defense Harold Brown to the Senate hearing on Taiwan, Feb 5-22, 1979.

<sup>52</sup> *Ibid.*, 219, Senator Jesse Helms: Comments on President Carter's Taiwan Policy (excerpts).

<sup>53</sup> Hu Yaobang during an interview with Pai Hsing director Lu Keng on May 10, 1985 on the Taiwan issue stated that once China has developed its national defense, "if the broad masses of the Taiwan people wish to return and a small number of people do not wish to return, it will be necessary to use some force"; full text of Hu's interview in Gibert and Carpenter, 378; Deng Xiao-ping told Secretary of Defense Weinberger in September 1983 that "if some movement happens on Taiwan, we will have to react"; source: State Dept Bureau of Intelligence and Research Report 1173-AR, Sept. 19, 1985, included in *China and the United States: From Hostility to Engagement, 1960-1998*.

<sup>54</sup> Lasater, 31.

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modernizing its forces, particularly its fighter aircraft. CCK, in his interview with René Viénet of *L'Express*, stated: "We need better and faster planes and vessels to strengthen our air and sea defenses," emphasizing Taiwan's need to "continue obtaining the latest model weapons from the United States so as to increase our defense capability."<sup>55</sup> Therefore, Taiwan's deterrent capability depended heavily on its ability to acquire advanced weapons from the United States.

In 1979, the US Congress passed the Taiwan Relations Act (TRA) to spell out in considerable detail the US security policy concerning Taiwan and instructions on its implementation. Section 2 of the TRA made it clear that the US decision to normalize relations with the PRC "rests upon the expectation that the future of Taiwan will be determined by peaceful means," and that any effort to determine the future of Taiwan by other than peaceful means would be "of grave concern to the United States." The TRA further specified that the US would "provide Taiwan with arms of a defensive character," adding that "the President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan."<sup>56</sup> Furthermore, in TRA Section 2c, an assertion stated the United States maintained an active interest in "the human rights of all the people on Taiwan."<sup>57</sup> With Taiwan's national security hinging on continued support from the United State Congress, CCK stated plainly that "reality requires that this time-honored and extremely

close relationship be perpetuated, so we must swallow the bitter and handle the situation with all the fortitude at our command."<sup>58</sup> The need to retain US congressional support provided an important impetus for CCK to continue his political reforms, promoting a favorable image of a freer and more modern Taiwan that contrasted with China.

*CCK's Political Reform*

On December 20, 1978, less than a week after President Carter's normalization announcement, CCK instructed the party's CSC to establish a work committee to examine various areas for reform, including party affairs, politics and foreign relations, social affairs, culture and propaganda, finance and economics, and military affairs. One of the important decisions based on the recommendation from the politics and foreign relations subcommittee was to move the law courts from the executive branch (*yuan*) to the judicial branch, thus institutionally separating judges from prosecutors and facilitating the move towards judicial independence.<sup>59</sup> CCK believed legal reform was "not only the foundation for realizing democracy, but also the primary task of political reform."<sup>60</sup> According to Huang Shao-ku, who chaired the Politics and Foreign Relation Subcommittee and was later appointed by CCK as the head of the judicial branch, CCK "had made up his mind with regard to political reform, at least at the time of the diplomatic break between Washington and Taipei."<sup>61</sup> Huang said CCK instructed the Politics and Foreign Relation Subcommittee

<sup>55</sup> Dialogue with René Viénet of *L'Express*, January 2, 1979, *Perspectives: Selected Statements of President Chiang Ching-kuo, 1978-1983*, (Taiwan ROC: GIO, Sept. 1984), 156.

<sup>56</sup> Full text of the TRA in Gibert and Carpenter, ed., 223-229.

<sup>57</sup> *Ibid.*, 14.

<sup>58</sup> CCK's statement after establishment of the Coordination Council for North American Affairs, February 15, 1979, *Perspectives*, 136.

<sup>59</sup> Bruce Jacobs, "Taiwan 1979: 'Normalcy' after 'Normalization,'" *Asian Survey*, Vol.20, No.1, January 1980, 84-93.

<sup>60</sup> CCK's report as the Premiere to the Legislative Yuan in September 25, 1973, *Selection of CCK speech*, from 1/73 - 12/73, Central Daily Publishing, vol.2, 69; CCK was also quoted as saying "democracy equals rule of law (*fa zhi*); democracy and rule of law are the two sides of a coin; there will be no democracy without rule of law," in Huang Shao-ku's urology of CCK included in *Jiang Zongtong Jingguao xian sheng ai si lu*, 378.

<sup>61</sup> Huang Shao-ku's eulogy of CCK included in *Jiang Zongtong Jingguao xian sheng ai si lu*, 378.

to study many reform proposals. "Some of them, such as the separation of judges from prosecutors, the expansion of central legislative organs, were implemented right away while others were subject to appropriate circumstance before putting into effect," according to Huang. CCK was convinced that "Democracy must be cultivated and not transplanted and that democracy must be adapted to our own national environment so it can strike root in our own soil."<sup>62</sup> In May 1980, a more liberal election law was promulgated, followed by an election in December that allowed an unprecedented number of seats in the legislative organs to be filled. The increase meant that the legislative bodies were at least coming closer to being truly representative.

#### *Taiwan's Opposition Movement*

Meanwhile, non-party opposition led mainly by young, well-educated Taiwanese elites had gained strength as a result of CCK's political liberalization in the 1970s. Taiwan's diplomatic setbacks had mobilized the island's young intellectual elites to reconsider their role in determining Taiwan's future. They became increasingly dissatisfied with CCK's slow pace of political reform, particularly with regard to the martial law that had been in effect on the island since 1949, and the legislative organs that had not faced reelection since 1947. The Chungli riot during the 1977 local election marked the beginning of violent confrontation between Taiwanese opposition and the KMT. The more radical opposition leaders called the Formosa Group (FG) began to mobilize support and took their

demands to the streets, leading to a violent clash with the police at Kaohsiung in 1979, known as the Formosa Incident. Under pressure from the party's conservatives, CCK ordered the arrest of most leaders of the radical Formosa Group and banned the magazine. To mitigate the adverse impact of the Kaohsiung incident on Taiwan's public image, particularly amidst the US Congress's debate on the Taiwan Relation Act, CCK decided to make public the military trial of the jailed Formosa leaders in 1979. Taiwan's opposition forces would soon link up with overseas Taiwanese organizations, such as the Formosa Association for Public Affairs (FAPA), who were actively involved in lobbying congressional support for Taiwan's independence movement.

“ **TAIWAN'S DIPLOMATIC SETBACKS HAD MOBILIZED THE ISLAND'S YOUNG INTELLECTUAL ELITES TO RECONSIDER THEIR ROLE IN DETERMINING TAIWAN'S FUTURE.** ”

By joining forces, Taiwan's opposition found an arena (the US Congress) through which the KMT regime could be indirectly influenced.<sup>63</sup> In 1984, the opposition in Taiwan formally established an organization called the Association for Public Policy (APP) to coordinate a political agenda for democratic reform among the various opposition factions. The APP advocated the principle of self-determination, meaning that the future of Taiwan could only be determined by the people in Taiwan without any outside pressure or threats.<sup>64</sup> While publicly threatening to ban the group, the regime encouraged bargaining and dialogue through unofficial channels, namely a small independent group of liberal professors.<sup>65</sup> By the early 1980s, Taiwan's opposition movement had emerged as a formidable political force, and CCK made it known that

<sup>62</sup> Address to the Constitution Day Rally of the National Assembly, December 25, 1979, Ibid. *Perspectives*, 28.

<sup>63</sup> Tun-Jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," *World Politics*, Vol.41, No.4, (Jul., 1989), 487-488.

<sup>64</sup> The definition of "self-determination" was taken from the FAPA website.

<sup>65</sup> Tun-jen Cheng, 488-489.

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he was “personally pushing for a policy of dialogue.”<sup>66</sup>

The new non-governmental relationship between the United States and Taiwan implied that both Beijing and Taipei had accepted a *de facto* one China, one Taiwan arrangement. Faced with the new political reality, CCK now perceived political reform as the only viable means of strengthening Taiwan's position against the PRC and retaining US support, especially in light of growing congressional support for Taiwan's opposition movement.

#### *Deng Xiaoping's Reform and Reunification Campaign*

Meanwhile in China, Deng Xiaoping reemerged as the paramount leader of the CCP. His economic reforms and open door policy would soon capture the world's attention. Abroad, Deng was elected “Man of the Year” by *Time* magazine in January 1979, and his six-day whirlwind tour of the United States captivated the American public. At home, Deng's pragmatic reform policy would soon lift millions of Chinese out of poverty and put China on the path to modernization. Meanwhile, the PRC stepped up its reunification campaign soon after it normalized relations with the United States. On January 1, 1979, the PRC announced the cessation of People's Liberation Army (PLA) bombardment of offshore islands, and asked for contacts and exchanges to begin. It promised to respect the status quo on Taiwan so as not to cause any injury to the people of Taiwan. During the same year, Deng Xiaoping on various occasions suggested that Taiwan could maintain autonomy and its own armed forces as well as its present capitalist social

and economic system.<sup>67</sup> In September 1981, National People's Congress (NPC) Chairman Ye Jianying gave a formal nine-point proposal for peace talks between the CCP and the KMT (rather than between the two governments) on a reciprocal basis, preceded by informal discussions and exchanges.<sup>68</sup> A month later, at a rally on the eve of the 70th anniversary of the 1911 revolution led by the KMT, CCP chief Hu Yaobang personally offered to meet with CCK to discuss reunification. In July 1982, Liao Chengzhi, a prominent official with family ties to the Chiang family, wrote a letter to CCK offering special treatment for the KMT involving coexistence and mutual supervision between the two parties as they cooperated in building China. In December 1982, the NPC adopted a new State Constitution to “establish special administrative regions (SAR),” the legal framework for Deng's one country, two systems formula of reunification with Taiwan and Hong Kong. The SARs were guaranteed a high degree of autonomy, including control over their existing economic, political, social and judicial systems.

The PRC's peaceful reunification campaign had serious implications for US arms sales to Taiwan. As stated by John H. Holdridge, Assistant Secretary for East Asian and Pacific Affairs, “China's peaceful policy bore directly on the defense needs of Taiwan. So long as that policy continued, the threat to Taiwan would be greatly diminished.”<sup>69</sup> In January 1982, the Reagan administration decided not to sell the advanced FX fighter jet to Taiwan for fear of jeopardizing Sino-American relations; the PRC had threatened to downgrade relations if the arms sales issue was not resolved satisfactorily. In its

<sup>66</sup> Taylor, 348, based on interview with Fred Chien and AIT Taipei, cable 03836, Oct.23, 1979.

<sup>67</sup> US State Department, Bureau of Intelligence and Research, China: Important statement on Taiwan reunification since normalization of US-China relations: a chronology, September 19, 1985; included in *China and the United States: From Hostility to Engagement, 1960 - 1998*.

<sup>68</sup> Gibert and Carpenter, ed., 228 - 290. State Department Bureau of Intelligence and Research report; Full text of Yeh's nine-point proposal and Taiwan's point-to-point response is included.

<sup>69</sup> *Ibid.*, 310. Statement by John Holdridge before the House Foreign Affairs Committee on August 18, 1982.

explanation of the decision, the State Department concluded that "...no sale of advanced fighter aircraft to Taiwan is required because no military need for such aircraft exists."<sup>70</sup> In his letter to Deng in May 1982, President Reagan stated: "we fully recognize the significance of the nine-point proposal of September 30, 1981."<sup>71</sup> In a separate letter, Reagan told the PRC Premier Zhao Ziyang, "we expect that in the context of progress toward a peaceful solution [of the Taiwan-mainland issue], there would naturally be a decrease in the need for arms by Taiwan."<sup>72</sup> In the joint communiqué signed by Washington and Beijing on August 17, 1982, the Chinese government reiterated its fundamental policy of pursuing peaceful means to resolve the Taiwan issue; the United States, having in mind China's peaceful policy and the consequent reduction in the military threat to Taiwan, stated that the US arms sales to Taiwan "will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution."<sup>73</sup>

Reassured by President Reagan's personal commitment, however, CCK continued his policy of patience and restraint toward the United States while instructing Hao Pei-ts'un to step up Taiwan's weapons development programs. When asked by foreign media whether Taiwan had

considered the option of developing nuclear weapons, CCK stated that Taiwan had the capability to produce nuclear bombs, but would never use it against Chinese on the mainland.<sup>74</sup> With regard to negotiating with the PRC, CCK continued to reject China's call for peace talks, which he insisted was simply "a united front conspiracy for swallowing up Taiwan."<sup>75</sup> To combat Deng's increasingly aggressive reunification campaign, CCK called for Beijing to begin by "learning from Taipei in politics."<sup>76</sup> In 1981, CCK relayed his four-point program to James R. Lilley, the new AIT director, through a private envoy: democratization, including comprehensive elections; Taiwanization – the days of mainlander control were coming to an end, and Taiwanese must take an increasingly prominent role; continued economic prosperity, which was key to achieving democratization and Taiwanization; and finally, the development of working relations with China.<sup>77</sup> Premier Y. S. Sun stated publicly in February 1983 that ". . . If the political, economic, social and cultural gaps between the Chinese mainland and free China continue to narrow, the conditions for peaceful reunification can gradually mature."<sup>78</sup> In May, CCK told Wulf Küster of *Der Spiegel* that Taiwan's success "in implementing democracy and in pursuing economic development has enabled the people as a whole to enjoy the blessings of freedom, progress and prosperity in Taiwan. All Chinese have therefore pinned their

<sup>70</sup> Ibid., 293. State Department statement on no sale of advanced fighter aircraft to Taiwan.

<sup>71</sup> Ibid., 296. Letter from President Reagan to Deng Xiao-ping, July 4, 1982.

<sup>72</sup> Ibid., 297. Letter from President Reagan to Zhao Ziyang, April 5, 1982.

<sup>73</sup> Ibid., 312-314. US-China Joint Communiqué, August 17, 1982, paragraph 6, full text of the Communiqué.

<sup>74</sup> CCK's interview with Larry Rohter, *Newsweek*, November 1, 1982; also interview with Wulf Küster of *Der Spiegel*, May 16, 1983, *Perspectives*, 48.

<sup>75</sup> "Answers to Questions Raised by Edward Neilan, Assistant Foreign Editor of Washington Times," December 19, 1982, *Perspectives*, 224.

<sup>76</sup> CCK's interview with Evan Galbraith on June 15, 1980, *Perspectives*, 200.

<sup>77</sup> Taylor, 370, based on interview with James Lilley.

<sup>78</sup> Ibid., 373. Quote from David Jenkins, *FEER*, Feb. 10, 1983, 31.

hopes on Free China.”<sup>79</sup> The development in the mainland had convinced CCK that “China would have a great future” if Taiwan and the mainland could reunite under a democratic political framework.<sup>80</sup>

On September 26, 1984, the PRC and Britain reached a settlement on Hong Kong under Deng’s one country, two systems formula. During their meeting, Deng asked British Prime Minister Thatcher to pass a message to President Reagan asking that the Americans “do something” to promote contact between Taiwan and the mainland.<sup>81</sup> On January 19, 1985, Deng stated that now that agreement had been reached on Hong Kong, “our next step is to solve the Taiwan problem. Our terms are more than generous: Taiwan can retain its army.”<sup>82</sup> CCK was now racing against time to complete his political reform, knowing fully that Taiwan could not compete with China for economic power in the long run.

### **The Final Push for Democracy** *Domestic Scandals and Setbacks*

Meanwhile, the regime suffered a series of scandals that seriously tarnished the KMT’s image abroad as well as at home. In February 1980, the family of Lin Yi-hsiung, one of the eight Kaohsiung defendants, was brutally murdered. The case was never solved. In July 1981, Ch’en Wen-cheng, a Chinese scholar at the Carnegie-Mellon Institute in Pittsburgh, was found dead in Taipei after a lengthy interrogation by security police. The US House of Representatives Subcommittee for East Asia and Pacific Affairs held hearings on this

matter that revealed details of extensive surveillance of Chinese in the United States by KMT agents. The committee warned the Taiwan authorities that intimidation of people from Taiwan in the United States by the KMT agents could result in restriction of arms sales to Taiwan.<sup>83</sup> In October 1984, Henry Liu, a mainland-born, Taiwan-educated US citizen who had written a rather unflattering biography of CCK, was shot to death in his garage in Daly City, near San Francisco. It was later revealed that Taiwan’s Intelligence Bureau of the Ministry of National Defense (IBMND) was involved in arranging Liu’s murder without CCK’s knowledge. With strong evidence from the FBI implicating Wang Hsi-ling, the head of IBMND, as personally directing the murder, CCK ordered the dismissal of Wang and his two associates and their trial by military court for Liu’s murder. CCK was clearly disturbed by the IBMND’s involvement in the case. CCK was primarily concerned about the potential impact of Liu’s case on US arms sales to Taiwan, especially on the sale of the much desired advanced fighter plane promised by President Reagan.<sup>84</sup> During the FBI’s investigation of Liu’s case, the House Subcommittee on Asian and Pacific Affairs held a hearing to determine whether this act of terrorism in America warranted the suspension of arms sales to Taiwan.<sup>85</sup> The *Washington Post* described the Taiwan government as “a favored friend acting like a thug.”<sup>86</sup> CCK was compelled to permit FBI agents to come to Taipei to interview the accused gang members, and eventually approve their request to interview Admiral

<sup>79</sup> Interview with Wulf Küster of *Der Spiegel*, May 16, 1983, *Perspectives*, 230-231.

<sup>80</sup> Taylor, 384, interview with Yu Chi-chung on March 9, 1998.

<sup>81</sup> Martin L. Lasater, *US Interests in the New Taiwan*, 22, quoted in Jay Taylor, 384.

<sup>82</sup> State Department Bureau of Intelligence and Research Report, 5.

<sup>83</sup> Ralph N. Clough, “Chiang Ching-Kuo’s Policies,” Shao-Chuan Leng, ed., *Chiang Ching-kuo’s Leadership in the Development of the Republic of China on Taiwan* (University Press of America, 1993), 386-388.

<sup>84</sup> *Hao Pei-ts’un Diary*, 214; also Jay Taylor, 389.

<sup>85</sup> Taylor, 388.

<sup>86</sup> Taylor, 389.

Wang Hsi-ling, to whom they administered a polygraph test. While the scandals of the early 1980s did not seriously damage Taiwan-US relations, they had a profound impact on the dynamics of domestic politics. The revelation of government involvement in the Liu case, and most likely the Lin and Ch'en cases as well, caused many people to question the integrity of the KMT as a ruling party. How could people trust a regime that relied on criminal gangs to terrorize their enemies? The regime's image was further tarnished by the collapse of the Tenth Credit Cooperative, Taiwan's largest savings and loan institution, and its sister investment outfit, Cathay Investment & Trust Co. in 1985. The case involved almost US \$200 million in illegal loans, and a number of high ranking government officials were implicated in the case. While the scandals prompted CCK to take measures to revamp the intelligence and financial systems, they also severely undermined public confidence in the regime.

#### *China in 1985*

Spurred by Deng's pro-market reforms, China's economy was overheating and inflationary pressures were mounting; corruption among party officials and bureaucrats, particularly by children of high-ranking party leaders, was rampant. A rising tide of resentment over economic abuses had led to mass protests and demonstrations by students and workers in the cities. For the first time, one could hear Chinese openly criticize Deng's reform policies. As China began to transform itself economically and politically under Deng's reform policies, CCK realized it was time to act decisively to achieve a political breakthrough.

#### *CCK's Political Breakthrough*

In February 1985, CCK appointed Ma Shu-li Secretary General of the party, and told Ma that he was determined to implement a full range of democratic reforms over the next year or two.<sup>87</sup> In an interview with *Time* magazine published in September 1985, CCK stated that the Republic of China was a constitutional democracy, and as president, he intended to safeguard the constitution and to maintain democracy and the rule of law. As to the succession to the presidency by a member of the Chiang family, CCK said "I had never given any consideration to it."<sup>88</sup> In his address to the National Assembly on the Constitution Day the same year (December 25, 1985), CCK stated unambiguously that a successor to the President would be produced according to the constitution, and members of the Chiang family "could not and would not" (*pu-neng ye pu-hui*) run for president. Furthermore, CCK declared that the ROC "could not and would not" have military rule.<sup>89</sup> At the KMT's third plenum in March 1986, CCK announced that a new political reform committee of 24 people, divided into two task forces of 12 each, would study three major issues: the ending of martial law; parliamentary reform; and the legalization of opposition parties. According to James Soong, CCK seemed determined to achieve political breakthrough after the party's third plenum. "He (CCK) seemed rather anxious and precise," said Soong.<sup>90</sup> Moreover, Ma Ying-jeou, CCK's English-language secretary, suggested that the Henry Liu scandal and the collapse of the Tenth Credit Cooperative contributed directly to CCK's decision to hold the party's third plenum in March 1986. "While 'reform' was not

<sup>87</sup> Taylor, 396, interview with Ma Shu-li.

<sup>88</sup> *Time*, Sept 16, 1985, 46.

<sup>89</sup> Taylor, 399; *Hao Pei-ts'un Diary*, 285.

<sup>90</sup> Interview with James Soong, *Hsin hsin-wen (HHW)*, January 2-8, 1989, 17.

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explicitly declared, it was the substance of the third plenum, and everyone in the party knew that," said Ma. On September 28, 1986, the opposition members formally announced the establishment of its own party, the Democratic Progressive Party (DPP). When informed of the news, CCK called a meeting of the core group of senior officials and told them "times are changing; the environment is changing and the tide is also changing."<sup>91</sup> In October, CCK announced his intention to lift the martial law during an interview with Katherine Graham of the *Washington Post*. CCK said that a longstanding desire to democratize as well as improve economic conditions on Taiwan had led to the decision to end the decrees.<sup>92</sup> CCK also told Graham that the KMT was studying the question of legalizing new political parties "very vigorously" and expected to come to a conclusion "very soon."<sup>93</sup> When asked whether CCK's decision to lift the martial law was the result of pressure from international public opinion, Ma Ying-jeou said CCK felt "the conditions at home had ripe[ned], and the strengthening of democracy was an important part to improve Taiwan's international image and to entice Chinese on the mainland."<sup>94</sup> Ma said "we talked about learning from Taipei in politics, and yet what did we expect the mainland to learn from us? If our democracy remained on a shaky ground, we certainly did not mean to suggest that they learn from our martial law experience, and CCK understood

this very well."

In July 1987, CCK appointed his old confidant Lee Huan as the new party's secretary. CCK told Lee Huan he had three goals he would like him to fulfill:<sup>95</sup> <sup>96</sup> to reform the party; to move towards democracy; and to move towards reunification. Taiwan had been separated from the mainland for more than forty years; CCK felt that Taiwan now had the ability and strength to effect China's reunification.<sup>97</sup> CCK told Lee "We have to take initiatives to put us on the road to reunification," adding that "Taiwan and the mainland must eventually unify. If they do not, Taiwan will find it harder and harder to exist independently."<sup>98</sup> In September, Lee Huan addressed the KMT's Kaohsiung headquarters, and declared that the party's goal of retaking the mainland was no longer to replace the communist party, but to push for "democracy, freedom of press, and an open economy in the mainland so as to rid China of Communism and to

“ **TAIWAN HAD BEEN SEPARATED FROM THE MAINLAND FOR MORE THAN FORTY YEARS; CCK FELT THAT TAIWAN NOW HAD THE ABILITY AND STRENGTH TO EFFECT CHINA'S REUNIFICATION.** ”

move it toward a democratic modern state."<sup>99</sup> Lee argued that democracy meant people should be allowed to choose which government they want, and "the KMT would be violating the principle of democracy and would not have the support from Chinese if it simply insisted on replacing the Communist Party." While Lee Huan's speech was criticized by the party's right wing as betraying the party's historic commitment to destroy the communists, it had the support of

<sup>91</sup> Taylor, 406; interview with Ma Ying-jeou, *HHW*, January 2-8, 1989, 17.

<sup>92</sup> Chiang Ching-kuo interview with Katharine Graham, *Washington Post*, Oct 7, 1986, A18.

<sup>93</sup> *Ibid.*

<sup>94</sup> Interview with Ma Ying-jeou, 28.

<sup>95</sup> Lin Yin-ting, 247.

<sup>96</sup> *Ibid.*, 247.

<sup>97</sup> *Ibid.*, 247.

<sup>98</sup> Taylor, 414, based on his interview with Lee Huan.

<sup>99</sup> Lin Yin-ting, 251.

the CCK who instructed Lee to have his speech published in its entirety in the party's official journal. Lee Huan's democratic view of China's future clearly reflected CCK's political thinking during the time the reform decisions were made.

On July 15, 1987, martial law was formally lifted. On November 2, the government opened up legal travel, mainly family visits, to the mainland; on January 1, 1988, bans related to the organization of political parties and the freedom of the press were lifted. Taiwan was on its way to a true democracy. Twelve days later, on January 13, CCK passed away.

### Conclusion

From enforcer of the White Terror to benevolent political reformer, CCK had demonstrated extraordinary adaptability to political reality. The first political realization for CCK came during the 1958 Battle of Quemoy when he realized return to China could only be achieved through political means, namely the implementation of Dr. Sun Yat-sen's "Three People's Principles" as stated by his father, Chiang Kai-shek in the October 24, 1958 joint communiqué. However, so long as the United States remained a strong ally and the KMT leadership was confident in Taiwan's security, CCK showed no sign of loosening up its control over the island's dissidents. CCK's tough position against Lei Chen in 1960 was a strong indicator of his attitude toward a democratic system at the time.

The second turning point for CCK's political learning came when the ROC was expelled from the United Nations, forcing CCK to confront the regime's legitimacy crisis head on. The 1972 supplementary

election to add another 119 new seats to the legislative bodies was another symbolic step CCK took "to liberalize the pattern of representative government." It was, in CCK's own words, "a major step toward realizing our goal of constitutional democracy." CCK's tolerance for unprecedented criticism during the election was a good indicator of his changing views. CCK felt strongly that in Taiwan's difficult diplomatic circumstances, his regime "must begin with political reform in order to bring about the overall reform necessary to build a strong and incorruptible government."<sup>100</sup> CCK's effort to Taiwanize the regime became more evident after Taiwan lost its seat in the United Nations, suggesting that the GRC's dwindling foreign relations may have impressed upon CCK the urgency of making political concessions. As CCK stated in June 1972 during the inaugural ceremony of Taiwan's first Taiwanese governor, "To make greater strides in developing Taiwan today, we must strengthen our democratic political system to ensure that everyone in Taiwan enjoys a freer and more prosperous life in marked contrast to the miserable life under the Communist regime."<sup>101</sup> CCK now perceived a more democratic system as not only beneficial to his party, but necessary to secure his regime's long-term survival.

The final push for CCK's break from the KMT's authoritarian past came when the United States announced the normalization of relations with the PRC, and severed its relations with Taiwan in 1978. With Taiwan's security hinged upon continued support from the US Congress, CCK stated plainly that "reality requires that . . . we swallow the bitter and handle the situation with all the fortitude at our command."<sup>102</sup> CCK wasted no

<sup>100</sup> See note 35.

<sup>101</sup> See note 41.

<sup>102</sup> See note 64.

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time in laying the ground work for his democratic reform agenda. Less than a week after President Carter's normalization announcement, CCK instructed the party's CSC to establish a work committee to study various areas for reform. His pragmatic reform program during this time, including legal reform, a more liberal election law, and allowing unprecedented number of new seats in the legislative organs to be filled by election in 1980, suggested that CCK had made up his mind toward a democratic system based on rule of law and a true representative legislative body. CCK was convinced then that Taiwan must pursue a democratic path in order to remain viable as an independent political entity. The final settlement reached between the PRC and Britain on Hong Kong's return to China, compounded by a stream of domestic scandals that seriously tarnished the KMT's image abroad and at home, would compel CCK to achieve political breakthrough in order to rejuvenate his party and to strengthen Taiwan's bargaining position with the PRC. As CCK confided to Lee Huan in 1987 "we have to take initiatives to put us on the road to reunification." Otherwise, Taiwan would find it "harder and harder to exist independently."<sup>103</sup> CCK's sense of urgency during and after the party's third plenum in March 1986 was a clear indication that he was determined to move forward with democratization. CCK's political thinking during the time his democratic reform decision was made was best captured by his philosophical remarks on September 28, 1986 when he told his senior staff that "times

are changing; the environment is changing and the tide is also changing," after learning that Taiwan's opposition had formally announced the establishment of its own party, the DPP. Clearly, Taiwan's changing geopolitics had shaped CCK's view on Taiwan's democratic future.

While CCK revealed very little of his political thinking in public or to his close associates during his nineteen years reign since he assumed the vice-premiership in 1969, evidence presented here suggests a strong linkage between Taiwan's geopolitics and CCK's changing attitude from hard to soft authoritarian and eventually leading to Taiwan's democratization. Confronted with the task of his regime's survival, CCK took additional steps to liberalize the political system each time Taiwan suffered a major diplomatic setback. Taiwan's changing geopolitical circumstance had forced CCK time and again to adapt to harsh political reality by broadening political participation by Taiwanese. His strategy of developing a freer and more prosperous Taiwan was the only viable means to secure Taiwan's foreign relations in light of China's aggressive effort to isolate Taiwan internationally. Knowing fully that Taiwan could not hope to compete with China for power under Deng's reform and open door policy, CCK opted for a democratic alternative to entice Chinese on the mainland to overthrow the communist regime. As CCK often said, "Small nations have to adjust to international geopolitical circumstances and protect themselves the best they can."<sup>104</sup>

<sup>103</sup> See note 93.

<sup>104</sup> Cline, 124.