The Third Way: A Taiwanese Case?

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Declaration

This thesis is composed by me and that the work is my own. No part of it has been submitted to any other board for another qualification. The views expressed are those of the author and not of the University.

Thesis Abstract

The Third Way started as an Anglo-American ideological and political venture. It was soon followed by major European leaders, among other worldwide government heads of state, who sought to boost their electoral support and make the resolution to the consequences of globalisation. Despite criticism by academics and commentators for lacking content and substance, the Third Way appeared to be rather successful in recruiting allies, especially among Western democracies. Unlike other nations in East Asia, Taiwan is involved with this arguably prominent political project of the 21st century. A comprehensive review on the global Third Way/Middle Way debate centred on its historical importance and worldwide influences as well as on the left versus right issues is presented to provide background knowledge on the Third Way. By reviewing the policy-learning/ transfer, lesson-drawing, and ideological diffusion literature, the theoretical basis of this study is provided. The discussion focuses on President Chen Shui-bian's reasoning behind the adoption of this Anglo-American ideology and how it was adapted to correspond with Taiwan's social and political environment.

Taiwan as an example of lesson drawing prior to the Third Way is examined through the emergence of a modern Chinese state. The previous 'Third Way' cases of Sun Yat-sen and Chiang Kai-shek are regarded as significant examples in the art of synthesising Eastern and Western ideologies which illustrate the historical substance of political learning and diffusion during the modernisation of China. In order to understand the politics of the Democratic Progressive Party (DPP) government, the language of the New Taiwan Middle Way is analysed. Through an examination of a wide range of political speeches, and texts from President Chen and his allies, the rhetoric of the New Taiwan Middle Way is uncovered to reveal its true meaning. Since the left and right are not so salient in Taiwan as they are in Europe, independence and unification issues replace the left vs. right debate. Analysis of social welfare development in Taiwan during the 1990s and forward is made, with particular interest focusing on whether the unprecedented case of the DPP government based on the Third Way ideas is associated with a new perspective towards welfare development.

Based on the findings above, this study concludes that the unique nature of the Taiwanese Third Way case reflects not only Taiwan's socio-political background but also its cultural heritage. Today, when political parties and governments are outward looking in the modern policy-making process, the subsequent interaction with the existing institutional, political and cultural structures should not be neglected.

Chapter 1: Introduction

1.1 Statement of the Study

The Third Way project started as an Anglo-American ideological venture, followed by European and other worldwide leaders who turned towards it for inspiration with the common belief that it would help not only better understand but also manage a rapidly shifting and shrinking globe. Despite its thorough criticism by academics and commentators around the world for lacking content and substance, the Third Way has been rather successful in recruiting members. The Third Way, above all, is regarded as a policy framework dealing with globalisation and its related issues. Taiwan, seldom on the stage in international politics, is involved with this arguably most prominent political project of the 21st century. In his key speech at the London School of Economics (LSE), Taiwan President Chen Shui-bian discussed '...how an East Asian country should advance towards a new century of globalisation, and realise democracy, prosperity and peace in this age of change...the Third Way is a proposal to meet its new challenges.'[1] Having paid close attention to various Third Way gatherings, he continues that 'I have taken a keen interest...to the Third Way discussions have inspired my conceptualisation of Taiwan's future path.'[2] It is this project of idea borrowing and intellectual traffic between Taiwan and western democracies upon which my research is focused.

On beginning my Ph.D. study in the academic year 1999, I became principally involved in the politics of social policy in western democracies and was reluctant to continue my Master's thesis, which related to social policy development in Taiwan. Since the Third Way was a relatively new and developing phenomenon, I decided to concentrate on its ideological development as well as its influences on social policy across Europe. As British Prime Minister Tony Blair was regarded as one of the pioneers of Third Way politics, and social democratic governments were in power in most countries of the

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[1] Chen Shui-bian (1999), *The Third Way for Taiwan: A new political perspective,*
http://www.president.gov.tw/1_president/e_subject-041.html.
[2] Ibid.

European Union, I wanted to take advantage of doing this research while the timing was right. My other main concern was that while studying in Europe, or Britain to be more precise, I would prefer to focus more locally i.e. European and take advantage of my geographical location instead of continuing Taiwanese study. My approach at this stage was to take an intensive German language course for nine months and participate in several research methodology courses simultaneously, as was required and thought to be beneficial for my research. By the end of July, I produced a brief literature review enclosed in the Appendix as the preparatory work for my panel meeting. However, I realised my proposed research topic was over-ambitious. Being a non-native speaker of English, to master the German language within a relatively short period of time was simply not feasible. Although my oral German was improving constantly, to raise my language skills to the level of understanding and reading academic literature comprehensively did not seem advisable. Moreover, I found it difficult to formulate a distinctive approach towards the Third Way, which is crucially important in order to earn a doctorate degree. Whilst facing the dilemma, both supervisors, Richard Parry and Richard Freeman, suggested that I refer to my specialist topic– Taiwan. Whilst engaged in deep thinking for a few days and at the same time considering my Third Way literature review, I became more conscious about finding a distinctive approach concerning the Third Way International movement. An article entitled 'Taiwan stands up' in the Economist on March 25th, 2000, immediately following the Presidential election in Taiwan, stated President-elect Chen is regarded as one of the Third Way political leaders. Having cited the article comment about Chen in my initial draft of the literature review, I previously had no intention of researching Taiwan in great detail because of the reasons given above. Following the suggestion of my supervisors, I began to search for more information about Chen's presidential campaign. Fortunately and rather surprisingly, my discovery was that Chen launched the New Taiwan Middle Way as his campaign ideology in the summer of 1999 and thereafter, on December 6th, 1999, during an European tour, he spoke at the LSE public lecture on *The Third Way for Taiwan: a new political perspective* while the lecture was chaired by LSE's Director, sociologist and author of *The Third Way*, Professor Anthony Giddens. This, therefore,

provides ground for opening a distinctive approach by looking into intellectual traffic between Taiwan and Western democracies as well as the influence of the Third Way on social policy development in Taiwan.

Having decided to pursue the intellectual traffic between Taiwan and Western democracies and the implications of the Third Way learning in Taiwan, I interviewed a number of key actors who possess practical and/or academic insight and analysed a vast amount of documents. In the thesis, I will trace the intellectual learning history in contemporary China, analyse the Third Way discourse in Taiwan and provide some history/textual analysis/discussion of individual social policy areas. Following a brief introduction in Taiwan from p. 11, the methodology is set out from p. 23 onwards and a detailed chapter structure from p. 33. I believe that this research is worth undertaking for the following reasons. First, intellectual traffic is relatively uncharted territory, especially between countries whose culture, politics and society are distinctively different. At the time of writing this thesis, no significant research was found regarding this area. Second, Taiwan, surrounded by sea, has always been open to foreign ideas and influences. There are no certainties that one concept from one perspective means the same from another perspective, e.g. what 'the Third Way' means in Britain may not have the same meaning in Taiwan due to cultural, political and social differences between Britain and Taiwan. Third, it is also important to find out how and why the concepts or ideas may be interpreted differently when diffusion and policy learning take place. Finally, by assessing the Third Way influences on policy areas, it helps us to understand how far the diffusion and policy learning goes in Taiwan. However, I shall now approach the introduction of the Third Way International and its linkage with Taiwan.

1.2 Research Background

It can be argued that Taiwan is becoming part of the Third Way phenomenon, just like a number of its Western counterparts. Chen Shui-bian– the newly elected Taiwan

president at that time, is regarded as one of the Third Wayers according to the international press.[3] Chen first proposed the 'New Taiwan Middle Way'[4] as his core political perspective at the DPP party conference while conducting his presidential campaign on July 10, 1999. Later, he acknowledged that the DPP policy would be based on the principles of the 'New Taiwan Middle Way'. Meanwhile, three booklets[5] written by Tony Blair were translated by Chen's assistant and a close ally and published in August 1999. This Taiwanese version of Blair's three pamphlets was assembled into one book entitled '*Dian-Fuh-Tzuoo-Yow* (Capsize Left and Right)' with three forewords– including Dr. Tien Hung-mao (田弘茂)[6], Dr. Kuo Jenq-lianq (郭正亮)[7] as well as President Chen himself. On the first stop during his tour of Europe on December 7, 1999, President Chen, then DPP presidential candidate, was invited to the LSE[8] to deliver a public lecture, he vowed to develop a Taiwanese version of British Prime Minister Tony Blair's 'Third Way' if elected in March 2000. Having said that, Chen explained, this would be a step forward to joining the most prominent political thinking of the 21st century. In front of the British Third Way architect– Professor Giddens, President Chen explained that he had noticed and paid close attention to those important events concerning the Third Way international movement.[9] He believed the focus of these discussions between leading figures of the global Third Way movement was to resolve social and political problems posed by economic changes and globalisation and

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[3] '*Taiwan stands up*', The Economist, March 25 - 31, 2000, p.23; '*Chen inspired by Blair's Third Way*', Taipei Times, December 7, 1999; '*Chen sticks to 'new middle way' policy*', China Times, December 27, 1999.

[4] *The Third Way for Taiwan: A new political perspective*,
http://www.oop.gov.tw/english2000/president/paper_01.htm; *Democracy is a Universal Value*, Liu Shih-chung, Deputy Director of International Affairs, DPP, http://www.cald.net/statements.htm; *Chen sticks to 'new middle way' policy*, China Times, December 27, 1999; Chen, Shui-bian (2000), *The Son of Taiwan: the life of Chen Shui-bian and his dreams for Taiwan.*

[5] The three booklets by Blair are *The Third Way: New Politics for the New Century*, *New Britain: My Vision of a Young Country* and *Leading the Way: A New Vision for Local Government.*

[6] Dr. Tien was previously the head of Institute of National Policy Research and then was appointed as the R.O.C.'s Minister of Foreign Affairs. He is now Taiwan's envoy to the United Kingdom.

[7] Dr. Kuo is Associate Professor at Soochow University, Taiwan. He is also a close policy advisor of Chen, especially in the area of Taiwan and China relations.

[8] *Taiwan presidential candidate to speak at LSE*, LSE Press and Information Office,
http://www.lse.ac.uk/Press/pressrelease-taiwan.htm

[9] *White Paper on Foreign Policy for the 21st Century*, Taiwan Democratic Progressive Party, Taipei, November 28 1999, http://www.taiwandc.org/dpp-pol3.htm; *The Third Way for Taiwan: A new political perspective*, http://www.oop.gov.tw/english2000/president/paper_01.htm

to strike a new balance between the imperatives of economic dynamism and social justice.

Chen Shui-bian's LSE public lecture, which turned out to be the campaign manifesto and thereafter the White Paper, gives us a clear picture of to where and how Chen would like to lead the country. It is believed that Chen was profoundly inspired by the British Prime Minister Tony Blair's Third Way approach[10], although he was aware of some major differences between Taiwan and Britain in terms of cultural traditions, political culture and social dimensions. Having realised these distinctions, Chen elucidated that it is important for Taiwan to learn from foreign countries selectively according to Taiwan's unique political, cultural and societal traditions. Based upon this principle, a Taiwanese version of the Third Way came into existence to resolve new challenges for Taiwan. Chen persistently promoted his seemingly pragmatic new middle way approach during and after his presidential campaign.

When the presidential campaign began in the spring of 1999, three candidates were seen as having potential to win. All three leading candidates[11] were highly educated and had successful and distinguished careers in Taiwan's politics and government. As is often the case in a three-way race, no candidate won a majority. On March 18, 2000, the voters of Taiwan chose Chen Shui-bian as their tenth president. Chen's victory is regarded as a milestone in Taiwan's political history, ending more than five decades (55 years) of uninterrupted rule by Kuomintang (KMT). Chen's 39.3 percent showing is actually not the DPP's best performance in terms of the popular vote (in the 1997 city and county magistrate elections the DPP won 43.3 percent). The other sixty-percent

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[10] 'Taiwan stands up', The Economist, March 25 - 31, 2000, p.23; 'Chen inspired by Blair's Third Way', Taipei Times, December 7, 1999; The Third Way for Taiwan: A new political perspective, http://www.oop.gov.tw/english2000/president/paper_01.htm

[11] They are Lien Chan, Chen Shui-bian and James Soong. Lien comes from one of Taiwan's richest families. He holds a Ph.D. in Political Science from the University of Chicago, U.S.A. He was former Vice President of ROC (1996 to 2000). Soong earned a Ph.D. in Political Studies, Georgetown University, U.S.A and was a former provincial governor. See Clark, C., The 2000 Taiwan Presidential Elections, March 2000, http://www.asiasociety.org/publications/taiwan_elections.html; A more detailed introduction about Chen Shui-bian will be in a following paragraph. For more details about the presidential candidates, see http://www.thenews.com.tw/election2000/candidate.htm

supported either the ruling KMT's Lien Chan, who won 23.1 percent, or the KMT-breakaway candidate James Soong, who narrowly lost to Chen with 36.8 percent. Both Lien and Soong advocated eventual reunification and a more accommodating approach to Mainland China. It is commonly believed that at least three elements enabled Chen to win the election. His new Taiwan Middle Way approach, which disguises the DPP's traditional pro-independence platform, did him a favour by regaining the confidence of the Taiwanese people. The erosion of the ruling KMT including corruption, laziness and being out of touch with mainstream Taiwanese people was another. His support from the well-respected Dr. Lee Yuan Tseh, who had the distinction of being a Nobel Laureate in chemistry and President of Academia Sinica, also attributed to Chen's success.

Chen Shui-bian's commitment to both justice and independence for Taiwan was deeply rooted in the first half of his life[12]. Chen, the son of poor peasants, was a bright student who eventually studied law in Taipei. Taiwan's justice system was flawed by corruption and political influence, and Chen experienced these flaws first-hand. Chen passed his bar exam with a perfect score before he finished law school, and became a lawyer during his third year at university. His transformation from a lawyer to a political figure, according to Chen[13], was a product of circumstance.

Beginning in 1979, in Kaohsiung, a violent uprising of political opposition resulted in the arrests of several rival party leaders, including Huang Hsin-chieh[14], the well-

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[12] See Chen, S.B. (2000), *The Son of Taiwan*, pp. 47-74; *Taiwan's man of the people*, BBC News, October 3, 2000,
http://news6.thdo.bbc.co.uk/hi/english/in_depth/asia_pacific/2000/taiwan_election/newsid_687000/68722 9.stm; *Q&A: Taiwan's president-elect*, Washington Post, April 9, 2000, http://taiwansecurity.org/WP/WP-040900-QA.htm; *The Quiet Determination of Taiwan's New Leader*, New York Times, March 19, 2000, http://taiwansecurity.org/NYT/NYT-031900.htm; *Chen Shui-bian: New Leader of a New Taiwan*, http://www.taiwanstudies.org/president_chen/biography/; Gittings, J., *The Taiwan campaigner who has Beijing worried*, Taiwan and China: special report, Guardian, March 17, 2000; *Presidential election campaign heats up*, Taiwan Communiqué, No. 89, January 2000.
[13] Chen (2000), *The Son of Taiwan*, p. 66.
[14] Mr. Huang died in Taipei due to congenital heart failure on November 30, 1999. In a tribute to Huang, ex-president Lee Teng-hui acknowledged Huang 'the true representative of the Taiwanese spirit'.

respected political leader whose rhetoric had influenced Chen during his formative years and propelled him towards law school. Chen volunteered to become a member of the defence team because of his belief in Huang and democracy. This catapulted him into the realm of politics. He decided to do all that he could to help the opposition leaders with their cause and to fight for and see democratic politics prevail. In 1981, Chen ran for public office for the first time in his life. He won the election and became a member of the Fourth Taipei City Council. Taipei flourished while Chen was in office. He gained popularity as people began to see him as an individual who exposed injustices, promoted human rights, and defended individual political freedoms. All of these traits are seen as principles of the New Taiwan Middle Way today.

In November 1985, he narrowly lost the election to his post on the city council, due mainly to the influence of the KMT. During a heartfelt address to the people thanking them for their support, a truck struck down his wife.[15] According to one source[16], this event was allegedly politically motivated. The truck driver was never prosecuted for this incident. However, local newspapers reported that the driver showed genuine remorse for the accident. This accident left Mrs. Chen permanently paralysed from the waist down.

Later, Chen would once again experience the prejudice of the judicial system within Taiwan, when in 1984 he would face very serious libel charges in what later became known as the 'Formosa magazine incident'. He was found guilty of printing slanderous comments regarding a high-ranking KMT official. Chen appealed the conviction, fighting valiantly against jail time, loss of his lawyer's license, and heavy fines. Chen faced the court again in 1986. Supporters of Chen hosted 'going to jail parties' to raise funds for his fines and also to fund a political campaign for Wu Shu-chen, who had run for Legislative Yuan, in Chen's place. She won her fight for elected office, as Chen lost

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[15] See for example, Times (2003), *Wu Shu-chen: Standing up for those less fortunate*, available at http://www.time.com/time/asia/2003/heroes/wu_shuchen.html; Frankfurter Allgemeine Zietung, July 16, 2003, *WU Shu-chen: Die Stellvertreterin* (in German).
[16] See http://www.taiwanpresident.org/wge2003.htm (in Chinese).

his fight in court, and began serving his eight-month sentence. In 1987, after being released from jail, Chen worked as his wife's assistant while also practicing law. It was during this time that Chen joined a newly formed political party, the DPP. Chen also recruited members of the Kaohsiung Incident into high positions of the party. Annette Lu, his campaign partner for the Presidential election and now the Vice President also joined the party at Chen's request.

Chen was a member of the Central Executive of the DPP, and held various posts including councillor and legislator. More recently, he has served as Mayor of Taipei City from 1994 to 1998, the first Mayor to be democratically elected. His pro-independence stance began to cause concerns on the wider stage of 'cross-straits relations' with Beijing, and was probably the reason behind his failure to be re-elected mayor in 1998. This battle began back in 1988 when the DPP released policy statements promoting Taiwan's independence from Mainland China. Chen agreed with the party and advocated independence only if the '4 ifs' were met. The majority of the party members changed their views to agree with Chen. The '4 ifs' were:

1. If KMT and Chinese communist could unilaterally carry out peace talks
2. If KMT sells out the interests of Taiwan people
3. If Chinese communists annex Taiwan
4. If KMT does not implement constitutional democracy

In 1991, the DPP prepared to establish a Taiwan nation as its goal. Chen suggested that 'Based on the principle that sovereignty belongs to the people, the issue should be decided by the entire populace on Taiwan through a referendum'.[17] The DPP's stand on independence was changed to include Chen's suggestion. This was an example of Chen's stance that all ideological views should be considered and it opened the door for discussions from various groups. In 1992, Chen once again swung the party's attitude. As he was running for re-election to the Legislative Yuan, he changed the attitude from

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[17] *Chen Shui-bian: Tenth-term President of the Republic of China*, available at
http://th.gio.gov.tw/pi2000/pl000.htm.

one of political struggle to policy debate. In 1994, he would become Taipei's first popularly elected mayor. He ran on the platform of 'Happy Citizenry and City of Hope', establishing a clean government, promotion of efficiency in serving the public, social welfare reform, transportation, communication, education, and urban development. Chen did indeed bring much of this to fruition while in the office of mayor. He was only able to do this by working together with all four ethnic groups while keeping communication open between all interested parties. This was a new way of dealing with the public; the DPP took notice of his easy communications between the citizens and various groups and resulted in him being the party nominee in the Presidential race.

Ironically, Chen's defeat for mayor somehow left him free to win the campaign for President in 2000. The first hurdle Chen had to overcome on the road to the Presidency was the DPP constitution, which states that a DPP candidate can only run for one top political position every four years. He had lost the Taipei mayorship vote by a narrow margin in 1998, due to heavy KMT influence. Chen did not become disheartened by the choice of the people. In fact, he was a bit philosophical in his statement after the defeat, 'indifference to a progressive team is a phenomenon of a great city.'[18]

The majority of his countrymen were urging him towards the office of the President. Chen went on a fact-finding mission across the island by visiting over 200 villages and speaking with the people of his nation. He saw their needs and heard their requests for reform and change. After he had listened to his fellow countrymen, he travelled abroad to various major western countries discussing Taiwan's needs with other leaders, think tanks and advisors in search for answers to his country's dilemmas. It was during this time that he heard of a new political way of thinking that was taking shape in Western democracies. In July 1999, the DPP suspended the law that governed their constitution and asked Chen to be the candidate for the 2000 Presidential election. Chen realized that a politician must be versatile and move with the changing of the times and only by becoming a national leader would he be able to move Taiwan in to the 21st century. He

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[18] ibid.

accepted the party's nomination and began his campaign for the Presidency. This decision angered several members of the party and they withdrew their support of the party. One former DPP chairman, Hsu Hsin-liang, campaigned against Chen for the Presidential role as an Independent candidate. This may have weakened the party, which had backed Chen so enthusiastically. Chen was also running against popular candidates including the former KMT heavyweight- James Soong and the KMT nominee- Lien Chan. As with any race when you are campaigning against other popular candidates, the race was very close. It was by a narrow margin that Chen took the role of President of the Republic of China.

Chen also faced pressures from across the Strait during the time of his Presidential campaign. China had distributed propaganda that denounced Chen and threatened retribution if the citizens of Taiwan voted for the wrong candidate. This did not stop the citizens; they turned out at the polls to show support for their candidate. Many Taiwanese citizens would return home from international studies and jobs to cast their ballots in this election. Tension was high as election time drew near and many took the military threat from China seriously. It was a legitimate worry for the citizens, China had threatened the use of force in elections of the past and during the 1996 election of President Lee, violence had broken out.

In Taiwan, there seems to be many miracles, as he humourously made fun of himself: 'A defeated mayor becomes president. This year, the Taiwanese people voted for the man China disapproved of most. This is just another of Taiwan's miracles.'[19] To understand the context of this remark, we need to consider some aspects of Taiwan's history, economic and political development.

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[19] *Q&A: Taiwan's president-elect*, Washington Post, April 9, 2000, http://taiwansecurity.org/WP/WP-040900-QA.htm; *Full Transcript of an Exclusive Interview with Taiwan's President-Elect Chen Shui-bian*, LA Times, http://www.latimes.com/news/nation/updates/lat_chen_transcript000322.htm

1.3 Taiwan: a brief introduction

Taiwan, which takes the name of the Republic of China (R.O.C.) founded in 1912, is the first Asian constitutional republic. When the Chinese Communist Party established the People's Republic of China (P.R.C.) in 1949, the Kuomintang led government of the R.O.C. that was evacuated to Taiwan where it assumed jurisdiction over Taiwan, Penghu, Kinmen, Matsu and other smaller islands. Taiwan has made political and economical achievements within the past fifty years. Who would ever have expected that a small, yet over-populated island with virtually no natural resources along with a great deal of domestic turmoil and a number of international distractions could possibly have accomplished such a level of prosperity within a relatively short time frame? The successful story of Taiwan has invited a number of Western scholars to praise Taiwan's glorious economic as well as political achievements by using terms, such as 'Taiwan miracle', a 'quiet revolution' or simply the 'Taiwan experience'.[20]

Geographic features   Taiwan is the largest island in the middle of the mountainous island arcs of the Western Pacific between Japan and the Philippines, and lies opposite to the Fujian province of the P.R.C., which is separated by the Taiwan Strait. The island is approximately 246 miles long and 90 miles wide with a total area of 13,969 square miles. The island's population as of July 2001 stood at 22.35 million, 1,600 persons per square miles, making it the second most densely populated area in the world after Bangladesh. With its highly mountainous geographic features, the arable land in Taiwan is less than one-third. However, with its both tropical and subtropical climate, farming activities continue year-round. Taiwan is poor in natural mineral resources, though some insignificant amount and quality of coal and natural gas have been discovered.

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[20] Dixon, C. and Drakakis-Smith, D. (1993) (eds.), *Economic and Social Development in Pacific Asia*, p. 139: 'The achievement of rapid economic growth and social transformation without great social unrest has earned Taiwan the title 'economic miracle''; *The East Asian Miracle* (OUP for the World Bank, 1993), p. 3; Fei, J. (1993) et. al, *Growth with Equity: The Taiwan Case*; Gold, T. B. (1986); Wade, R. (1985),'*East Asian Financial Systems as a Challenge to Economics: Lessons from Taiwan*', California Management Review, vol. 27, No. 4, pp.106-27; '*A survey of Taiwan: Transition on Trial*', The Economist, March 5, 1988, p. 3.

Selected Taiwan chronology	
Mid-16th century	The Portuguese discovered Taiwan (Ilha Formosa).
1624	The Dutch established a colonial capital in the Southwestern part of Taiwan.
1626	The Spanish landed in Northern Taiwan and were expelled by the Dutch in 1642.
1683	Taiwan became part of the Chinese empire– Ching Dynasty.
1895	Sino-Japanese War ended and China ceded Taiwan to Japan in the Shimonoseki Treaty.
1945	Taiwan was returned to China after 50 years of Japanese rule.
1949	The KMT led central government of the Republic of China (R.O.C.) relocated to Taiwan after the defeat of the Chinese Communists.
1971	The R.O.C withdrew from the United Nations.
1979	The U.S. government established formal diplomatic relations with the People's Republic of China and broke formal ties with the R.O.C.
1986	The Democratic Progressive Party (DPP) was founded.
1996	Taiwan Strait Missile Crisis; the first democratic presidential election directly elected by Taiwanese people was held.
2000	The DPP candidate Chen Shui-bian was elected ended the KMT's fifty plus year rule.

Taiwan timeline   The exact date of the first settlers who were the people of Malay-Polynesian decent is unknown.   They came to settle in the low-lying coastal plains of Taiwan.   These people were the ancestors of the *Yuang-juh-min* (aboriginal people).

Taiwan's modern history can be traced back more than 400 years to the year that the first Western ship discovered Taiwan and referred to it as *Ilha Formosa* (this means Beautiful Island in Portuguese) around 1544.   Since then, Taiwan has not been a stranger to foreigners.   Through the processes of colonisation, Western cultures and ideas were diffused into Taiwan.   A number of Western expeditions showed either interests or

attempts to colonise Taiwan, including the Portuguese, Spanish, Dutch and French.[21] The Dutch East India Company settled in southwest Taiwan, near today's Tainan city, in 1624 and continued operations there for the next 38 years. Meanwhile, the Spanish occupied northern Taiwan in 1626. Both the Dutch and Spanish occupation of Taiwan was aimed towards purposes of trade and Christian missionaries. Under Dutch rule, Taiwan became a global logistics center among China, Europe, Japan and Southeast Asia. Taiwan was one of the most profitable branches of the Dutch East India Company, accounting for 26 per cent of the company's profit in 1649.[22] Only the Dutch succeeded with recognition by the Chinese authority during the Ming Dynasty. In 1662, Dutch forces were defeated by Cheng Cheng-kung (Koxinga), and Dutch rule was concluded. The French invaded northern Taiwan and occupied Keelung for a short period in 1884. In 1885, Taiwan was made a province of China during the Ching Dynasty with Liu Ming-chuan as its first governor.

Taiwan was then ceded to Japan in perpetuity by the Chinese imperial government as a condition of Shimonoseki Treaty of 1895. Shortly after the Treaty, groups of Taiwanese elitists assisted by rebellious Ching Dynasty officials proclaimed the formation of a 'Taiwan Republic'. It was suppressed by the Japanese imperial troops a few months later. However, the Treaty was an important event to independent-minded Taiwanese because it marked a momentous milestone in Taiwan's evolution towards independence. With the defeat of Japan at the end of World War II, Taiwan was returned to China after 50 years of Japanese rule.

The well-known 'February 28th Incident'[23] happened in 1947 when Chiang Kai-shek's troops came over from the mainland, and brutally executed a large number of people,

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[21] For the early history of Taiwan, see *Formosa under the Dutch*, by William Campbell (1903), republished in 1987 by SMC Publishing, Taipei; *The Island of Formosa, Past and Present*, by James W. Davidson (1903), London: Macmillan & Co.

[22] Government Information Office, R.O.C. (Taiwan) (2000), *Taiwan Yearbook 2003: History*, available at http://www.gio.gov.tw/taiwan-website/5-gp/yearbook/chpt03.htm#1.

[23] For more detail, see Kerr, G. H. who was a diplomat at the US consulate in Taipei at the time of the incident, published a book entitled *Formosa Betrayed* in 1965 by Houghton Mifflin; Durdin, T., '*Formosa*

believed to be in the range of 18,000 to 28,000 Taiwanese, many of them including scholars, local leaders, doctors, lawyers and students. Thousands of others were arrested and imprisoned under the 'White Terror' campaign, which occurred in following years. The incident marked a critical and ferocious conflict between native Taiwanese and the then newly arrived Mainlanders, mainly KMT members, affiliates and military personnel.

In 1949, the KMT led central government of the R.O.C. was forced to abandon the mainland and shifted to Taiwan after the complete military defeat of the Chinese Communist Party.

Martial law was declared in 1949 and continued for the next four decades. In 1971, the Republic of China was forced to withdraw from the United Nations by U.N. Resolution 2758.[24] The Republic of China was expelled from the international organisation of which it was once a founder. In 1979, there were two major events in Taiwan's history. Internationally, the U.S. began to normalise its diplomatic relations with the People's Republic of China by cutting formal diplomatic ties with the R.O.C. Domestically, the island's first major Human Rights Day celebration on December 10 was fiercely suppressed by the KMT government's policemen and military police, and subsequently arrested and imprisoned all leading members of Taiwan's growing democratic movement. It is remembered as the renowned 'Kaohsiung Incident'. The movement members mainly consisted of the 'Tangwai' group, (means 'outside of the KMT' in Chinese) which formed the basis of the predecessor of the current Democratic

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killings are put at 10000, Foreigners say the Chinese slaughtered the demonstrators without provocation', New York Times, March 29, 1947; Durdin, P., 'Terror in Taiwan', The Nation, May 24, 1947; *'Formosa: the bloody hand'*, Newsweek, April 7, 1947.

[24] The United Nations Resolution on Restoring the Rights of the PRC (October 25, 1971) says that '...recognising that representatives of the Government of the People's Republic of China are the only lawful representatives of China to the United Nations and that the People's Republic of China is one of the five permanent members of the Security Council. Decided to restore all its rights to the People's Republic of China and to recognise the representatives of its government as the only legitimate representatives of China to the United Nations, 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 organisations related to it', 25 Yearbook of the United Nations, 1971, p. 136.

Progressive Party (DPP).[25] The culmination of the Tangwai movement eventually resulted in the establishment of the DPP in September 1986. All leading members of the DPP in Taiwan's contemporary politics played a role in the 'Kaohsiung Incident', either as defendants or defense lawyers. For instance, President Chen Shui-bian was one of the defense lawyers and Vice-President Annette Lu was one of the defendants.

Taiwan's Martial Law was lifted in 1987 and replaced by the less rigid National Security Law. In December 1992, the first democratic legislative election took place in Taiwan since the last time in 1947, followed by the first direct presidential election in 1996. Over the last decade, Taiwan has made significant progress towards a democracy. However, the P.R.C.'s military threat has never stopped. The Taiwan Strait Missile Crisis of 1996[26] was the most provocative move by the P.R.C. since the cold-war era. The missile crisis occurred during the time of my national service. I experienced the intense P.R.C.'s military threat to Taiwan first hand. Three missiles were launched in March 1996. Two landed 23 nautical miles north of the Keelung harbour, which was approximately 30 odd nautical miles from Taiwan's capital, Taipei. The third one grounded 35 miles to Taiwan's southern coast of Kaohsiung harbour. The *U.S.S. Independence and U.S.S. Nimitz* carrier battle groups were deployed to respond the missile crisis. The Taiwan Strait missile crisis purposely carried out by the P.R.C. was meant to intimidate the Taiwanese during the run-up period to the unprecedented direct presidential election in March 1996. In the 2000 presidential election, Chen Shui-bian was elected, the first time a non-KMT candidate won the presidency of the R.O.C. The KMT's fifty odd years rule was thus put to an end. Democratic development was again promoted in Taiwan with the legislative election in December 2001. The DPP became the largest party in the legislature winning 87 of the 225 seats. It can be argued that democracy is no longer a questionable issue in Taiwan.

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[25] For more details of the DPP, see Rigger, S. (2001), *From Opposition to Power: Taiwan's Democratic Progressive Party*, Chapter 2.
[26] For more details, see Ross, R. S. (1996), 'The 1996 Taiwan Strait Crisis: Lessons for the United States, China, and Taiwan', Security Dialogue 27(4).

Chat 1.1: Taiwan's Economic Growth   unit:%
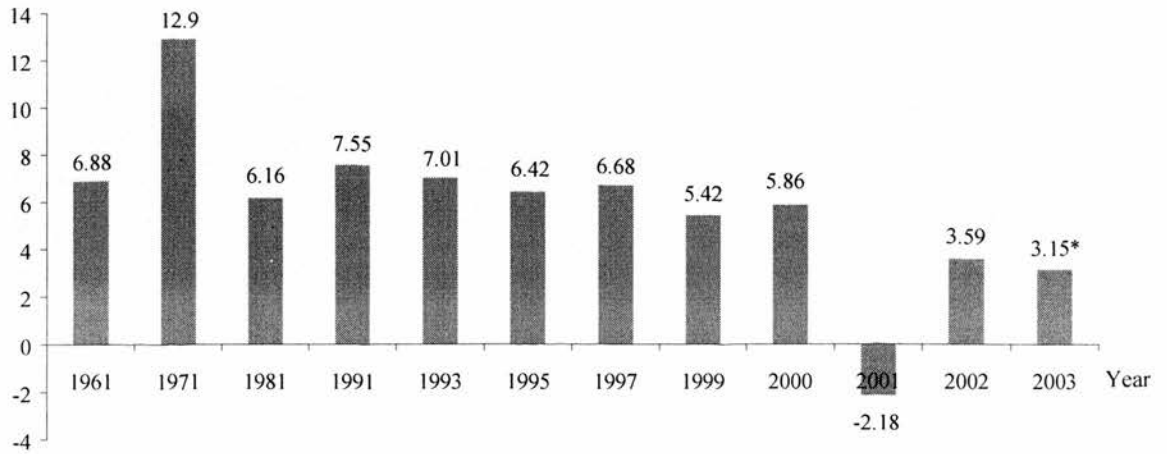
Note:*Forecasted.

Source: Directorate General of Budget, Accounting and Statistics, Republic of China.

Chart 1.2: Per capita GNP, Taiwan   Unit: USD
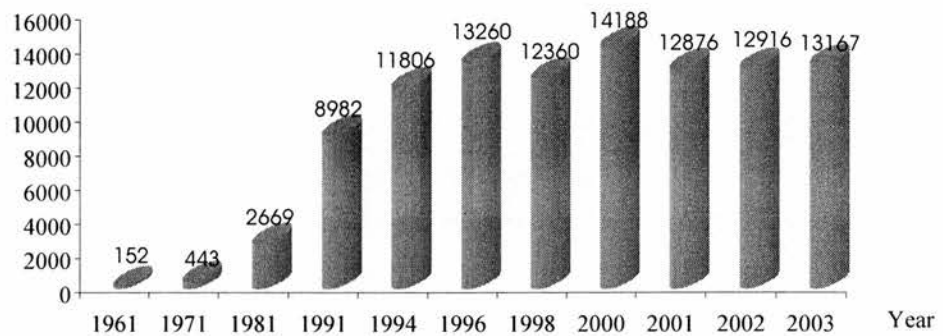
Note:*Forecasted.

Source: Directorate General of Budget, Accounting and Statistics, Republic of China.

Economic development   Over the past five decades, Taiwan, as a developing or newly industrialised country, has not only experienced a growing politically open and vibrant democracy, but has also built one of the most remarkable records of economic growth

and development in the world. Taiwan ranks the 14th largest trading nation in the world. Its major trading partners include the US, Japan, China, Europe, and Southeast Asia.

As shown in Chart 1.1, Taiwan's economic growth has grown rapidly since the Second World War, especially during the period from the 1960s to 1990s. The average rate for the similar period between 1953 and 1989 for developing countries and industrialised nations were 4.71 and 3.8 per cent respectively.[27] Chart 1.2 shows the development of per capita Gross National Product (GNP) from 1961 to 2003. The per capita GNP in 1961 was USD 152 and reached its peak USD 14,188 in 2000. During the East Asian financial crisis between 1997-98, the impact on Taiwan was relatively small in comparison with other regional nations. However, having faced the possible aftermath of the East Asian financial crisis and a global recession, Taiwan's economic growth rate in 2001 was reduced to a negative figure of -2.18, possibly for the first time in post-war history. Taiwan's per capita GNP in 2001 also decreased to approximately USD 12,876, slightly higher than the 1998 figure during the midst of the East Asian financial crisis.

Chart1.3: Ratio of income share of the highest 20% to that of the lowest 20%

Unit: %

Source: Directorate General of Budget, Accounting and Statistics, Republic of China.

[27] Ferdinand, P. (1995), *Take-off for Taiwan*, pp. 37-65.

Chat 1.4: Taiwan's Unemployment rate   Unit: %
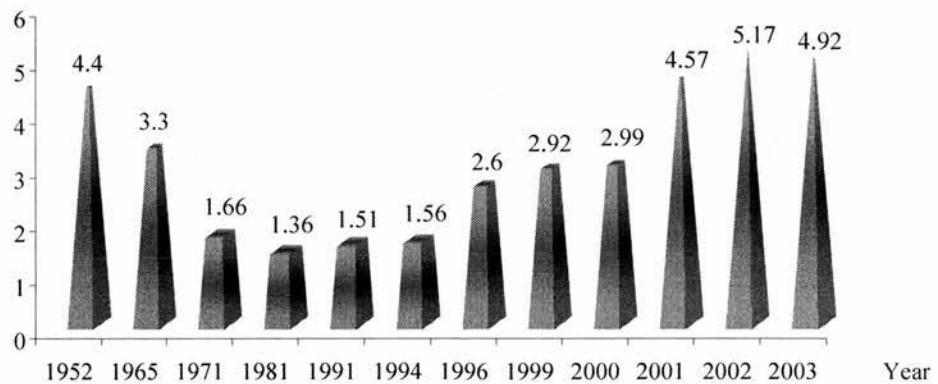
Note:*Forecasted.

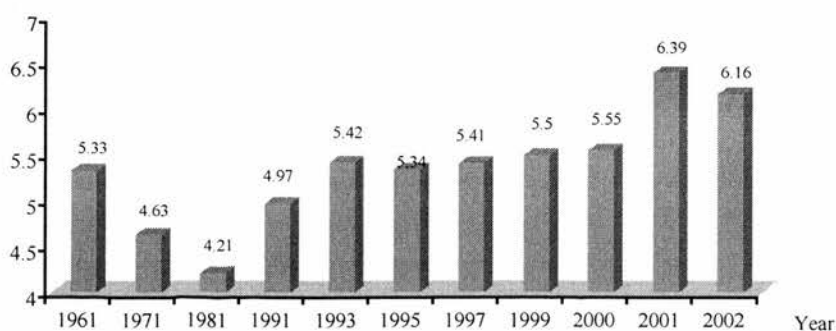Source: Directorate General of Budget, Accounting and Statistics, Republic of China.

The KMT government adopted the 'land-to-the-tiller' Act in 1953 and extended the compulsory education from six to nine years, which significantly narrowed the disparity between the rich and poor between the 1950s to the 1980s as indicated in Chart 1.3. Yet, by the 1990s, the globalising economy had again enlarged the gap between rich and poor. In 2001, the ratio of the highest fifth's income to the lowest fifth's income had arrived its peak at 6.39 per cent, the worst income distribution during the last four decades. The globalisation and the seemingly global economic depression has caused Taiwan's unemployment rate to rise sharply. Chart 1.4 illustrates Taiwan's unemployment ratio during the last three decades. The unemployment rate maintained a level lower than 3 per cent during the period from the 1970s to 1990s whilst the economy of Taiwan was in its best form. However, in 2002 the rate rose to 5.17 per cent, the highest level in the last fifty years. To tackle and reduce the ever-growing unemployment rate became one of the most pressing challenges for the DPP government. In August 2001, the month-long Economic Development Advisory

Conference (EDAC) was convened by President Chen to search out effective strategies for promoting sustainable economic development. In January 2002, Taiwan eventually joined the World Trade Organisation and became an official partner in the global trading system after years of negotiations. To modernise Taiwan's industry and advance its economy, the DPP government has shown enthusiasm in promoting a knowledge-based economy to transform Taiwan into a 'green silicon island'.

1.4 Research Objective

As can be seen in the previous section, I have introduced the Third Way International and highlighted the case of the New Taiwan Middle Way. A growing number of scholars have been focusing their attention on administrative structures and policy-making processes of welfare development in Taiwan during recent years. The broader political correlation and influence regarding external politics between countries, however, remains relatively unexplored. Even more so regarding the New Taiwan Middle Way due to the relatively newness of the issue. Since the Third Way International appears to mark a watershed in western politics, whether or not the New Taiwan Middle Way is a milestone in Taiwan politics during this particular time frame deserves our attention.

I would now like to discuss and develop my research concerns. Chen emphasises the following five political ideas: no rights without responsibilities, no democracy without public authority, no freedom without self-restriction, respect pluralism, and promote social justice. By employing these five principles, claims Chen, the New Taiwan Middle Way will be able to seek a balanced economic liberalism and social welfare as well as to ensure individual freedom and public interests. It seems to be a very strong shadow of both Blair's and Clinton's Third Way projects, especially vis-à-vis the welfare policy, if not on the issues of cross-strait relations. In addition, the campaign slogans that Chen employed during his presidential election– New DPP, New Taiwanese, and Taiwan First, reminded us of the phrases that Blair exercised during the 1997 general

election and Clinton's 1992 and 1996 presidential elections. During that period, politicians who employed the Third/Middle Way as their campaign approach had by and large been successful in the election. Surprisingly, Chen was no exception, though his opinion poll prior to the election did not look promising. Therefore, it can be argued that Chen, to some extent, benefited from the New Taiwan Middle Way approach.

Sidney Blumenthal, a White House aide, is known as the person that took the international Third Way show on the road.[28] What interests us here is identifying the person who was to be a bridge between Chen and the Third Way guru– Anthony Giddens, and how the equivalent task was accomplished as Blumenthal's role for Clinton and Blair. By having identified this bridge person, we would be able to gain a better understanding of how the New Taiwan Middle Way materialised.

It is argued and commonly agreed that the social democratic leaders in western democracies engaged in the Third Way for several reasons.[29] Globalised economy demands the need for social investment. Globalisation also brings about social changes extensively and poses new challenges for government policy. The decline of left-right classification due to economic and social changes affects electoral change simultaneously. The search for a new political base 'beyond left and right' thus emerges. As a comment shown in an article called 'Taiwan Stands Up' in The Economist states 'Mr. Chen is in many ways the very model of a modern social democrat. He is all for social contracts with the people, promising welfare for the old

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[28] Walker, M., 'Third Way club gathers members', Guardian, May 3, 1999, also 'Third Way International', New Statesman, March 27, 1998. Remarks by the president and other participants in Democratic Leadership Forum, The Third Way: Progressive governance for the 21st century, April 25, 1999, http://www.pub.whitehouse.gov/uri-res/I2R?urn:pdi://oma.eop.gov.us/1999/4/27/2.text.1, Clinton says '…I'd like to say a special word of thanks to my friend and aide, Sidney Blumenthal, for the work that he's done in trying to put this meeting together'.

[29] Bensaïd, D., How Left is Left in Europe? New Centre, Third Way, Le Monde diplomatique, December 1998, http://www.monde-diplomatique.fr/en/1998/12/03bensaid; Kelly, R., The Third Way, Politics Review, September 1999; Daniel, C., Democrats Spend Week Giving Direction to 'Third Way' Ideology, The Washington Post, September 27, 1998; Lloyd, J., Falling out, Prospect, October 1999; From, A., The Third Way: Reshaping Politics throughout the World, DLC, July 14, 1999, http://www.ndol.org/ndol_ci.cfm?kaid=128&subid=185&contentid=647

and poor and opportunity for the rest.'[30] This statement is somehow misleading. Chen and a number of his allies clearly point out that the political debate between left and right is not as remarkable in Taiwan as in the countries of Europe.[31] Nevertheless, the New Taiwan Middle Way, which is significantly inspired by the Third Way, argues Chen, would provide a pragmatic approach at solving problems and generating new ideas, and play an important role for the 21st century in Taiwan. Kuo Jenq-lianq, once a close policy advisor of Chen, explains that the Third Way's value for Taiwan is to provide a new way of thinking that could lift the old and out-dated style to a more advanced political framework. In addition, the New Taiwan Middle Way strives for a new and desirable balance between the U.S.A., China and Japan as far as Taiwan's national security and foreign relations are concerned. Thus, to go beyond the parochial thinking of either independence or unification with China and to search for the best interests for Taiwan would be the merit of the New Taiwan Middle Way.

As for issues relating to globalisation and welfare policy, the Third Way can also provide an influential and possibly helpful example for the New Taiwan Middle Way. As the 14th largest trading nation with the third largest monetary reserves in the world, Taiwan faces new challenges brought by globalisation, which are similar to its western democratic counterparts. National Health Insurance (NHI), a government-sponsored compulsory health insurance first implemented in 1995, is now on the verge of bankruptcy. Thus, a short-term solution as well as a long-term perspective is indeed needed. As a post-Confucian society, Taiwan has faced a dual dilemma. Traditional welfare relying on families and communities has been slowly replaced by social policies

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[30] 'Taiwan Stands Up', The Economist, March 25, 2000.
[31] Chen, Shui-bian (1999), The Third Way for Taiwan: A new political perspective, http://www.oop.gov.tw/english2000/president/paper_01.htm; Chang Chun-shyong, Chiou I-hen, You Ying-lung (2000) (eds.), Poh-sheau: 2000 Chen Shui-bian sheng sheuan dah tseh liueh (Dawn: the grand winning strategies for Chen Shui-bian in 2000), pp. 24-26. Kuo Jenq-lianq (1999), foreword of The Taiwanese copy of Blair's 'The Third Way : New Politics for the New Century, New Britain : My Vision of a Young Country , Leading the Way : A New Vision for Local Government', http://publish.chinatimes.com.tw/books/ba/ba0155c.htm (in Chinese) ; The Journalist (新新聞週報), http://magazines.sina.com.tw/thejournalist/contents/683/683-005_2.html (in Chinese); Shen Fu-hsiung (沈富雄), http://www.drshen.org.tw/AT00014.HTM (in Chinese).

managed by the state. Alternatively, the challenge is how to manage a radically changing pattern of Confucian welfare towards a comprehensive welfare state, which has proven to be relatively costly and financially unsustainable in western democracies. Therefore, searching for a balance among national economic development, ecological concerns, social justice, and welfare policy, the New Taiwan Middle Way appears to have a distinctive approach that has never been seen in Taiwan. Whether the New Middle Way influence is to be the milestone for the Taiwan welfare state remains one of the main concerns of the thesis.

Statement of the research questions

The objective of this research is to contribute a greater understanding of the external sources as well as the influences involved in the development of social policy in Taiwan. In so doing, increase our awareness of these external influences whose culture, politics and society are different to that of Taiwan. Moreover, another significant point is that this research has the objective of perceiving the reasons for these influences to take place. The following research questions will serve as a guideline for theoretical and analytical purposes.

- What is the global Third Way/ New Middle Way debate? How does the process of diffusion/policy learning/lesson drawing work? How and why was the Third Way brought into Taiwan?
- How was the New Taiwan Middle Way discourse conducted? What languages are used to conduct the discourse? What impact does the New Middle Way make to Taiwan's politics?
- Does the new DPP government mean new welfare state? What are the influences of the New Middle Way vis-à-vis Taiwan's welfare development?

1.5 Aims of the study

The aims of this thesis can be summarised by two main points. The first one is more specific and has arisen from a long-standing interest in better understanding Taiwan, whose economic and political accomplishment has received the world's attention. Moreover, the panorama of Taiwan's political and policy issues have yet to be conclusively understood and explained by the outside world. By using the New Taiwan Middle Way as an example, we should be able to shed light on how the political ideas are diffused from countries across the globe to Taiwan's vibrant and dynamic environment. In particular, we seek to uncover the rhetoric of the Taiwanese Third Way as well as to assess its potential policy implications.

The second one is more common and wide-ranging in scope, and should be realised as the underlying reason for the study to be conducted in the first place. This study will, in general, contribute to and, in particular, fill the gap of current literature on policy learning/lesson drawing in addition to enriching the field of diffusion and policy learning processes, which often take place between countries with very different social, political and cultural settings. By using Taiwan as an example, the importance of a country's cultural, political and social conditions for the study of idea diffusions, policy-learning/lesson-drawing from foreign countries is demonstrated.

1.6 Research Methodology: research techniques and issues of validity

The study of diffusion relies on both secondary and primary material. The New Taiwan Middle Way is used as a case study to illustrate the phenomenon of ideological diffusion from the West to a non-Western country. According to Yin, case studies should be employed when 'a 'how' or 'why' question is being asked about a contemporary set of events over which the investigator has either little or no control.'[32] The case study method is desirable when a researcher proposes to define topics broadly, cover real-life contextual conditions and not just the contemporary phenomenon of the study and rely

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[32] Yin, R. K. (1994), *Case Study Research: design and methods* (2nd ed.), p. 9.

on multiple instead of singular sources of evidence.[33] Other research strategies, e.g. surveys, experimentation and history, according to Yin, are distinguishable from case studies for the following reasons.[34] For history, even though it deals with the intertwined situation between context and phenomenon, usually non-contemporary instead of contemporary events would be better suited. For surveys can try to deal with context and phenomenon, but the ability to investigate the context is its major constraint. For experimentation, a phenomenon is often deliberately detached from its context because the context is controlled in a laboratory setting. Given a limited number of studies available and the lack of research findings on the phenomenon of trans-national ideological and policy diffusion, this study can be explorative. A qualitative case study is appropriate for the purpose of exploration.

Figure 1.1: The methodological framework of this study
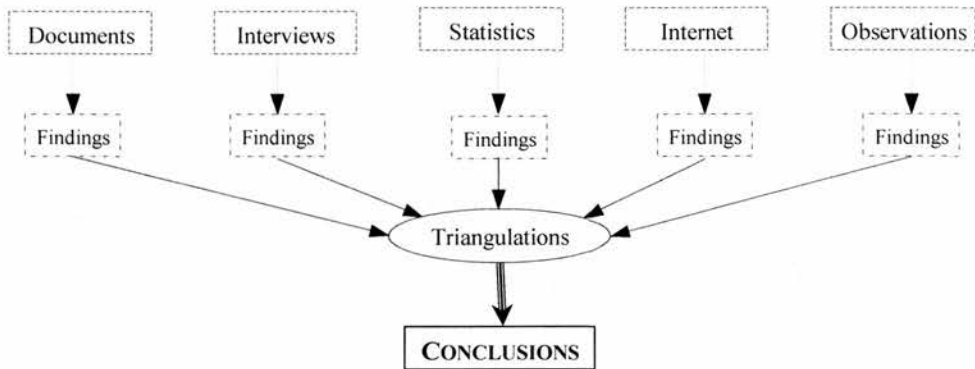
Research techniques and issues of validity

In this study, a combination of five different approaches for data collection were adopted as shown in Figure 1.1. These five different methods of data collection can be supplemental to each other. That is the reason why these methods were employed in this

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[33] Ibid, p. 13 and Yin R. K. (1993), *Applications of case study research*, p. xi and 3.
[34] Ibid, p. 13.

research to accommodate the shortcomings of a single method. I shall now discuss each of them in detail.

The first approach uses documents in the form of words, both primary and secondary sources. As argued by Finnegan, 'True research, it is often implied, should ideally involve acquaintance with all the relevant primary and secondary sources for the topic being studied, but with particular emphasis on the primary sources– the basic and original data for study.'[35] Primary sources are those written by the people directly involved and at a time contemporary or near contemporary with the period being investigated. Primary sources form the basic and original material for providing the researcher's raw evidence, including biographical and autobiographical, government sources and so forth. Secondary sources refer to material that interpret or comment on primary sources, including newspapers, periodicals, etc.

To identify the most precise and significant research questions, a literature review on the topic is prepared as a means to an end. It not only provides background knowledge of the topic, but also gains insights into formulating research questions. The material stems partly from the existing literature on diffusion, policy-learning/lesson-drawing as the theoretical framework of the thesis, and partly from the review of the Third Way literature and news research to gain the background knowledge on the Third Way debate in Western democracies. A considerable amount of time has been spent on gaining as complete and comprehensive a picture as possible of the current Third Way debate in Western democracies. Since the New Taiwan Middle Way appears to have evolved from, or at least, been influenced by Blair and Clinton's Third Way, this step seems necessary to not only understand its origins, but also to help analyse the correlation between them. To understand the reason for the birth of the New Taiwan Middle Way and its significance towards Taiwan polity, an assessment of Taiwan's social, economic and political changes during the 1990s is provided for this purpose. The range of

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[35] Finnegan R., 'Using Documents', in Roger Sapsford and Victor Jupp (1996) (eds), Data Collection and Analysis, p.142.

documents, which are used by this research including formal studies and essays related to this research topic, institutional memoranda and reports, government pronouncements and proceedings, election manifestos, speech transcripts, mass media and so forth.

Second, statistical sources are employed. The facts about society can be presented in numerical form. Statistics used in this study are official statistics that are collected by government agencies, though the degree of how 'official' can vary. It is worth noting that the statistics maybe produced to serve governmental or organisational purposes and their validity maybe reduced.[36] Statistical sources, such as census statistics and statistical yearbooks, are used to indicate the socio-economic changes in Taiwan as well as to check the reliability of documents, interviews and observations. A number of demographic and socio-economic data regarding foreign countries are also employed for comparative purpose.

Third, interviews with politicians and academics are another source of data collection. Interviews with policy-makers and advisors who are closely associated with the development of the New Taiwan Middle Way and scholars who possess state-of-the-art knowledge about Taiwan politics were considered desirable for three reasons. First, in order to understand and analyse the link between the Third Way in Europe and the New Taiwan Middle Way in a more significant way, interviews appear to be one of the sources to reveal the answers. Second, it was thought that interviewees in Taiwan might disclose their counterparts or links in Europe or the U.S., whose identities to some extent remains a mystery to the public in Taiwan. This may also lend itself to a suggestion of a list of potential interviewees in western countries. Finally, it could act as a means of triangulation to check the statistical data quality as well as to confirm the validity of documentary data and vice versa.

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[36] See, for example, Thomas, R. (1984), '*Why have government statistics?*', Journal of Public Policy, vol. 4, pp. 85-102; Government Statisticians' Collective, '*How official statistics are produced: views from the inside*', in Hammersley, M. (1993) (ed.), Social Research: Philosophy, Politics and Practice', pp. 146-165.

At the initial stage of data collection, a list of potential interviewees in Taiwan was produced as shown in Appendix 1. Having tried to arrange the interview schedules by mailing out letters to them, few returned an interested response. The reasons were most likely twofold. First, politicians were pre-occupied with the election in December 2001. Time was already limited for them. Thus, the time available for doing an interview with a Ph.D. student was virtually nonexistent. Second, it is hard to approach major political figures for an interview for research students. If I were a reporter from popular tabloid newspapers– 'Mirror' or 'Daily Mail', for instance, trying to have an interview with them to boost their popularity prior to the election, would have been trouble-free to arrange. A research student does not have the prestige to interview high demand politicians in Taiwan. More established scholars would have much better access. I thus turned to my undergraduate classmates who work as aides for the legislators for assistance. Fortunately, they were willing to help and arranged a number of interviews with DPP legislators for me. During the course of the interviews with politicians, we agreed to anonymity as a condition for the interviews and for the benefit of expressing their viewpoints freely without constraint. Therefore, I cannot break their confidence or our mutual agreement here by mentioning individual names. Six interviews, including four politicians and two non-government organisations (NGOs), were conducted in Taiwan during the summer of 2001. Sample extracts of interview transcriptions from those interviews I conducted in Taiwan are provided in Appendix 4.

One of the major objectives for conducting interviews with Taiwanese politicians was achieved by having discovered the 'invisible hand' behind the New Taiwan Middle Way theme that bridged Chen Shui-bian and Anthony Giddens. Although some indications could be carefully found in a number of publications relating to Chen's campaign strategies for the 2000 Presidential election, there was nothing more exciting than being told that person was Dr. G. J. Huang and given his contact information by my interviewees in Taiwan. The equivalence of his role between Chen Shui-bian and the Third Way was that of Sidney Blumenthal between Blair, Clinton and many other Third Way leaders. It can be argued that without Dr. Huang, the Third Way would not have

been able to materialise in Taiwan. His role as a bridge person for Taiwan and the U.K. has made the Third Way of a Taiwanese case possible. Dr. Huang was educated in Britain and earned his Ph.D. from one of the top universities in the U.K.

The follow-up took place immediately after I returned to the U.K. in July 2001. Emails, as a modern means of communication, were exchanged during which I consistently expressed a strong desire to interview Huang. Time was spent drafting interview questions as requested. He also requested a previous draft of my thesis for his perusal via email, which I promptly forwarded to him. We also spoke briefly over the phone on a number of occasions. After several steadfast attempts over the next few months, the interview with Huang still had not materialised by December 2001. On one occasion, I left a phone message to Huang expressing that I would like to meet him for an interview, which would be beneficial to my research. I did not realise that he was away at the time. A few days later, surprisingly, I received a phone call from Dr. Huang's spouse. She told me that she returned my call because her husband got my message and asked her to contact me. Mrs. Huang 'released' some information to me regarding how they became acquainted with Professor Giddens and how their personal relationship started to grow and mature after I probed several related questions. Our conversation, which lasted approximately 25 minutes, was pleasantly informative.

However, having attempted to arrange a face-to-face interview with Dr. Huang for over one year beginning in the summer 2001, the opportunity never materialised as anticipated. Dr. Huang's extremely busy schedule, including one full-time career in a high tech industry and a policy advisor to the President's Office with some diplomatic duties that demand a regular commute between Taiwan and U.K. has made the interview difficult to schedule. It is my belief that another concern for the interview not to take place is probably its sensitive nature that the DPP authority would like to keep low-key in relation to how the Third Way ideas were diffused from the U.K. to Taiwan to avoid any political misfortune. However, through a number of email exchanges, telephone conversations with Huang and a one-time telephone conversation with Mrs. Huang, my

primary goal was achieved by receiving insightful information that is not stated in any forms of writing materials accessible to the public.

Interviews with Taiwan specialists in North America were relatively trouble-free to arrange, though it was time and energy consuming to conduct the interviews because a considerable amount of travel was involved. Appendix 2 provides some information about those specialists who agreed to an interview. Seven academics in the U.S.A. agreed to an interview. This section of the interview process was conducted in August 2001 after I returned to the U.K. from Taiwan. Prior to the interviews, the most difficult task was to coordinate both the interviewees' schedules as well as the amount of travel that was required to get from one interviewee to another. Since the allocated travel budget was limited, the most economical means to travel was by car. The equivalent distance between each interviewee was tantamount to the distance between Edinburgh and London. The interview with Wei-Ming Tu in Harvard was eventually discarded due to my limited budget and availability of his schedule. However, six Taiwan experts were interviewed across four states in the U.S. All interviews were semi-structured in style, using open-ended questions. Sample interview questions are listed in Appendix 3.

It should be noted that the interviews were used for exemplification and to clarify certain points or statements throughout the thesis. The interview transcripts are by no means extensively analysed, but serve as a source mainly used for the purpose of strengthening and verifying the theoretical and empirical arguments.

The fourth source of data collection is the World Wide Web. Geographic distance is justified by this modern technology. It serves as an ultra convenient means of data collection for official as well as non-official documents and statistics published online. Newspaper articles are made available online which allows a researcher to search archives by keywords and dates. This modern technology has benefited my research largely. Throughout this thesis, I use several articles from newspapers e.g. China Times and United Daily News, for reference. If there were no online archives available, it

would have been a relatively painful task trying to search for those newspaper articles, which are of interest to my research, through piles of newspapers. Chapter 5, for instance, uses the official website of R.O.C. President's Office at www.president.gov.tw to access materials for discourse analysis, so as in chapter 6, many resources are collected via the World Wide Web.

Moreover, major search engines, e.g. www.google.com, www.yahoo.com and www.altavista.com, are able to perform translation from a non-English language into English. This service has largely reduced the language barrier for a researcher, which opens up opportunities for exploring literature that was probably uncharted previously. Overall, the advantage of the Internet source is its high accessibility. As opposed to printed material, it has been criticised as less authoritative, and the data quality can be unreliable. However, the web sites used for this study are mainly official ones so that the above-mentioned shortcoming is eliminated.

The fifth approach for data collection is the use of observation. The approach employed here is a non-conventional one including both direct and indirect observation. For the preferred objects, environment, events and behaviour of interest are usually not accessible to the public for direct observation. Thus, the desired observation is simply impossible or at a minimum, extremely difficult. However, my identity as a Taiwanese and the knowledge on Taiwan's cultural, political and social issues I possess is utilised to produce an 'insider' or 'native' perspective about specific issues. Through my own observations, I have gained an 'insider's' viewpoint, although I have attempted to not allow bias to enter into my research. My own firsthand experiences have only added to the interest of this research. It is worth noting that the issue of validity can occur from observer prejudice. Often, observers have particular knowledge to approach observation for a particular theoretical and sometimes political standpoint. This subjectivity can affect the validity of data collected. However, in this research I have validated the data through triangulation.

Issues of validity include both internal and external validity. External validity, according to Campbell and Stanley, 'ask the question of generalisability'.[37] The issue of generalisability, as 'the goal of science is to be able to generalise findings to diverse populations and times'[38], often receives the lion's share of attention for quantitatively oriented researchers. The methodological literature of qualitative research, by contrast, pays relatively little attention to external validity.[39] On the other hand, the major concern here is related to internal validity. It can be simply defined as the relationship between the outcome of a study and its empirical reality. A study like this, to a certain extent, relies on the researcher's interpretations of data. By using these multiple techniques for data collection, triangulation was used to strengthen the validity and reliability in this qualitative case study.[40] The triangulation diagram adopted by this study, as shown in Figure 1.1, involves comparing data produced by different research techniques. Therefore, the conclusion is supported by data from different sources, so that we can be more confident of its validity.

Value free studies are virtually non- existent, especially in the field of social science. The values and opinions of individual researchers always influence the material being used, questions being asked and conclusions being made in a study. However, by using multiple sources, minimising the problem of reliability and validity to the lowest extent can be achieved for this research.

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[37] Campbell, D. and Stanley, J. (1963), 'Experimental and quasi-experimental designs for research on teaching', in N. Gage (ed.), Handbook of Research on Teaching, Chicago: Rand McNally, p. 175.

[38] Smith, H. W. (1975), *Strategies of Social Research: the Methodological Imagination*, p. 88.

[39] Schofield's article 'Increasing the Generalisability of Qualitative Research', shows that the issue of external validity is largely ignored for qualitative studies, in M. Hammersley (ed.), Social Research: Philosophy, Politics and Practice, pp. 200-225. The qualitative methodological literature, some disregard the issue of external validity completely, for instance: Berg, B. L. (1989), *Qualitative Research Methods for the Social Sciences*, and Kirk, J. and Miller, M. L. (1986), *Reliability and Validity in Qualitative Research*; others mention it without paying attention, for example, Dobbert, M. L. (1982), Ethnographic Research: Theory and Application for Modern School and Societies. In his article '*Interpretive interactionism*', Denzin even argues that generalisability is not regarded as a goal for qualitative studies. In G. Morgan (ed.), Beyond Method: Strategies for Social Research, pp. 133-134.

[40] Denzin, N. K. (1978), 'Strategies of Multiple Triangulation', Chapter 10 in The Research Act: A Theoretical introduction to Sociological Methods (2nd ed.); Yin, R. K. (1994), Case Study Research: design and methods, pp. 91-93.

1.7 Analytical Limitations and Restrictions

- Time constraints

One problem regarding the research is timing. The emergence of policy innovations, new regulations and new schemes appears to be the scenario in Taiwan's social-policy making during the last decades. Most academic works are documented a few years after their materialisation. The New Taiwan Middle Way is relatively new for it was adopted in 1999 and put into practice in 2000. Its influence on the development of social policy may be defined after close examination. Yet, its impact on policy outcome will take some time to realise.

- Methodological limitation

One basic difficulty is methodological in terms of data collection. For instance, a number of constraints arise in terms of conducting interviews. First, the difficulties of the accessibility to those 'core' people involved with policy-making processes as well as their willingness to be interviewed, and to what extent they would reveal the desirable information. The interests of this study may include some politically sensitive information that the government would not like to reveal to any public entity. My capacity as a single-handed research student to access those potential interviewees within a reasonable period of time was restricted. However, I have managed to conduct a reasonable number of interviews. Second, a considerable amount of travel was required to conduct the interviews. As a self-financed research student, the grant is limited for field research. Decisions were made to economise due to financial constraints. Third, some people interviewed were concerned regarding the usage of the interview data, because misinterpretation of the data could trigger controversy if the study were to be read by people with political intentions. The interviewees whose expressions and lives are portrayed often risk unwanted exposure and possible embarrassment that may result in the following consequences: loss of standing, employment, and self-esteem. Therefore, great caution was exercised to minimise the risks. As argued by Mishra, 'we may never be able to reach the ideal state of affairs

concerning data'.[41] The best we can do is to search for crucial evidence that can validate our findings. For research, methodology is often a matter of trade-offs. We may not be completely satisfied with the state of data, however, we have to learn to appreciate the sources available and make the best out of it.

- Language constraints

Another issue related to this research is how to interpret, translate and present different languages. A considerable amount of material used for this research was in Chinese. Translating and changing from one language to another can be regarded as a form of lesson-drawing and how we learn from each other. Through translation, a different meaning may be gained depending on the translator. In Chapter 5 alone, for instance, more than four hundred pieces of documents in Chinese were adopted and studied in order to conduct the discourse analysis. Due to the differences between English and Chinese, I have devoted extra effort to synthesise and translate Chinese into English for the benefit of discourse analysis. Personal views on the subject may affect the accuracy and precision of interpretation/translation between languages. In this instance, multiple sources were therefore used to rectify and minimise personal bias and political stance.

1.8 Outline of the Thesis

The thesis is organised into seven chapters. In this introductory chapter, attempts have been made to illustrate the New Taiwan Middle Way advocated by President Chen Shui-bian, which was first introduced to the public in the midst of the 2000 presidential election campaign, meanwhile, the worldwide Third Way phenomenon of the late 1990s had just reached its peak with more than a dozen prominent world leaders' favourable responses. The unprecedented public lecture at the London School of Economics given by the then Presidential candidate, disregards its other motives, e.g. to promote Chen's international creditability for his presidential bid, can be seen as an endeavour to be a

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[41] Mishra, R. (1981), *Society and Social policy: Theories and Practice of Welfare*, London: Macmillan, p. X.

part of the international Third Way movement which brings forth the Taiwanese case by stressing the significance of a new dimension of this socio-political movement.

Chapter 2 provides a contextual background of the Third Way. It reviews the Third Way debate and literature in order to better understand the New Taiwan Middle Way. As argued by Mead, one can only recognise oneself by mirroring others.[42] The Third Way started as an Anglo-American ideological and political venture. It was soon followed by major European leaders, among other worldwide government heads of state, who sought to emulate the result of a high command of electoral support and a resolution to the consequences of globalisation. Despite criticism by academics and commentators for having lack of content and substance, the Third Way appeared to be rather successful in recruiting allies, especially among Western democracies. Unlike other nations in East Asia, Taiwan is involved with this arguably prominent political project of the 21st century.

In Chapter 3, I develop a conceptual and theoretical framework for the thesis. The theories of diffusion/policy-learning/lesson-drawing are reviewed and examined. Special attention is drawn vis-à-vis diffusion between different political, social and cultural settings e.g. between the West and the East. For the Third Way originated in the West and was borrowed and adapted to correspond with Taiwan's distinctive settings and needs.

In chapter 4, Taiwan as an example of lesson drawing previous to the Third Way is examined through the emergence of modern China at the dawn of the twentieth century. The cases of Sun Yat-sen and Chiang Kai-shek are presented as key players in the masterful art of synthesising Eastern and Western ideologies which shows the historical substance of political learning and diffusion for Chinese modernisation.

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[42] See Joas H. (1985), *G. H. Mead: A Contemporary Re-examination of His Thought*, translated by Meyer, Raymond, Cambridge: Polity Press, p. 110.

The New Middle Way is not only the political idea that seemingly pushed Chen Shui-bian into office, but also appears to be the ideological foundation of his governance. Chapter 5 focuses on the political language of Chen in order to analyse and comprehend the implications of the New Taiwan Middle Way. One way to understand Chen's New Middle Way is to look into the language of the DPP, particularly of Chen. In order to get behind the rhetoric and decode the factual meaning of the discourse, a wide range of political speeches and texts are examined. The effect of the New Taiwan Middle Way before the presidential election was to achieve the political objective of Chen Shui-bian. Though the DPP did not hold the majority of the seats in the Legislative Yuan prior to the December 2001 election, the New Middle Way may have served as symbolic means to an end to resolve the deadlock within the legislature. By examining the New Taiwan Middle Way discourse, we not only gain a different perspective on Chen's bid for the presidency, but also capture valuable insights into his governing approach.

Chapter 6 analyses Taiwan's social welfare development during the 1990s and onwards. Particular interests focus on whether the unprecedented case of the DPP government based on Third Way ideas is associated with new perspective of welfare development. Therefore, an assessment of the Third Way influence on the welfare development in Taiwan is taken. Policy areas including health care, pension, and gender issues, are therefore examined to validate if a Third Way development for Taiwan's welfare policies exists.

Based on the findings of the previous chapters, the conclusion is drawn in light of the unique nature of the Taiwanese Third Way case in a manner that reflects not only Taiwan's socio-political background, but also culture heritage. A somewhat mixed conclusion is suggested in terms of the complex means and ends as well as the rhetoric and substance of the New Taiwan Middle Way. In the modern policy-making process, whilst modern political parties and governments tend to be more outward-looking, it is important to realise that subsequent interaction with the existing institutional, political and cultural structures should be carefully assessed. Otherwise, no desirable outcomes

can be secured. Whether the Taiwanese version of the Third Way– New Taiwan Middle Way can open up a whole new opportunity for the 21st century leading to a prosperous Taiwan in the much-disputed impacts of globalisation depends on its compatibility and coherence to Taiwan's wider political and social conditions.

Chapter 2: The Global Third Way Debate

2.1 Introduction

With a new century emerging and the Information Age gaining momentum each day, the world has changed along with society's views. Since the fall of the Berlin Wall, society has changed around the world. The disintegration of Communism and disillusionment with Socialism has opened up a Pandora's box for political ideologies. During the post-war period, Blair argues, two major political projects seem to have dominated thinking and distinctive styles of policy-making in Britain and many other Western democracies– 'neo-liberalism and a highly statist brand of social democracy.'[1] New problems have developed along with a new economy and political change, and those two forms no longer seem to be the answers to these problems. People have strived to envisage new solutions to these problems that now plague today's societies. A controversial new political philosophy has come forward to offer possible solutions at the end of the 20th century– the Third Way has therefore been brought forth to give hope of an answer. And since Britain has experienced both political projects– social democracy and neo-liberalism, in full-blood form and that is why the term 'Third Way' has particular relevance here.[2]

Blair has said that 'People seek leadership. They want to know how to adapt and prosper, how to build stability and security in this changing world.'[3] He is correct in this line of thinking, although it has not been established with definite certainty exactly how to provide the answers to this desire of the people. However, he explains that 'all successful dynamic political projects are 'work in progress' and our work is at an early

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[1] Blair, T. (1998), *The Third Way: new politics for the new century*, p.5.
[2] Blair, T. (1998), *The Third Way: new politics for the new century*, p.5; Giddens, A. (2000), *The Third Way and its Critics*, p. 4.
[3] Blair, T., The Third Way, September 21st 1998 Britain in the USA
http://britain-info.org/BIS/FORDOM/gov/21Sept98/stm

stage'.[4]

In the last quarter of the twentieth century, Jahn and Henn[5] argue, social democratic parties have been challenged by various obstacles which have led to a significant impact on their philosophical orientations. These mainly include social and economic transformations, and the neo-liberal discourse from the New Right. The neo-liberals, argued by Giddens,[6] have ignored the social problems created by de-regulated market, which have generated critical portents to social cohesion. Countries like America, Britain, Sweden and Germany have experienced both of these, which prevails the Third Way so special in this context.

The International Third Way Activities

In an article entitled 'Who owns the Third Way'[7], Al From, then President of the Democratic Leadership Council (DLC), explains the origins and development of the recent Third Way movement. He states that it was almost ten years ago when Bill Clinton, then Governor of Arkansas and Chairman of the DLC developed many of the New Democrat themes and ideas that have defined the Third Way in American politics and put those themes and ideas into practice. Tony Blair, then the British Shadow Home Secretary and beginning to modernise the Labour Party, made first contact with the DLC shortly after the 1992 presidential election. Today, the Third Way has become an international phenomenon. The international Third Way activities have developed into a 'club' whose membership is for like-minded centre-left nation leaders to get together on a regular basis. The chronology of the Third Way is shown in Table 2.1.[8]

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[4] Blair, T. (1998), *The Third Way: new politics for the new century*, p.2.
[5] Jahn, D. and Henn, M. (2000), '*The new rhetoric of New Labour in comparative perspective: A three-country discourse analysis*', West European Politics, 23/1, p.26.
[6] Giddens, A. (2000), *The Third Way and its Critics*, p.4.
[7] From, A. (1999), *Who Owns the Third Way*, http://www.ndol.org/print.cfm?contentid=901
[8] Source: US Diplomatic Mission– Information Resource Centers, http://www.us-botschaft.de/dossiers/governance; The Third Way, New Democrats Online, http://www.ndol.org/ndol_ka.cfm?kaid=128; The Third Way, Progressive Policy Institute, http://www.ppionline.org/ppi_ka.cfm?knlgAreaID=128

Table 2.1:

Date	Location	Event
May 29, 1997	#10 Downing Street, London, UK	President Clinton's first meeting with U.K. Prime Minister Blair
May 18, 1998	London, UK	U.S., -EU Summit. U.K. Presidency. Clinton, Blair, Santer Press Conference
September 21, 1998	New York City, USA	'Strengthening Democracy in the Global Economy: An Opening Dialogue', US President Clinton, British P.M. Blair, Swedish P.M. Persson, Italian P.M. Prodi and Bulgaria President Stoyanov.
April 25, 1999	Washington, DC, USA	'The Third Way: Progressive Governance for the 21st Century', Blair, Clinton, German Chancellor Schröder, Netherlands P.M. Kok, Italian P.M. D'Alema.
June 8, 1999	London, UK	A joint declaration by Blair and Schröder, 'Europe: The Third Way/ Die Neue Mitte'
November 20-21, 1999	Florence, Italy	'Conference on Progressive Governance for the 21st Century', Blair, Clinton, D'Alema, Schröder, French P.M. Jospin, Brazil President Cardoso.
June 2-3, 2000	Berlin, Germany	'Conference on Progressive Governance', 14 Heads of State and Government from Europe, North Americas, Latin Americas and New Zealand.

Sidney Blumenthal is known as the White House aide who devoted much effort on making the Third Way into the global stage.[9] What he did for the New York summit, for instance, was to travel to Rome and invite the Italian Prime Minister Romano Prodi to join. Blumenthal made attempts to arrange a conference for the international Third Way meeting on several occasions. There were two main reasons[10] why Blair, Clinton, and key political aides, Blumenthal for example, believe that the international Third Way alliance could be achieved. The first is the power of sound-bite: themes like 'welfare to work', 'tough on crime and tough on the causes of crime' and 'beyond left and right' have become transatlantically interchangeable in the new Anglo-Saxon lexicon. Second, the financial disciplines imposed on Europe for a single currency has put all Europeans in financial constraints. The way Clinton balanced the budget and managed a macro-

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[9] Botsman, P. (2003) says that '...many international third-way gatherings organised by Blumenthal' in *The Third Way Isn't A Lost Cause*, available at http://australianpolitics.com/words/daily/archives/00000290.shtml; Walker, M. (2000) says that '...President Clinton's aide Sidney Blumenthal, who organised the first [submit] and has been...preparing subsequent submits of what has come to be known as the third way' in *The Third Way: politicians on both sides of the Atlantic are seeking a new middle ground*, available at http://www.eurunion.org/magazine/0010/third.htm.

[10] Walker, M., '*Third Way club gathers members*', Guardian, May 3, 1999, also '*Third Way International*', New Statesman, March 27, 1998.

economic strategy, on the other hand, was seen as a virtuous track, although it has yet to be tested by a major recession. Moreover, there are other 'side effects' for the international Third Way activities. A worldwide endorsement of his claim to be the pioneer of the new politics of the Third Way would promote the already stalled political legacy of Clinton.[11]

The first attempt to show that there was something more to the Third Way began on September 21, 1998 in New York.[12] There were three members in the summit, including United States President Bill Clinton, British Prime Minister Tony Blair and Italian Prime Minister Romano Prodi. The meeting was based on the idea of establishing an international coalition of the centre-left governments. In September 1998, a book entitled 'The Third Way: the renewal of Social Democracy' was published by Anthony Giddens, Director of the London School of Economics and Blair's guru, to make a case for it. The roundtable conference, entitled 'The Third Way: Progressive Governance for the 21st Century', hosted by the DLC on April 25, 1999 in Washington D.C. after the close of the fiftieth anniversary of the NATO summit. The participants were United States President Clinton, and the leaders of four major European nations– British Prime Minister Blair, Netherlands Prime Minister Wim Kok, German Chancellor Gerhard Schröder and Italian Prime Minister Massimo D'Alema. Following this gathering sponsored by the DLC in Washington, the Florence event on November 22, 1999 also featured President Clinton, Prime Minister Blair, Chancellor Schröder as well as two important new joiners– French Prime Minister Lionel Jospin and Brazil's President Enrique Cardoso. The meeting concluded with Schröder's invitation to the leaders to continue the conversation on progressive governance next year in Berlin.

Again on June 3, 2000, the 14 heads of state and government from Europe, North

[11] Kettle, M., '*New role for Clinton as 'Third Way' ambassador*', Guardian, December 9, 1999; Walker, M., '*Third Way International*', New Statesman, March 27, 1998.
[12] Daniel, C., '*Democrats spend week giving direction to Third Way ideology*', The Washington Post, September 27, 1998; Walker, M., '*The Third Way club gathers members*', Guardian, May 3, 1999; Bensaïd, D., '*How left is left in Europe? New Centre, Third Way*', Le Monde diplomatique, http://www.monde-diplomatique.fr/en/1998/12/03bensaid

Americas, South Americas as well as New Zealand, participated in the Berlin Conference on 'Progressive Governance for the 21st Century'. As the host of this event, Schröder spoke with pride that 'in November 1999, six of us met in Florence. Today, 14 Heads of government have found common ground that we believe defines a progressive political project fit for the new century.'[13]

What is the Third Way?

Many attempts[14] have been made to define what the Third Way means that continues to gain in popularity, although it is neither a conservative nor liberal way of thinking. A general consensus is that it is an ideology that touches all facets of society from global relations to civic duties.

We first heard of this 'Third Way' during the election campaign of President Clinton and the New Democrats in 1992. Blair and the New Labour Party followed suit in 1997. A year later Germany also adopted a 'Third Way' or 'die Neue Mitte' philosophy with the empowerment of Gerhard Schröder and the Social Democrats. Some adversaries of the Third Way suggest that this ideology has been around for much longer and the literature of this socio-political philosophy is rooted back as far as 1936 with Marquis Childs's famous book, *Sweden: The Middle Way*, which expounds on that countries blend between capitalism and governmental philosophy. Ota Šik[15] has also written a book called *Der Dritte Weg* (The Third Way) in 1972, which had embarked on the search for new ideas and new departures as alternatives to communism and capitalism. He argues that 'A third way can be found, and it is not true that 'anti-communism' must

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[13] Communiqué on '*Progressive Governance for the 21st Century*', June 3, 2000. http://www.useu.be/ISSUES/comm0603.html; Blair, T., Kok, W., Persson, G. and Schröder, G., *The New Left Takes on the World*, Washington Post, September 6, 2000, A19; President Clinton's visit to Germany, Berlin Communiqué– Progressive governance for the 21st century, http://www.us-botschaft.de/clinton2000/final.htm

[14] See for example, Blair, T. (1998), *The Third Way: New Politics for the New Century*; Giddens, A. (1998), *The Third Way: The Renewal of Social Democracy* and (2000), *The Third Way and its Critics*; Halpern, D. and Mikosz, D. (1998), *The Third Way: summary of the Nexus on-line discussion*; White, S. (1998), '*Interpreting the Third Way: not one road, but many*', Renewal, 6:2, pp. 17-30.

[15] Šik, O. (1976), *The Third Way*, London: Wildwood House (translation of *Der Dritte Weg*, Hamburg: Hoffmann und Campe Verlag, 1972).

always signify 'pro-capitalism'.'[16] In 1986, another attempt to develop a Third Way was made by the late Buddhist Monk Buddhadasa Bhikku, described in his book *Dhammic-Socialism*[17]. The Third Way as seen by him was also an attempt to find a perfect balance between capitalism and communism, taking the best qualities of each and applying them as a cohesive political option for a new economic based society. Although the term, the Third Way, had been employed in the early days of the 20th century, it represented a different concept due to different circumstances at the time and did not generate such a widespread debate around the world until very recently. The Third Way has now been applied to virtually every prominent political leader one can think of[18], not only Bill Clinton and Tony Blair, but also Chrétien of Canada, Prodi of Italy, Jospin of France, Salinas and Zedillo of Mexico, Schröder of Germany, Cardoso of Brazil, Menem of Argentina and ultimately Chen Shui-bian of Taiwan. In the past few years, the concept of the Third Way has become a focus of heated debates and controversy worldwide. Such a phenomenon deserves our attention.

Anthony Giddens, an intellectual revolutionist of the Third Way, agrees that the term has been around for a while, however, it used to represent the core traditions of parliamentary socialism and social democracy. Its meaning now is very different: trying to steer a way between the two dominant philosophies that have failed us, socialism more generally and market fundamentalism.[19]

There is no doubt that this new political way of thinking is taking hold around the world. Seemingly, the idea of a Third Way is gaining recognition globally as a modern solution to modern problems. Although, many academics from various disciplines and people

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[16] Ibid., p. 14.

[17] Published by the Thai Inter-Religious Commission for Development, GPO-Box 1960, Bangkok 10501. It is translated into English by Donald K. Swearer of Swarthmore College, PA, USA.

[18] Walker, M., '*The Third Way International*', New Statesman, March 27, 1998; '*The Third Way club gathers members*', Guardian, May 3, 1999; Blair, T., Kok, W., Persson, G. and Schröder, G., '*The New Left Takes on the World*', The Washington Post, September 6, 2000. For more information, see *The Third Way goes global: from New Democrat to New Labour to New Middle*, the New Democrats Magazine, May 1, 1999.

[19] Newsweek, '*Third Way's the Charm*', September 28, 1998.

from every corner of the society adamantly support this idea, there are also those that find disfavour with it.

Just like the criticism of neo-liberalism in the 1980s, there have been many attempts either to define or to attack the Third Way that can be attributed to its revival and subsequent wide diffusion. All these emerging literature has put more detail onto the originally thin frame of the Third Way concepts which offers a valuable opportunity to refine its contents into a more coherent and sophisticated one. Apparently, current literature on the Third Way debate appears to be more critical rather than being supportive. It might not be difficult to understand that there is a tendency of being at least sceptical if not absolute critical about the Third Way politics, because only by doing so, it would promote and contribute to the debate.

In the current literature, there appears to be three schools of thought towards the Third Way. There are those who support the new ideals with a moral responsibility both globally and locally, seen not as a top down transformation, but a continuous transformation across the various realms of society. Their belief is a one of when one helps oneself one ultimately helps society. Secondly, there are those that oppose the principles and designs of changing a political way of thinking that has sustained for several years and suggest a better way of dealing with society is called for. They suggest that the Third Way cannot work because it counts on globalisation and depends on the market to rule exclusively. Finally, there are those that see it sceptically, those whom are unsure of the ramifications of such a middle of the road policy and discount the abilities of The Third Way as a solution to solve all of the problems of society today. They have also offered that there is no singular Third Way, coherent and fully formed, yet there is a clustering of new thinking and policies that reflects all of these happenings politically and socio-economically. All these three different responses to the Third Way will be further examined in this chapter. However, a brief summary of the current literature that acknowledges the Third Way is as follows.

• Positive responses

1. Anthony Giddens who has published two essential texts and a number of articles to define and advocate the Third Way is seen as one of the most important Third Way thinkers.

2. Tony Blair's Fabian pamphlet 'The Third Way: new politics for the new century' sets out his vision of the Third Way and shows how New Labour government is starting to implement the Third Way. A joint paper entitled 'Europe: the Third Way - die Neue Mitte' by Blair and Schröder and the personal commitment to dialogue with Clinton over the idea of a 'Third Way International'[20] indicates Blair's devotion towards the Third Way.

3. Julian Le Grand defines Third Way values as community, opportunity, responsibility and accountability[21] and suggests that the Third Way is strongly policy-driven, pragmatically accepting that what works is the best.

- Critical comments

    1. The Third Way is, for example, 'an amorphous, hydra-headed prey, slippery to seize and impossible to oppose. It is like fighting a giant amoeba which changes shape and swallows up every ism and ology to the right and left in it its pseudo-pods of rhetoric'.[22]

    2. Stuart Hall and Alan Ryan, for example, express that the Third Way politicians accept some leftist values but distanced themselves from most versions of socialism and therefore seek a middle-of-the-road position.

    3. Since the Third Way views globalisation as a given, it fails to address the crucial societal issues like equality and distribution of income and wealth.

    4. Unlike old style of social democracy and neo-liberalism, the Third Way offers no distinctive economic policy but hopelessly allowing the market to rule everything.

- Sceptical reactions

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[20] Martin Walker, 'The Third Way international', pp. 30-32, 27th Mar. 1998.
[21] Julian Le Grand, 'The Third Way begins with Cora', pp.26-27, 6th Mar. 1998.

1. Once appeared to be the guru of the New Labour, Will Hutton argues that the party suffers from its lack of any 'fundamental critique of the capitalist system'. The theme is also taken by Paul Hirst who argues that regulating markets and saving capitalism as an agenda for the New Labour.

2. Andrew Gamble and Tony Wright suggest that there is not a singular Third Way, coherent and fully formed, yet there is a clustering of new thinking and policies that reflects all these happenings.

Although the third way appears to be a renewed ideology, insofar as New Labour seems to have left the substance of this proposed 'Third Way' rather vague and confused as to what it means. Opinion is divided over its meaning and significance. Critics claim that it is just another Blairite slogan, high on pretension but low on substance - a worthy ally of 'New Labour' and 'New Britain'. Others, though, argue that the third way points us towards a genuinely new approach to politics and government. However, we might suggest that the Third Way is not old-fashioned state socialism or statist social democracy, and it is not free market neo-liberalism either. It may aim to reconcile a neo-liberal emphasis on economic efficiency and dynamism with a traditional left concern for equity and social cohesion. Nevertheless, the content of the proposed third way approach to economic and social governance has not yet been authoritatively specified except in these very general and rather negative terms. Certainly, there needs to be a more directive approach taken to explaining exactly what the Third Way is. There has been much publication about what it is not, but very little actual printed materials defining precisely what it is.

Since the Third Way is a relatively new concept and its subsequent worldwide diffusion and popularity with many political leaders, people from different careers like academics, policy-makers, and even businessmen are all trying to define and respond to it. In so far, its concept is still far from settled and there is much room for refinement and searching for a comprehensive understanding of it. Because of these reasons, the concept of the

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[22] Polly Toynbee, *The Guardian*, 5th October 1998, p.16.

third way has become a focus of heated debates and controversy worldwide in the past few years. According to the earlier discussion, the Third Way could be a middle way between two viable alternatives, for example, between systems of economic and social organization (capitalism and socialism); principles of resources allocation (market and state); models of capitalism (US vs. Europe); or political ideologies (old Left and new Right). Having presented a brief summary of the Third Way literature earlier in a tripartite manner, I shall now try to develop each of the standpoints in greater detail, beginning with the advocates of the Third Way.

2.2 Supporters of the Third Way[23]

The view taken by Third Way supporters is at the core of the Third Way and seems to be a heart that beats for the individual person. The central infrastructure suggests that each person should take responsibility for their actions, strive to achieve more, businesses should prepare more opportunities, and that civic organizations should take a greater role in the betterment of communities from a local standpoint. It exudes the thinking that the good of the many outweigh the good of the one, but only through the betterment on each one can society be better as a whole. It seems to encourage capitalistic gain while striving to put moral and family values back into the forefront of this era. Insofar as the Third Way may not be an -ism, -ology, or -acy, is because it does not present itself as a traditional political ideology, but in a sense rather as a contemporary answer for modern dilemmas. This seems to make it easier for both government and citizen to embrace as a solution to the evils of a new century. So far as welfare policy is concerned, it does not offer *handouts* to particular persons, but rather *hand-ups* to deserving individuals who are willing to put forth effort to try to raise their standards of living.

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[23] This section draws heavily on Giddens presentation of the Third Way. However, views from Blair, Schröder, and Hombach are added. From the Third Way values on the one hand, with the policy objectives on the other, I argue, form a reasonably coherent programme.

The advocates of the Third Way include many world leaders and intellectuals of social scientists. One of the most vocal persons in literature has been Anthony Giddens, who is Director of the London School of Economic and Political Science and is seen as one of the most favoured gurus of the New Labour government. Anthony Giddens is one of the most influential architects of the Third Way as well as New Labour's policy advisor. He has published essential texts and a number of articles to define and advocate the Third Way. Table 2.2, listed by Giddens, outlines the substantial distinctions among social democracy, neo-liberalism and the Third Way ideology.

Table 2.2[24]: Distinctions among Social Democracy, Neo-Liberalism and the Third Way

Social democracy (the old left)	Third Way (the centre-left)	Neo-liberalism (the new right)
Class politics of the left	Modernising movement of the centre	Class politics of the right
Old mixed economy	New mixed economy	Market fundamentalism
Corporatism: state dominates over civil society	New democratic state	Minimal state
Internationalism	Cosmopolitan nation	Conservative nation
Strong welfare, protecting 'from cradle to grave'	Social investment state	Welfare safety net

In an interview with *Newsweek*, Giddens offers this definition of The Third Way: 'The Third Way means looking for policies that will allow us to recognize the new situation we are in– competing in a globalised world– and sustain a reasonably coherent society.'[25] He goes on to explain that 'the term 'centre-left' is not an innocent label. The Third Way, a renewed social democracy has to be left of centre, because social justice and emancipatory politics remain at its core. But the 'centre' should not be regarded as empty of substance.'[26] The Third Way looks for policies that will permit people living

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[24] Giddens, A., '*After the left's paralysis*', New Statesman, 1 May 1998, p.18.
[25] Newsweek, '*Third Way's the Charm*', September 28, 1998.
[26] Giddens, A. (1998), *The Third Way: the renewal of social democracy*, p. 45.

in a globalised world without forgetting about local society. According to Giddens, Marxism failed because governments cannot control all markets, and free markets failed because societies cannot leave everything to the marketplace. However, people have no alternative to Capitalism. Capitalism is their only choice except for some minor adjustments to make it work in all aspects of their lives, such as social, cultural, and obviously economic areas. The failures of these political ideologies instituted the need for a positive, new solution. Giddens, in his book *The Third Way: The Renewal of Social Democracy*, argues that 'No one any longer has any alternatives to capitalism–the arguments that remain concern how far, and in what ways, capitalism should be governed and regulated.' These arguments are certainly significant, he continues, 'but they fall short of the more fundamental disagreements of the past'. The need to find a Third Way is therefore apparent. At the centre of his argument is a contention that the 'bi-polar world'– the context for the debate between social democrats and neo-liberals–has gone. In particular, the old class context of the left's politics has disappeared from the equation. This, Giddens argues, does not mean that the Third Way has no values, and he has outlined seven basic principles in his book: 'equality, protection of the vulnerable, freedom as autonomy, no rights without responsibilities, no authority without democracy, cosmopolitan pluralism and philosophic conservatism'.[27]

As Giddens had earlier stressed in a New Statesman article, although there are basic values, there is no 'big idea' that can define the Third Way. Instead, he offers five dimensions as a basic normative framework of Third Way politics.[28] The first of these deals with *political values*. Giddens says that while the Third Way accepts the socialist value of social justice, it rejects class-based politics. It is against authoritarianism and xenophobia. But it is not libertarian, believing that individual freedom depends on collective resources and implied social justice, and seeing government not as the enemy of freedom, but essential for its development and expansion.

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[27] Ibid., pp.65-6.
[28] Giddens, A. (1998), '*After the Left's Paralysis*', 1 May 1998, pp. 18-21.

Second, on *economic values*, Giddens' Third Way rejects the neo-liberal equation of freedom with deregulation. It makes a strong case for regulation as, for example, the guarantor of competition, the protector against fluctuations, and the protector of · workers. Giddens argues that new mixed economics must find alternative methods of regulation, using a mixture of incentives and controls to ensure that Third Way notions of rights and responsibilities become the values of business. A stakeholding business culture is seen as the model for the future. Regarding *government*, the Third Way does not see government as either 'the problem' or 'the answer', but believes 'that government can and should play a basic part in the regulation of civil society'. To do this, it needs to reform itself, through experimenting with non-orthodox forms of democracy such as referenda. Having done this, government should focus on renewing communities.

The forth dimension of Giddens' framework is to adapt the idea of *nation* so that it becomes more cosmopolitan and more open. The identities of new cosmopolitan nations can provide part of the stability that people and communities need in a changing world. Finally, regarding the *welfare state*, Giddens proposes a 'social investment state', rather than a 'welfare state'. He suggests that: 'wherever possible invest in human capital rather than the direct payment of benefits'.

These analyses have stemmed from 'Five Dilemmas' that Giddens tackles more thoroughly in his book: *The Third Way*. He raises these as questions, and begins to provide answers. His first dilemma is that of globalisation– what exactly is it and what implications does it have? Giddens ventures that it is a process driven by economic, political and technological developments, which must lead us to change our idea of 'government' to one of 'governance' by co-operating governments and transnational agencies.

Giddens' second dilemma is individualism– are societies becoming more individualistic? Giddens argues that although individuals are not more selfish, they are less traditional, and less amenable to government action. This means that we need to

develop a new sense of accepting responsibilities for consequences of actions. Meanwhile, there is a dilemma over the traditional divide in politics between left and right, with Giddens favouring the term 'centre-left' to define the Third Way's location in the spectrum. He says that it indicates some traditional concerns of the left regarding welfare, while indicating a broader potential for including diverse traditions within this umbrella.

A key aspect of this redefinition is the relationship of the centre-left to political agency. Giddens pertinently asks if politics is migrating away from orthodox mechanisms of democracy. He says 'Yes', but adds that government therefore needs to change so that it takes account of new structures and agencies. Government is not seen by Giddens as irrelevant. Finally, Giddens considers the ecological dilemma. How can a concern for the environment be integrated into social democratic politics? The way to do this, according to Giddens, is to balance the needs for both growth and sustainability.

The center of the problem with contemporary conservatism, Giddens asserts, is an inconsistency at the heart of its creed. Its 'devotion to the free market on the one hand, and to the traditional family and nation on the other, is self-contradictory.'[29] He questions why this is a major concern and argues that 'Individualism and choice are supposed to stop abruptly at the boundaries of the family and national identity, where tradition must stand intact. But nothing is more dissolving of tradition than the 'permanent revolution' of market forces'.[30]

Giddens is extremely astute on the delicate question of risk vs. security. The standard account is that if government provides too much security, no one will want to take risks. However, Giddens is supportive to the fact of social protections if what you desire is a society that encourages risk-taking. He writes about developing a society of 'responsible risk-takers' in the spheres of government, business enterprise and labour

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[29] Giddens, A. (1998), *The Third Way: the renewal of social democracy*, p. 15.
[30] Ibid.

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markets, and argues that 'people need protections when things go wrong' and 'also the material and moral capabilities to move through major periods of transition in their lives.' This is one of the main reasons that most every country in the world is discussing education.

The positive side of this is that we should not eradicate welfare, but rather reconstruct it into a 'social investment state' to provide 'resources for risk-taking'. Giddens's welfare plan would work in cooperation with local charities that are independent of governmental agencies.

As for economic globalization, Giddens sees it as moving it out of regulatory reach of individual nations and into the frame of a one world. In what he calls 'de-politicised global space', there are no boundaries establishing 'rights and obligations'. Deciding what those rules and regulations are and how to enforce them is a major political issue of our times.

Giddens summarise what a Third Way approach would be like as follows:[31]

1.　It takes a positive attitude towards globalisation, although not an uncritical one. Globalisation is not the prime source of new inequalities.

2.　It concerns itself both with equality and pluralism, placing an emphasis on a dynamic model of egalitarianism.

3.　It tries to respond to changing patterns of inequality.

4.　It accepts that existing welfare systems, and the broader structure of the state, are the resource of problems, not only the means of resolving them.

5.　It emphasises that social and economic policies are intrinsically connected. Social spending has to be assessed in terms of its consequences for the economy as a whole.

6.　It places a stress on active welfare, coupled with labour market reform.

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[31] Giddens, A., *'Why the old left is wrong on equality'*, New Statesman, 25 October 1999, p.27.

7. It concerns itself with mechanisms of exclusion at the bottom and the top. Redefining inequality in relation to exclusion at both levels is consistent with a dynamic conception of inequality.

In a Fabian interview with Giddens, he again asserts that 'the Third Way is just a label for how you continue the revival of social democratic politics. The European democrats found themselves back in power without a coherent philosophy and the Third Way is simply a label for what that philosophy might involve.'[32]

Julian Le Grand offers his definition of the Third Way values as CORA– community, opportunity, responsibility and accountability.[33] He goes on to say that 'the welfare state lies at the core of social democracy... Anything rethinking of social democracy must therefore involve some re-assessment of the welfare state: its aims, its finance and its methods of provision.'[34] Financing welfare is considered as a main problem of the new social democratic thinking by Le Grand. A notion and proposal of partnership as a means of providing government help towards the funding of long-term care is thus offered by Le Grand to tackle this dilemma. He argues that his partnership scheme would provide a strong incentive for individuals and their families to mobilise their own resources to meet care costs, through positive not negative incentives. Moreover, in partnership with the state, it would turn out less expensive and the middle class would retain its involvement without perverse incentives. Partnership, Le Grand claims, 'forms part of the rhetoric of the Third Way', however he realises that it 'can suffer from the fashionable vagueness that characterises that debate.'[35] Le Grand's view on the Third Way has little difference to Giddens' work here, however, he suggests that the Third Way is strongly policy-driven, pragmatically accepting that what works is the best.

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[32] See 'The Fabian Interview', Fabian Review, Volume 112, No.2, Summer 2000, p. 8-9.
[33] Le Grand, J., 'The Third Way begins with Cora', New Statesman, 6 March 1998, pp.26-7.
[34] Le Grand, J., 'New Approaches to the welfare State', in The New Social Democracy, edited by Gamble A. and Wright T., p. 142.
[35] Ibid., p. 149.

Apart from academics, the Third Way political leaders also provide intellectual accounts into the discourse. During a New Labour conference in Blackpool, Tony Blair was ebullient about having turned Labour into a party that was 'pro-business and pro-enterprise'. At the New York submit of 21 September 1998, around the idea of establishing an International of the centre-left, Tony Blair waxed lyrical about the 'radical centre' while Romano Prodi, at the time still Italy's Prime Minister, advocated a 'world-wide Olive-tree alliance'. Bill Clinton, the host of the conference, was reportedly delighted to see the Third Way becoming a global phenomenon.[36]

Wim Kok, the Dutch prime minister, admitted that he liked the Third Way approach 'very much', but also felt that Dutch social democrats had already come to similar ideas and policies independently. Yet in the current era, he agreed, it is not enough that people should be protected by government: they 'must also feel the urgency of responsibilities', for 'you have rights, but also responsibilities'. In a world marked by rapid social and technological change, government must be empowering rather than heavy-handed.

Massimo D'Alema, the Italian prime minister, expressed that the Third Way suggests that it is possible to combine social solidarity with a dynamic economy, and this is a goal contemporary social democrats should strive for. Economic development will require lifelong learning and adaptation to new knowledge. 'Culture is the most important form of social exclusion, and I think we should invest in culture.' Such an approach, D'Alema concluded, has to break away from the old forms of welfare and social protection.

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[36] From A. (1999), *The Third Way: reshaping politics throughout the world*, 1999 National Conversation, Baltimore, Maryland. http://www.dlcppi.org/print.cfm?contentid=647; also *About the Third Way*, fact sheet, DLC/PPI, http://www.dlcppi.org/print.cfm?contentid=895
http://www.dlcppi.org/ndol_ci.cfm?contentid=1286&subid=108&kaid=85
http://www.ppionline.org/ppi_ci.cfm?knlgAreaID=128&subsecID=187&contentID=835

Tony Blair and the New Labour won an overwhelming victory over the Conservatives on 1997's general election. There has been much speculation whether this was because of Blair's new political ideology or due to the scandal and corruption surrounding the Conservatives. Either way, Britain has a new infusion of vitality and youth in Blair. His ideas of a "New Britain" have been uttered across the land.

Blair is seen as one of the most prominent advocates of the Third Way. As in a speech, he explains:

'When I talk of a third way I mean ... neither laissez-faire nor state control and rigidity; but an active role linked to improving the employability of he workforce and the quality of life for all our people.'[37]

He is the author of a Fabian pamphlet entitled '*The Third Way: New Politics for the New Century*' and several articles on this subject. In addition, he has co-authored a paper, *Europe: The Third Way/Die Neue Mitte*, with Gerhard Schröder. We shall first look at Blair's vision of the Third Way. He claims that there are four broad policy objectives[38] to the Third Way concern.

1. A dynamic knowledge-based economy founded on individual empowerment and responsibility, where governments enable, not command, and the power of the market is harnessed to serve the public interest. Blair's approach to the economy is neither one of state interference or laissez-faire. He sees the governments role as macro-economic stability; to develop welfare policies that encourage independence rather than dependence, and better ways to equip citizens for work through higher educational standards and better job training. He also sees enterprise promotion as a key factor.

2. A strong civil society enshrining rights and responsibilities, where the government is a partner to strong communities. Blair sees this new age as a time

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[37] Extract from Tony Blair's speech to he French National Assembly, 24 March 1998.
[38] Blair, T. (1998), *The Third Way: New Politics for the New Century*, Fabian Society.

for the government to learn to work in conjunction with private and voluntary organizations, a sharing of responsibilities to answer to a modern public demand.

3. A modern government based on partnership and decentralization, where democracy is deepened to suit the modern age. Blair has stated that "The Third Way stands for democratic renewal and a restoration of faith in politics." He has further stated that New Labour has played a key role the de-evolution of power within the United Kingdom.

4. A foreign policy based on international cooperation. He embraces cooperation between countries without demanding the withdrawal of national individualistic patriotism. He suggests that it is possible for countries to work in tandem with each other without jeopardizing a sense of nationality.

Though according also to Blair there is "no single blueprint for the Third Way"[39] he seems to make every attempt not only to define but also to enact on his definition of it.

In terms of the Third Way discourse, it is important to speak about Germany which holds the key to many EU developments. The German Social Democratic Party has rebuilt its image for the 1998 elections and its ideology shifts were very close to Britain's left-of-centre New Labour Party. The new German Chancellor, Gerhard Schröder, ended the almost 16-year reign of Helmut Kohl in September 1998, is also seen as a staunch advocate of the Third Way or New Centre as he refers to it. Together with Clinton and Blair, Schröder becomes one of the members in the growing ranks of so-called 'the Third Way' political leaders.

Bodo Hombach, one of Schröder's closest advisers, who was once Minister of State in the Chancellor's office, has written an influential book entitled– *Aufbruch: Die Politik der Neuen Mitte* (New Beginning: the Politics of the New Centre). This book is one of the most important earlier attempts to flesh out the Third Way– moving from being a successful electoral project to become a governing philosophy. The history of German social democracy over the past two decades or so quite closely resembles that of the

Labour Party in Britain and it is not surprising that in *Aufbruch: Die Politik der Neuen Mitte* Hombach makes considerable play with the changes initiated by New Labour in Britain. He argues that a German-style of Third Way might be: 'a Germany that is distanced from old kind of 'social state''.[40] The book phraseology of Europe's middle-of-the-road socialism rejects outright the old left's belief in Keynesian demand management, limiting the role of the market, a commitment to egalitarianism and a homogeneous labour market. They call for less government, but more governance. In other words, a system of regulation that is administrative and de-politicised.

The case of Germany is similar to Britain, but since Germany is a different country, there are cultural differences. Policy differentiations have been enacted but still enacting the common structures of the Third Way political ideology. Personal and corporate taxes will have fallen, and plans to eliminate business tax loopholes will be considered for application in order to achieve Third Way policy goals. Germany also has accepted incremental wage increases for Union Workers that are greater than ever before. This has had an effect on business but has had beneficial results to workers. In certain other arenas, Schröder seems to be an advocate for businesses. However, a new law is under consideration, the main goal of which is to make it an almost impossibility for businesses to lay off workers. Many area jobs have been saved due to new re-privatisation laws.

In their joint paper, *Europe: A Third Way/ Die Neue Mitte*[41], Blair and Schröder have this explanation of the politics of The Third Way– the politics of the New Centre and Third Way addresses the concerns of people who live and cope with societies undergoing rapid change including both winners and losers. In this newly emerging world people want politicians who approach issues without ideological preconceptions and who, applying their values and principles, search for practical solutions to their

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[39] Blair, T. (1998), *The Third Way*, http://history.hanover.edu/courses/excerpts/111blair.html
[40] Hombach, B. (1998), *Aufbruch: Die Politik der Neuen Mitte*, Düsseldorf und München: Econ Verlag.
[41] Joint Statement by Blair, T. and Schröder, G., *Europe: The Third Way/ Die Neue Mitte*. See also, *Another step for the Third Way*, DLC Update, http://www.dlcppi.org/print.cfm?contentid=632

problems through honest well-constructed and pragmatic policies. They go on to state that our national economies and global economic relationships have undergone profound change. New conditions and new realities call for a re-evaluation of old ideas and the development of new concepts. These values, fairness and social justice, liberty and equality of opportunity, solidarity and responsibility to others, according to Blair and Schröder, are timeless. They argue that the renewal of social democracy will never sacrifice them.

Blair also argued in an article in September 1998 that 'The Third Way is the route to renewal and success for modern social democracy. It is not simply a compromise between left and right. It seeks to take the essential values of the contra and centre-left and apply them to a world of fundamental social and economic change; and to do so free from outdated ideology.'[42] Schröder has also explained that 'The New Middle appeals to those who want to grasp the initiative and experience the growing flexibility of the labour market. The New Middle appeals to those who want to fulfil the dream of self-employment, who are willing to take risks.'

Their definitions of the Third Way may differ a bit between the Chancellor and the Prime Minister. However, the two leaders' views seem to converge: the Third Way as a chance to help their fellow countrymen, and therefore help promote ultimately the socio-economic capabilities of their individual nations. They propose to implement job-training programs, incentives for new businesses, higher educational standards, and to encourage a sense of responsibility by actions. Their political philosophy is beginning to take shape in the many areas of policy reform that have been implemented recently. Their ideals and goals are presenting themselves into laws and referendums being enacted with the passage of time.

The new economy calls for new political measures to ensure the stability of the society.

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[42] Blair, T. (1998), *The Third Way*, available at http://history.hanover.edu/courses/excerpts/111blair.html

New skills are required and higher levels of education are demanded. Many common people are having difficulties to adjust these changes. Having one job for a lifetime is no longer feasible. Many skilled labourers are finding themselves without jobs due to industrial technological advances. This has had a direct impact not only on economies and social status of these workers, but also on communities as a whole. The Washington Post columnist E.J. Dionne explains 'We need to have a thicker set of programs to help people find their footing in a new economy.' Blair and Schröder apparently echo this issue by stating their goals for a better skilled workforce, a reevaluation of the Social Security System, and encouraging entrepreneurs. They suggest that 'rising employment and expanding job opportunities are the best guarantee of a cohesive society.' Blair has also stated that 'In welfare and employment policy the Third Way means reforming social security to make it a pathway into work. It promotes fair standards at work while making work pay.'

Although the Third Way ideology is similar for all the European governments, each one of them has special policies and topics of 'their' Third Way and different ways to achieve those policies and goals that suit their own national traditions. As Blair and Schröder rightfully point out: '...though the language and the institutions may differ, the motivation is everywhere the same.'[43]

The Nexus-hosted[44] online debate sponsors many diverse opinions on the Third Way. David Miliband, the Director of Downing Street Policy Unit, states at the opening to encourage and welcome this timely debate: 'Political economy for the twenty-first century must combine dynamism and equality, defining a Third Way between old left and new right.'[45] In this debate, as with other areas of discussion there seemed to be those that supported, opposed and those that were sceptical of the results that the Third Way offered. There is a rich selection of different ideas and critical points exchanged

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[43] Joint Statement by Blair, T. and Schröder, G., *Europe: The Third Way/ Die Neue Mitte.*
[44] Halpern, D. and Mikosz, D. (1998) (eds.), The Third Way: summary of the Nexus on-line discussion, http://www.netnexus.org/library/papres/3way.html
[45] Ibid.

throughout this virtual think tank that it would be extremely difficult to include them all here in this discussion. However, I attempt to look at some of the most influential thinkers and their views of the Third Way. After digested the material carefully, there seems to be an overlapping among their viewpoints, which in some cases made it quite difficult to discern exactly what the Third Way is and what standpoints the participants are taken. The sceptical considerations are among those critical ideas but manage to give credit to the Third Way politics to a certain extent, to which I shall now turn.

2.3 Third Way Scepticism

Stuart White, as an example, suggests that 'In a renewed attempt to explain the definitiveness of the their political project, leading New Labour figures have recently begun to employ the concept of the so-called 'third way'.[46] However, they have thus far left the substance of this proposed 'third way' rather vague, just as they previously left vague the substance of the 'stakeholder society'. So far, we know what the third way is not: it is not old-fashioned state socialism or statist social democracy, and it is not free market neo-liberalism. We also know that it aims to reconcile a neo-liberal emphasis on economic efficiency and dynamism, with a traditional left concern with equity and social cohesion. Nevertheless, the positive content of the proposed third way approach to economic and social governance has not yet been authoritatively specified except in these very general terms. Being able to define the Third Way definitively has left many supporters subject to scrutiny by its critiques. But, there are those that support the underlying ideals of combining the old with the new to form a better society.

'Is there a solution? Is there another route to the Third Way of socially cohesive capitalism?', Plender asks. 'The answer is a qualified yes. But, first we should remember that not everything in the institutional economies is worth preserving.'[47] It

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[46] White, S. (1998), '*Interpreting the 'Third Way': Not One Route, But Many*', Department of Political Science, Massachusetts Institute of Technology; http://www.netnexus.org/library/papers/white.html
[47] Plender, J. (1998), '*A New Third Way*', (reprinted from *Prospect* Magazine) http://www.netnexus.org/library/papers/plender.htm

seems to me that Plender is to say that we should always be open and uncritical to new ideas while keeping a watchful eye on current policies and the changing times to make sure that the two coincide. Most policies are not eternal answers and do need to be examined frequently to ensure that they fit into the times in which we are living. If a policy seems to be no longer viable, it is best to either dispose or find a new use for it. All of this is nevertheless much easier said than done. But, it is indeed a noble goal to strive for.

Since the definition of Left and Right does not encapsulate all politics, there is room for a Third Way to be developed. As Gerry Holtham pointed out, two reasons[48] might explain the current tendency to deny Left and Right and want to move beyond them.

1. Owing to 'globalisation' our basic political unit, the nation state, is now impotent to order economic activity or to affect income distribution at all, without grave risk to general prosperity. Holtham, however, argues that this view is just plain wrong because there is no point in discussing something that cannot be helped so left and right issues are irrelevant.

2. The other reason looks to the sociology of developed societies. It holds that while in principle the left-right distinction still holds, societies have developed in such a way as to make any left-wing electoral coalition impossible. The mass proletariat with a highly developed class consciousness has disappeared. Most people see advancement in purely personal terms. A successful electoral coalition must include reasonably well-to-do people who are frightened of any talk of redistribution.

Holtham however maintains that it is quite possible to argue about how great a change there has been in popular attitudes and how tight a constraint electoral considerations impose on schemes for redistribution, but it is difficult to deny that there has been a shift and a constraint exists. He explores the area of why people feel the need to go beyond those whether it is because of changing sociological patterns or because of globalisation.

He cites that these are both good and bad reasons for moving beyond. He explores these problems by helping to define possible answers. 'One 'solution' is to accept the inevitability of free market capitalism and ask whether and how a shrunken state should use its residual powers to ameliorate the worst effects of that system.' According to Holtham, some, notably the right-wing think tanks, do interpret the Blair's government as being exactly that. Another approach is to go back to principles, ask what are the fundamentals of the left-wing or ex-socialist value system and seek more actively to promote those, albeit in ways that are consistent with an international market system. This, he argues, is what members of the government would like to do. It can be called the third way for 'it is likely to involve digging in heels against some aspects of current liberal, individualist orthodoxy.'[49]

Holtham is cautious, and at times critical, but hopeful in his thinking of the benefits of the Third Way. He speaks of the Third Way as being a marketing slogan, although marketing is important he holds true to the thinking that philosophy is about something more than just marketing. He appears hopeful that the Third Way will not get lost among the marketing slogans and come out victorious, while preparing for the worst he seems to be hopeful of the best.

Michael Jacobs disagrees with Holtham on the point of going beyond left and right. Jacobs seems to be sceptical as well, but in a different fashion. He suggests that the Third Way is 'a project of the centre-left, which, if coherent at all, would turn out to be a form of social democracy in that term's wildest sense, rather than a 'middle way' between left and right or an abandonment of social democracy.' He continues to argue that 'though the ideas of a Third way suggested trichotomous comparison with the first two ways, old Left/Labour and new Right, this didn't actually get us very far. Rather, we needed to map out a coherent set of principles of ideas consonant with the changing nature of society and political economy, whether or not they offered specific contrasts

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[48] Holtham, G., 'The Third Way', http://www.netnexus.org/library/papers/holtham.html
[49] Ibid.

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with the first two ways.'[50]   Jacobs seems to agree with Le Grand's thinking on this point– whatever works is the best, whether it be the right or the left, a combination middle way of the two, or something radically different.   That we do not have to limit ourselves and our choices to only going beyond left and right, but that we should continue to search for new ideas and policy implementation that fits the times in which we live.

In the discussion of whether the Third Way is actually a different view, he argues that some contend that the Third Way supersedes social democracy and the others set themselves against not just the historical legacy but the continental experience, in which social democracy has had different and developing interpretations for some time.   Jacobs however add that some also leave 'the Third Way open to the kind of unprincipled and ultimately philosophically incoherent Middle Way-ism which appears to me characterises Clinton-ism.'[51]   Jacobs appears not to find much favor with Clinton's 'Third Way'.   It appears to me that he is cautious of the new terminology of the Third Way, and doubts the philosophical and practical implementation of it.   He does appear hopeful that the blending of the old and the new can come together for the betterment of society.

According to Jacobs, 'Andrew Gamble and Gavin Kelly argue that the Third way could be either a 'revised' version of social democracy or, as they put it, 'a new and heterodox of ideas (which some are bundling under the rubric of the radical centre) which recognise that there has been a sharp break in political continuity which render many former certainties obsolete.'[52]   To me, Gamble and Kelly seem to suggest that the existing system is out-dated and a carefully orchestrated analysis of the government's philosophies is indeed urgently needed.   In order to find any coherent Third Way, however new and heterodox, requires 'firm and unshakable convictions about its core

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[50] Jacobs, M. (1998), '*The Third Way*', Fabian Society, http://www.netnexus.org/library/papers/jacobs.htm
[51] Ibid.
[52] Ibid.

values and principles'[53]

White claims that it is much too early to speak of a distinctive and coherent normative philosophy of the third way. Despite the inability to find a definitive philosophy so far, White's attitude of the Third Way seems to be rather positive but sceptical. He has his own opinions on the Third Way and what it should encapsulate. He argues that '... the third way thinking is a wide one on which competing philosophical positions–meritocratic and egalitarian, liberal and communitarian– can find room. Proponents of these competing positions can agree on the central importance of certain basic values but disagree over their interpretation.'[54] The difficulties with leaving these basic values vague is that it leaves room for attack by opposition. Although there does seem to be two (and more recently three) very interesting areas in which the Third Way stands that does not leave very much room for attack. These areas are opportunity, responsibility, and community. Just as White points out 'when one looks over recent attempts to articulate a left or centre-left philosophy of government[55], two concepts occupy the centre-stage: the concepts of opportunity and responsibility. Emergent third way thinking seems to be defined at the normative level by a dual commitment to these two values regarded as mutually supporting or reinforcing. A third value that has been featured prominently in recent literature - 'community' - can also be readily fleshed out in terms of these two basic values.'[56] White suggests that there is not one any single 'big idea' but rather a clustering of small to medium sized which together could add up to something big. In this, White points out that contrary to normative philosophies the Third Way is a combination of small changes that across the board will add up to major changes within the way that government deals with its citizens and the way the citizens evaluate their governmental officials.

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[53] Ibid.

[54] White, S. (1998), '*Interpreting the 'Third Way': Not One Route, But Many*', Department of Political Science, Massachusetts Institute of Technology, http://www.netnexus.org/library/papers/white22.htm

[55] See Commission of Social Justice (1994), *Social Justice: Strategies for National Renewal*, London: Vintage.

Also, Blair, T, (1996), *Socialism*, London: Fabian Society.

[56] Ibid.

There seem to be varied opinions within the Nexus debate as with other literature reviews on what the Third Way should stand for and whether it is an effective philosophy. Whether it can be all we dream of as in Blair's utopian world or Clinton's aspiration of moving forward and finding a new way is still far from apparent. Whether any of this would have a direct impact on our normal lives is something we will have to wait to find out. It seems to me no matter if the intellectuals all are in agreement with the Third Way or not, they all are agreed that a change is taking place that the world in which we live is changing. This leaves little doubt that policies will indeed have to change as well with the changing times or we will all be left behind. Just as Holtham reveals, 'Policies, of course depend on circumstance and should always be subject to evolution and change, and, occasionally to radical revision. The policy positions of the left and the right and the things that divide them will change.'[57]

Robert A. Mundell, a professor at Columbia University and recognised specialist in economic and financial affairs, spells out the position of the European Third Way bluntly: the function of centre-left governments in Europe is to follow centre-right economic policies because they have scant margins for anything else.[58]

Getting a handle on the Third Way can be difficult, though, because its supporters often define it by what it is not. In an open letter to Blair published in the New Statesman, a British magazine at the heart of the Third Way debate, Dahrendorf argues that this is one of the Third Way's most profound problems. The rhetoric of neither-this-nor-that, he continues, 'forces you to caricature the others.' 'More importantly', Dahrendorf asserts, 'when you define yourself in others' terms, you allow them to determine your agenda.' If the Third Way is primarily a reaction to the Old Left and the New Right, it might be seen more as a captive of past debates than as a guide to the future. The Third Way,

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[57] Holtham, G. (1998), '*The Third Way*', http://www.netnexus.org/library/papers/holtham.html
[58] Mundell, R. A., *El Pais*, Madrid, 8 November 1998.

according to Dionne[59], seems to lie somewhere between Sweden and the United States, suggesting that the content of Third Wayism is relative, heavily determined by whom sets the intellectual and political goalposts. He points out the heart of the Third Way's quest and dilemma is how democratic governments are to deal with the global economy. The Third Way centre-left governments look more to social investment, especially in education and worker training whereas the old left supported 'cradle to grave' welfare state. The risk, however, is that Third Wayers come to be seen as people who believe that every problem can be solved if you just throw schooling and job training at it. Its critics on the left do not think so and argue that achieving the Third Way's stated objective of a fairer economy will demand new forms of global regulation, especially in the areas of environment and labour standards, and new efforts to control the speculation in national currencies, which can be quickly undermine prosperous economies.

The sceptical responses of the Third Way politics have been illustrated. Before we could have a full set of different views about the Third Way politics, I shall now turn to the opposition of the Third Way.

2.4 Opposition of the Third Way

Opposers of the Third Way seem to fall into two categories. Those who suspect that the Third Way is just a veil of half-hidden truths used purely for the purpose of international companies to have more governmental control over the economy. The others are those argue that the Third Way is so vague and the elected leaders actually do not have any new solutions for the existing problems. The Third Way is no more than a fancy slogan and tactic for election that would get the politicians into office.

Elliott Abrams, the president of the Ethics and Public Policy Centre in Washington, D.C. describes his thinking on the Third Way as follows: 'It is certainly a formula for winning elections. The question is whether it is anything more than that.' He goes on to state that

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[59] Dionne, Jr. E. J., 'The Big Idea', The Washington Post, August 9, 1998.

'The Third Way represents not a departure from outmoded and discredited ideas but at best a makeover, at worst a deception. Unfortunately, the further one gets from the think tanks and the speeches, and the closer one gets to the real politics and policies of the Democratic party, the less there is that is really new-except, for the moment, the election results.'

In Giddens' *The Third Way and its Critics*, he responses to the critics in the most thorough manner that no other writings so far could reach. Again, drawing heavily on Giddens analysis, I shall now illustrate the Third Way criticisms by drawing attention on his sophisticated review. Many critiques of the Third Way come from conservative circles. Most right-wing critics either see Third Way politics as a mishmash of already familiar ideas and policies, or as lacking any distinguishable content at all. An article in The Economist, for instance, speaks of the Third Way's 'fundamental hollowness'. Trying to give an exact meaning to this political philosophy is 'like wrestling with an inflatable man. If you get a grip on one limb, all the hot air rushes to another.'[60]

Many leftists however agree with their conservative counterparts that the content of Third Way doctrines is evasive and subtle. They also stress the indebtedness of the Third Way programme to its supposed opponents, the free marketeers. The Third Way is seen as representing an essentially right-wing philosophy in a somewhat more attractive fashion– 'Mrs. Thatcher without a handbag.'[61] Giddens categorises Third Way criticisms into twofold: the Anglo-Saxon and continental critics.[62]

The Anglo-Saxon critics

Jeff Faux, writing in an American context about the Democrats, is one of those who holds that the Third Way is 'an intellectually amorphous substance'; it has 'become so wide that it is more like a political parking lot than a highway to anywhere in

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[60] 'Goldilocks politics.', The Economist (19 December 1998), pp. 49 and 47.
[61] Giddens, A. (2000), *The Third Way and its Critics*, p. 8.
[62] Ibid., pp. 1-26.

particular'.[63] So much so, he continues, that the term has been applied to virtually every prominent political leader one can think of– not just Bill Clinton and Tony Blair, but 'Chrétien of Canada, Prodi of Italy, Jospin of France, Salinas and Zedillo of Mexico, Schröder of Germany, Cardoso of Brazil, Menem of Argentina– even Boris Yeltsin!'.

The claim that Third Way thinking has fashioned a strategy effective in the new global economy, Faux declares, is not persuasive. There is no new strategy, but in fact an old one. The Third Way expresses the world-view of the multinational corporate sector– that the global marketplace only works effectively if government plays a minimal role. The response has been a rising hostility to globalisation. The free-flowing nature of global capital has outstripped the capability of international agencies to 'keep markets from self-destructing and to keep their people from suffering the brutal consequences'. Left-of-centre parties, the New Democrats say, should stop trying to guarantee outcomes for their citizens; all they can do is help provide opportunities for them to make the best of their lives. However, 'the new global economy, which the Third Way aggressively promotes, undercuts the Third Way premises every day'. Third Way thinking seeks to expand opportunities, but is silent about the unequal distribution of wealth and power. The Third Way has not proved to be a philosophy that moves political policy-making 'beyond left and right'. Instead, it is 'primarily a rationalisation for political compromise between left and right, in which the left moves closer to the right'.

Comparable views have been expressed by critics writing in Britain. In December 1998, *Marxism Today* published a comprehensive attack upon New Labour, in a one-off special issue. This special issue had a picture of Tony Blair on the front. Printed across the picture in giant letters was the single word: 'Wrong'. It involves all kind of criticisms that New Labour takes over too much from Thatcherism.

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[63] Faux, J., '*Lost on the Third Way*', Dissent 46/2, Spring 1999, pp. 67-76.

The main contribution is from the influential philosopher Stuart Hall.   His paper, entitled '*The great moving nowhere show*'[64] argues that Tony Blair and New Labour claim to have a project at least as ambitious as Mrs. Thatcher's.   In practice, the Third Way politics shies away from radicalism, opting for a middle course on everything.   It advocates a 'politics without adversaries' and therefore ends up accepting the world as it is rather than truly seeking to transform it.

New Labour has succumbed to a sweeping view of globalisation, which provides 'the dubious legitimacy' of the Third Way project.   The social insurance of the welfare state for example, was originally designed to underwrite citizenship– to bind rich and poor alike into society.   Hall argues that cutting back on public funding stigmatises welfare recipients, and produces a two-tier system, where the better off buy themselves private provision for their needs.   Hall dismisses Tony Blair's Fabian pamphlet on the Third Way with some scorn.   He argues that it acknowledges increasing inequalities, but offers no strategy for securing a more equitable distribution of income or wealth.   No reference is made to power.   Instead there is vague talk about the values of the left.   What distinguishes a party of the left is not its values, Hall asserts, but a perennial dissatisfaction with markets.

Another British critic, Alan Ryan, offers a different interpretation of Third Way politics and its claims to originality.[65] The Third Way is a distinct and viable political position, he proposes, but it is not an innovation.   It first emerged in Britain politics about a century ago– at which point it was known as New Liberalism.   'The truth is that the Third Way is neither New Labour, as its admirers say, nor warmed over Thatcherism, as its detractors say, but a reversion to a very old idea', claimed Ryan.   The Third Way attempts to avoid an excessive domination of the state over social and economic life, but does not accept that the market can be left to its own devices.   These were exactly the views held by the New Liberals.   Even the anxieties and problems of the electorate, to

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[64] Hall, S., 'The great moving nowhere show', Marxism Today, Novermber/December 1998, pp. 9-14.
[65] Ryan, A., '*Britain: recycling the Third Way*', Dissent 46/2, Spring 1999, pp.77-80.

which Third Way politics reacts, are similar to those of the turn of the century. The Third Way of today, Ryan continues, does not in fact have an effective response to these problems. It will fade away, as its forerunner did. It has no principled answer, for example, to rising unemployment, should a downswing in the economic cycle occur. He suggests that the Third Way could only work during times of prosperity, but not an economic downturn.

Moreover, the current version of Third Way politics is trying to reduce intervention in the marketplace in the face of the turbulent nature of the world economy, arguably the opposite of what we need; while in the areas of crime and education it has an unacceptably authoritarian standpoint. 'To the extent to which it is a coherent or acceptable approach to government, it resembles the New Liberalism of the beginning of the century; to the extent that it does not resemble it, it is neither coherent nor attractive.'

Continental responses
The joint paper by Blair-Schröder passed almost without notice in the UK. In Germany, by contrast, it proved enormously controversial. Oskar Lafontaine, the ex-finance minister of Germany, throws a stinging attack on it and on the Third Way more generally. The Third Way, he declares, is no way at all– 'Der dritte Weg ist ein Holzweg'.[66] The idea of 'modernisation', Lafontaine argues, comes down to little more than an endorsement of global free-market capitalism. The concept is reduced merely to economic categories. The questions of how we should live together, and of what sort of society we want, are declared irrelevant. Social democrats should have a different concept of 'the modern', one that stands in the tradition of the Enlightenment and which places as its prime value the freedom of the individual. The left, according to Lafontaine, must fight against the intrusiveness of the market and against the insecurities the global economy brings in its train. Globalisation is largely the result of political decisions to deregulate markets. Consequently, the world economy has become a casino economy– save that, in this particular casino, ordinary people do not get play. Their

money is often involved– in the shape, for example, of pension funds. Nevertheless, it is banks, finance companies and other power brokers that take the decisions about what happens to it. Financial markets and those who dominate them, he asserts, have to be subjected to regulation in order to put social goals above economic ones. In Europe we can also use other strategies to curb the influence of the world marketplace. The European Union can resist the worst features of the world economy and by keeping spending levels high can defend a 'social Europe'. Coordination of tax policies in the European Union will be necessary to achieve this end. Lafontaine insists that 'not the "market", but democratically chosen governments and parliaments must take the decisions that determine the future of our society'.

A similar division between 'modernisers' and 'traditionalists' has begun in many countries. Some critics from the left, however, take quite a different tack from Lafontaine. For them, the more advanced sectors of Continental social democracy already incorporate the worthwhile contributions the Third Way is to offer.

According to Erkki Tuomioja, writing from a Finnish context, the idea that Third Way prescriptions might be relevant to other European countries, such as the Nordic states, 'is baffling'.[67] Take welfare reform as an example. Why should policies relevant to a British context have any bearing on more fully-fledged welfare systems? After all, the UK is not a welfare state 'in any sense that is familiar to and accepted by most people in the Nordic countries'. Britain, in common with the US, has one of the highest levels of economic inequality among any developed countries.[68]

Third Way writers, Tuomioja argues, call for reform of the welfare state because it has not been especially good at reducing inequalities. In the Nordic countries, in fact, the

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[66] Lafontaine, O., *Das Herz schlägt links*, Munich: Econ, 1999.

[67] Tuomioja, E., '*Blairism may not work elsewhere in Europe*', Newsletter of the Finnish Institute in London, July 1998.

[68] Inequality ratios (the ratio of the income shares of the richest 20 per cent and the poorest 20 per cent of the population) for Britain, USA and Sweden were 9.6, 8.9 and 4.6 respectively. Calculated from World Development Report, 1994, Table 30.

welfare state 'has been extraordinarily successful in eliminating poverty'. Welfare states in northern Europe have mostly had a universalist approach to benefits and public services, as oppose to the Anglo-Saxon countries. Therefore, most people share common experiences of public provision, which includes both redistribution of income and increased social solidarity. Advocates of Third Way politics suggest that a different orientation to politics is timely needed for existing social democratic politics have failed. 'This is something most European social democrats would not agree with. Reformers and new thinking are needed, not because of social democratic failure but because the lifetime full employment conditions of Fordist mass production and consumption and of Keynesianism-in-one-country on which the Nordic model was originally built do not exist any more.' Tuomioja emphasises that this does not mean that all is well with the Scandinavian welfare states. On the contrary, they face major problems. But they should be able to deal with these without fundamental changes that would bring them closer to the Anglo-American system. Unemployment, for example, remains high in Finland. Adjustments needed to reduced it can be made without changing the essential character of the Nordic social contract. Social democracy has always been able to implement reforms on a pragmatic basis, a more effective outlook than the search for 'an ephemeral Third Way'.

Another critic, Vicenç Navarro, comes to his assessment of the Third Way from a Spanish perspective.[69] Navarro recounts how, while advising the Spanish Socialist Party, he was asked to write an introduction to the Spanish translation of Blair's Third Way pamphlet. After looking at it, however, he declines and feels that the Third Way is to be almost the opposite of what the European left would need. Third Way politics supposedly develops a perspective beyond both old-style social democracy and neo-liberalism. But this position, Navarro argues, disregards the diverse nature of Continental social democrats. It also ignores the different forms of conservatism that exist in Europe and elsewhere. In Europe, most conservative governments have not taken a neo-liberal line. Christian Democrats have long been suspicious of unfettered

capitalism, and advocate a role– although a restricted one– for the state, as well as endorsing developed welfare institutions. Third Way politics steals some of their clothes. In Third Way politics, according to Navarro, 'there is more than a touch of Christian Democracy with a sprinkling of Liberal Party'. Like the Christian Democrats, Third Way politics calls for a revival of civil society, which is threatened of the state grows too large. However, it is a mistake, Navarro argues, to suppose that the expansion of the state– at least, in its role as welfare state–undermines civil society. On the contrary, where countries have a well-funded welfare state, providing general benefits for the community, they also have a developed civil society. He points out that, for example, at the areas of northern Italy led by left governments– public responsibility and a flourishing civil society go hand in hand. The Third Way, Navarro agrees with Tuomioja, 'might be new in the UK, but it is quite old in Europe'. 'Social democracy needs a process of reform, but not in a Third Way direction…What seems to be needed is not for social democracy to learn from the Third Way, but for the Third Way to learn from " classical" social democracy.'

In its current version, Dahrendorf asserts, Third Way politics is a project with Anglo-Saxon origins. What he calls 'the Giddens–Blair concept' of the Third Way is a largely unsuccessful attempt to develop a 'big idea' for our times. It appears to be a politics that speaks of the need for hard choices, but then avoids the crucial elements all together by trying to please everyone. There is a 'big question' that confronts us all today, Dahrendorf argues: 'how can we combine sustainable prosperity with social solidarity, within institutions that guarantee liberty?' However, there is no big answer given.

There cannot really be a coherent Third Way, Dahrendorf argues– only an array of different policy responses as we try to cope with a changing world. We face new questions, but we do not have systematic solutions for them. Reform of the welfare state, for example, is urgent and necessary, and this must mean a pulling back from universal benefits. How can this be done while still preserving social solidarity? No

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[69] Navarro, V. (1999), '*Is there a Third Way?*', Mimeo paper, Pompeu Fabra University, Barcelona, p. 10.

one really knows. Civil society should take over tasks, which cannot be effectively run by the state. But how this should be achieved is not easy to see, and all we can do is to deal with aspects of the issue.

Third Way authors and politicians refer to community a lot, but they lose sight of the core importance of democratic freedom. There is one word, Dahrendorf[70] argues, that hardly even appears in publications by the promoters of the Third Way– liberty. This is not accidental. For the Third Way is not about open society or liberties. Echoing the comments for Alan Ryan, Dahrendorf argues that there is an 'authoritarian streak' in Third Way politics. 'I wonder whether the curious silence about the fundamental value of a decent life, liberty– old, very old liberty if you wish– will not involuntarily make this political episode one further element in a dangerous development.' So perhaps, obliquely, as Dahrendorf interprets it, Third Way politics does actually come back to the authoritarianism associated with the term in the past.

One final source of criticism of Third Way politics that deserves our attention is the ecological critique. Social democrats have long had trouble introducing a serious strand of ecological thinking into their doctrines, and in this respect, the Third Way seems more of the same. Third Way politicians refuse to embrace a precautionary principle, critics from the green movement say, because they are reluctant to face up to corporate power.[71]

2.5 Conclusion

The global Third Way debate may have exceeded its climax. Yet, it is still not being defined conclusively even by top intellectuals of our time because the intellectuals still have not been able to settle their diverse views. Still, the Third Way means different things to different people. However, one of the many remaining questions is how far the

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[70] Dahrendorf, R., 'What happened to liberty?', New Statesman, 6 September 1999, pp. 25-7. Also, Dahrendorf, Ein neuer Dritter Weg?, Tübingen: Mohr Siebeck, 1999.

Third Way is actually an ideology, rather than a hegemonic political project which borrows at will from diverse sources. The work of Giddens has provided some evidence that it can be an ideology, but many in politics feel that as applied by New Labour, the Third Way is more about stifling dissent than anything else. A much fair remark would be that the Third Way was once a pragmatic and progressive strategy, but that it has since developed more in terms of its ideological strength. One tends to get the impression that during the first few years in office, Blair used the Third Way as a term to describe an approach to politics that drew almost randomly on diverse sources for its policies. The flesh of the body seemed to present, but not the bones. With Giddens and a number of social democratic intellectuals' steadfast pursuit on definition and clarification, it seems that they have at least provided the skeleton for the Third Way, and it appears easier for Blair to develop a coherent approach to politics. Whether the Third Way turns out to be more of an ideology or pragmatism, this chapter has been extremely helpful and beneficial for understanding the development of the Third Way ideology by highlighting areas of agreement and difference among its debaters and thinkers.

The British Third Way, in accordance with Giddens[72] and many others, is inspired by the New Progressivism embraced by Clinton for the New Democrats. It was this progressiveness that was able to re-brand the traditional image of the American Democratic Party, which led to electoral success in 1992 and yet again in 1996. Among a number of world-wide central-left parties, the British Labour Party by adopting the American experience also managed to sway the public opinion in their favour and won the 1997 election campaign the first time in almost two decades. 'Die Neue Mitte' project on which Gerhard Schröder was elected in 1998 which ended a decade and a half electoral defeat of German Social Democratic Party. Similarly, the New Taiwan Middle Way was able to win DPP the first presidential election since the party was established in 1986. The President-elect, Chen Shui-bian, often referred to identify the British

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[71] See Willmore, I., *'Environment: sun sets on a greener future'*, Guardian, 23rd July 1997.
[72] Giddens, A. (2000), *The Third Way and its Critics*, pp.2-4.

Third Way as the proximate source of the New Taiwan Middle Way. Therefore, how and why was the Taiwanese Third Way able to facilitate the DPP into power? What are the central themes of the Third Way in Taiwan? Are these themes different to those in Western Social Democracies? Finally, Can the New Taiwan Middle Way be regarded as an example of conventional lesson-drawing for Taiwan? The above mentioned issues shows the importance of the Taiwanese Third Way case deserves our attention. However, before tackling the Taiwanese case, the global Third Way debate raises one very important conceptual and theoretical issue– policy lessons and policy transfer from abroad to which I shall now turn.

Chapter 3: Learning from Abroad: Taiwan as an Example

3.1 Introduction

Lesson-drawing can be regarded as a relatively simple concept that has existed since the beginning of time. Human beings have always learned from each other for various purposes. Even before civilization, for instance, learning processes already existed between tribes, villages or even territories, well before the notion of 'country' was created. These processes may fall under several different descriptions, such as 'imitate' or 'mimic'. Therefore, learning appears to be a rather 'natural' process for humans throughout history, so does learning from abroad in a modern context. During the past few decades, there has been growing attention from government as well as business sectors, academics as well as politicians and indeed every level of society because people are aware that the potential influence foreign ideas, models and practices might have in coping and resolving problems in this changing world. This phenomenon, in which experience and knowledge about ideas, policies, organisational settings and many others being learned, have been recognised, studied and developed. Nevertheless, some debates on how to refer to these processes appear to be unsettled. The terminologies, for example, 'policy transfer', 'learning', 'lesson-drawing', 'emulation' and 'diffusion', are employed to describe these similar yet complicated phenomena.

In the era of advancement of information technology, news can reach every corner of the globe within the blink of an eye. Constant exposure to cultural, economical, and socio-political information and knowledge regarding other countries seems unstoppable, which are held up as examples and/or lessons on how one should learn and thus act– e.g. having the prosperity of the U.S.A., the social welfare system of Nordic countries, the economic dynamism of the East Asian economies and the British tradition of its National Health Service. Therefore, it is unlikely any government will disregard what their foreign counterparts do for not only to meet the changing world of modern governance but also

the demand of electorate.

There has been a growing body of interdisciplinary literature among political science, social policy and international studies that explicitly and implicitly discusses and/or analyses the processes involved in lesson-drawing [1], policy convergence [2], policy diffusion[3], policy transfer[4] and policy emulation[5]. Whilst the terminology and focus vary at times, the literature virtually describes similar if not the same phenomenon. These studies are all concerned with analogous procedures in which experience and/or knowledge about policies, administrative/legislative provision, institutions and ideas in one or several political setting(s), regardless of past or present, are being employed by another. In an article entitled *'Who learns what from whom: a review of the policy transfer literature'*, Dolowitz and Marsh describe:

> Policy transfer, emulation and lesson drawing all refer to a process in which
> knowledge about policies, administrative arrangements, institutions etc. in one time
> and/or place is used in the development of policies, administrative arrangements and
> institutions in another time and/or place.[6]

There are, of course, studies that hold a rather dissimilar view in distinguishing the

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[1] See Rose, R. (1991), *'What is lesson-drawing?'*, Journal of Public Policy, Vol. II, No.1, pp. 3-30; Rose (1992), *Lesson-Drawing across Time and Space*, Tuscaloosa: University of Alabama Press; Rose (1993), *Lesson-Drawing in Public Policy*, Chatham, NJ: Chatham House; also Rose (2000), *'What can we learn from Abroad?'*, Parliamentary Affairs, Vol. 53, No. 4, pp. 628-643.

[2] See, for example, Bennett, C. J. (1991a), *'Review article: what is policy convergence and what causes it?'*, British Journal of Political Science, 21 (2), pp. 215-233.

[3] See, for example, Clark, J. (1985), *'Policy Diffusion and Program Scope'*, Publius, 15, pp. 61-70; Eyestone, R. (1977), *'Confusion, Diffusion, and Innovation'*, The American Political Science Review, Vol. 71, pp. 441-447; Midgley, J. (1984), *'Diffusion and the development of social policy: evidence from the Third World'*, Journal of Social Policy, 13 (2), pp. 167-184.

[4] Wolman, H. (1992), *'Understanding Cross-National Policy Transfers: The Case of Britain and the USA'*, Governance, 5, pp. 27-45; Dolowitz, D. (2000), *Policy Transfer and British Social Policy*, Basingstoke, England: Open University Press; Dolowitz, D. and Marsh, D. (1996), *'Who learns what from whom: a review of the policy transfer literature'*, Political Studies, XLIV (2), pp. 343-357.

[5] Lutz, L. (1989), *'Emulation and Policy Adoptions in the Canadian Provinces'*, Canadian Journal of Political Science, 22, pp. 147-154; Hoberg, G. (1991), *'Sleeping with an Elephant: The American Influence on Canadian Environment Regulation'*, Journal of Public Policy, Vol. 12, pp. 331-354.

[6] op. cit., Dolowitz, D. and Marsh, D. (1996), *'Who learns what from whom: a review of the policy transfer literature'*, Political Studies, XLIV (2), p. 344.

differences between these terminologies.   Rose, for example, argues the differences between diffusion and lesson-drawing.

> Diffusion studies often presuppose a kind of technocratic determinism, whereas lesson-drawing tends to be voluntaristic. Technological determinism assumes that the existence of common problems in many places will dictate a common response. Looking for lessons accepts only the first of these two assumptions, the premise that many problems facing a government have counterparts elsewhere. But it does not assume that there must be, or even can be, a common response.[7]

From the linguistic point of view, marginal differences may exist among these homogeneous terms.   However, the terms 'diffusion', 'emulation', 'learning', 'lesson-drawing' and 'policy transfer' all seem to describe essentially the same phenomenon in existing literature. I shall treat them as interchangeable terms, despite the various forms of its terminology.

The majority of studies are firmly within the tradition of the comparative case study dealing with similar issues within advanced industrial democracies. For practical reasons, 'policy learning' literature is cast mainly within the traditional, but somehow less theoretical, set of social policy categories such as education, health, environmental, and a variety of welfare policies. Few studies are directly related to the generalisation of policy learning across countries. They again concentrate on the industrialised democracies, and attempt to induct a general model for policy learning across countries. However, if we apply these models to a different boundary, for example, developing countries, we might find that these models are somehow misleading and relatively less useful in terms of explaining the policy learning of these regimes. It is not that those policy-learning models are impractical or artificial, but across boundaries in terms of levels of countries' development, economic, political, social and cultural diversities are elements of making those existing models redundant. The questions emerge from here are: is there any

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[7] op. cit., Rose, R. (1991), '*What is lesson-drawing?*', Journal of Public Policy, Vol. II, No.1, p. 9.

difference between industrialised and developing countries in terms of policy learning? If so, what are they? Is generalisation of policy learning across all countries favourable? If so, is it possible and how shall we do it? Because of these unanswered and perhaps unanswerable questions, the results of existing studies that emphasise all different policy transfer models and depreciate that of various deep-rooted diversities between countries should not be regarded as definitive. They should be viewed as interesting, but only suggestive.

It is argued that modern welfare states consist of two fundamental elements. The public provision of social services include, most importantly, education and health care, and income transfers such as pensions, unemployment benefits, family allowances and other redistributive programmes. Both elements of the welfare state are regarded as having the implication of the reduction of market disciplines on labour, creating wage push pressures, promoting people's employability and so forth. Moreover, government spending must be funded, either by higher taxes or by borrowing, or through some other means. Taxes add not only to the costs of doing business, but also to the uncertainty of a government to be re-elected. Borrowing results in higher inflation and higher interest rates, depressing investment. If borrowing also increases the real exchange rate, the competitiveness of national producers are further decreased. Overtime, output and employment will decline. Since no government can afford these outcomes, the conventional view about economic integration is that it forces governments to cut back on public spending. Since the welfare state has remained extremely popular among most citizens around the world, the substantial political dilemmas and obstacles to reforms on social policy are likely to remain.

Taiwan, being part of the global society and increasingly involved with the global economy, has faced similar problems, which its counterparts confront almost everywhere in the world. From close to none to significantly increased public spending on health care, education, unemployment benefit and other welfare schemes within the last few decades, Taiwan's government has felt financial as well as political pressure since the late 1990s. In

the past, due to its deep-rooted Confucian tradition, family was regarded as a social welfare mechanism that used to manage individuals' well-being with ease. In present-day Taiwan the traditional family structure has changed considerably. In modern city life, for instance, the size of the family has become much smaller than in traditional society. In the last quarter of the twentieth century, Taiwanese society has been significantly influenced by industrialisation, modernisation and globalisation. Nevertheless, the way in which society is organised and the means in which people interrelate still finds its foundation in the profound tradition of Confucianism. People's behaviour, harmonious family life, respect for one's seniors, group consciousness and living tradition are values that still prevail. Group consciousness and solidarity prevail over personal opinion, so does the group over the individual. Confucianism in the modern era is to be re-considered and re-visited. A more precise link between modern Confucianism and welfare policy lessons from abroad is to be forged in the later part of this chapter.

This chapter is organised into a number of sections. First, I consider the extent of, and reasons for, the growth of policy learning of foreign countries for Taiwan. Second, I identify Taiwan's political actors, and public and private institutes engaged in the policy transfer/lesson-drawing processes. Third, I outline and summarise the existing frameworks for the analysis of policy learning/lesson drawing followed by some comments as well as to draw a model for Taiwan. Fourth, I apply the model to the recent example of policy transfer in Taiwan. The objective here is not to generalise a universal lesson-drawing framework, but to argue for the uniqueness of the Taiwanese case. This is particularly relevant because the majority of studies using policy transfer, either implicitly or explicitly, take for granted the process which contains characteristics of individual countries has long been disregarded, especially those in the developing world. While Dolowitz[8] argues it is essential to attempt to put the process within a broader conceptual framework if the process is to be understood, it should be emphasised that being aware of the characteristics of every policy transfer between countries is nonetheless important. In

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[8] Dolowitz, D. (2000), '*Introduction*', Governance: An International Journal of Policy and Administration, Vol. 13, No. 1, p. 2.

addition, the transfer of policy programmes is not our only concern. Foreign experiences such as ideological rhetoric, policy ideas, institutional structures, administrative arrangements as well as electoral strategies may also be transferred and lessons drawn from country to country.

There appear to be a number of various reasons that motivate lesson-drawing/policy transfer in Taiwan. Globalisation, the new fashionable word of the last decade, is regarded as the major driving force for Taiwan to draw lessons from foreign countries. Despite the very different meanings attached to the term and even more divergent evaluations of its likely impact, it is clear nevertheless that we are in an accelerated process of transition to a new period in world history. Since global changes and the impact influences virtually every corner of the world, Taiwan is no exception. We shall now discuss the driving force for Taiwan to learn from abroad under the globalising effects and impacts in terms of the following points.

3.2 Taiwan in a Changing World of Modern Governance

Taiwan may have benefited from globalisation, but at the same time, it is paying the price. It is argued that joining the World Trade Organisation (WTO) or other major trade organisations will benefit Taiwan to compete with other countries in the global market in the long term. However, to be a member of these international trade bodies, Taiwan would be open to the world and consequently the potential side effects would cause high unemployment rate and other related social problems. If Taiwan's government does not promote its mechanism of public policy and search for resolutions, Taiwanese people will be in a vulnerable state and more societal problems would thus be expected to occur. The pace of public policy development in Taiwan has been underdeveloped in comparison with the speed of its economic advancement. In this world of globalisation, not only winners are being produced, but losers as well. Whilst the gap between winners and losers is widening (p. 17, Chart 1.3), political and social stability may not be reinforced, the sustainable growth of the economy would thus be in question.

This research, however, is not to focus upon the marginal differences amongst those terms e.g. 'lesson-drawing' or 'policy transfer' since they describe essentially the same concept. It is to concentrate on policy learning in Taiwan and to discover its characteristics among other countries. The following elements are considered whilst Taiwan searches for policy learning from abroad. The importance of each element may vary depending on the nature of individual policy; some are nonetheless more influential than the others are.

- Interaction

The more intensive the interaction between a potential source and receiver, the greater the probability for policy learning/lesson drawing is to occur.

- Structural similarity[9] and institutional equivalence[10]

Structural similarity and institutional equivalence, including the degree of similarity and/or equivalence of economic development, cultural characteristics and socio-political systems, etc., between potential sending and receiving countries would increase the likelihood of policy learning or lesson drawing to occur.

- Geographical proximity

The '*neighbourhood effect*'[11] is often considered as one of the explanations for policy learning/lesson drawing or diffusion theory. Geographical proximity increases the probability of diffusion. Huntington argues that both the neighbourhood effect and structural similarity are key explanations for diffusion of ideas and learning from foreign countries.[12]

- Subjective identification

Alternatively, Rose argues that *subjective identification* can be more important than geographical proximity. He claims that neighbouring countries may be dissimilar to each

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[9] Rogers, E. M. and Shoemaker, F. F. (1971), *Communication of Innovations: A cross-cultural approach*, p. 14.

[10] McAdam, D. and Rucht, D. (1993), '*The Cross-National Diffusion of Movement Ideas*', The Annuals of the American Academy of Political and Social Science, Vol. 528, p. 64.

[11] Hägerstrand, T. (1968), '*The Diffusion of Innovations*', in David L. Sills (ed.) International Encyclopaedia of the Social Science, Vol. 4, p 175.

[12] In his book, *The Third Wave: democratisation in the late twentieth century*, Huntington, S. P. (1991) concludes that 'demonstration effects... were strongest among countries that were geographically proximate and culturally similar', p. 102.

other; therefore, lessons may be drawn from countries further away with which it is comfortable to identify.[13]

- Applicability[14], compatibility and visibility[15]

Ideological applicability is crucial to diffusion. The more applicable an idea or a policy is to the receiving country, the more likely it would be adopted or diffused. Rose argues that the compatibility of a policy of potential adopter's values is decisive.[16] Political leaders are often selective in searching for foreign ideas, policies and models based on similarity of political values. The visibility of an idea, argues Rogers and Shoemaker, would also increase the chance of diffusion.

Lesson-drawing can be voluntary or coercive. However, it seems impossible for one country to borrow or condemn carelessly, because the success of a programme is affected by 'the specifics of context as well as generic attributes.'[17] That is to say that while considering policy learning from abroad, elements like social, political, economic and cultural backgrounds should all be taken into account. In order to understand the process of policy transfer/lesson-drawing in Taiwan comprehensively, it is essential to identify the driving forces behind the transfer.

Taiwan, as other countries in the world, has incentives to learn policies from abroad. These globalising phenomena are regarded to be the most powerful reasons for policy transfer in Taiwan. According to Giddens, he defines globalisation as:

'...the intensification of world-wide social relationships which link distant places in

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[13] Rose, R. (1991), *What is Lesson-drawing?*, Journal of Public Policy, Vol. 11, No. 1, p. 14.

[14] For more details, see Karvonen, L. (1981), '*Semi-Domestic Politics: policy diffusion from Sweden to Finland*', Cooperation and Conflict, Vol. 16, No. 2, pp. 91-107; Waisman, C. H. (1989), '*Argentina: Autarkic Industrialisation and Illegitimacy*' in Larry Diamond, Juan J. Linz and Seymour Martin Lipset (eds.) (1989), Democracy in Developing Countries, Vol. 4: Latin America; Majone, G. (1991), '*Cross-National Sources of Regulatory Policymaking in Europe and the United States*', Journal of Public Policy, Vol. 11, No. 1, pp. 79-106.

[15] Rogers, E. M. and Shoemaker, F. F. (1971), *Communication of Innovations: A cross-cultural approach*, p. 22-23.

[16] Rose (1991), '*What is Lesson-drawing?*', Journal of Public Policy, 11 (1), p. 14.

[17] op. cit., Rose (1991), '*What is Lesson-drawing?*', Journal of Public Policy, 11 (1), p. 4.

such a way that local happenings are shaped by events occurring many miles away and vice versa.'[18]

In addition, Spybey argues that the influence of globalisation is exercised not just on the international scale, but also is deeply rooted in 'the significant, the routine and the most intimate aspects of life'[19]. Globalisation not only confronts us with new challenges, but also presents us with great opportunities. The globalisation processes and effects are also unevenly divided. Jameson points out that globalisation is 'the intellectual property of no particular field, yet seems to concern politics and economics in immediate ways, but just as immediately culture and sociology, not to speak of information and the media, or ecology, or consumerism and daily life.'[20] It is this contradictory character along with the fact that it crosses the boundaries of conventional academic disciplines which makes defining and theorising globalisation so difficult. Thus, the community of nation states must combat globalisation and undertake every effort to make it a positive development for all people. The endless debate surrounding 'globalisation' including the elements of globalisation and its possible impacts seems to be very unsettled. Nevertheless, we would agree that globalisation is not only economic and political, but also a social and cultural phenomena. The impacts of globalisation have generated a handful of issues most of which deserve public attention and in fact, immediate solutions. Critical public policy issues may have common causes between countries such as those of unemployment, health, an aging society, and so on. Since the debate about globalisation and its impacts remains controversial, three elements of globalisation are nonetheless closely related to policy transfer/lesson-drawing and indeed policy convergence or divergence.

1.   The expansion of markets

The world economy has been changed fundamentally by the technological revolution and dynamic integration processes of international finance. Globalisation in terms of trade

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[18] op. cit., Giddens, A. (1990), *The Consequences of Modernity*, p. 64.

[19] See Spybey, T. (1996), *Globalisation and World Society*, p. 5.

[20] op. cit., Jameson, F. (1998), *Preface*, in Jameson, F. and Miyoshi, M. (eds.), The Cultures of Globalisation, p. xi.

illustrates more than an increase in cross border transactions. It refers to a transformation in the production, distribution and marketing of goods and services and an expansion of the international trade regime to include virtually all countries in the world. The biggest difference globalisation has made, according to Giddens[21], 'is the level of finance and capital flows'. The Asian financial crisis happened in 1997-8, is most evident which destabilised several economies. Although the debate about the causes of the Asian meltdown is still very unsettled, influential economists, Paul Krugman and Jeffery Sachs argue that improper government policies have little to do with it. The East Asian crisis somehow indicated how unstable the global economy can be and something to the effect that of crippling for broad segments of society. The lesson that can be learned from this is that the role of government in cushioning market dislocations will be more essential than ever because the open international economy is to be preserved in the midst of massive market volatility. For instance, the East Asian economic crisis plunged Indonesia, Malaysia, South Korea, and Thailand into financial meltdown of 'tiger economies' during 1997-8 whilst the Japanese economic recession intensified. The Russian financial failure and Brazil's economic crisis followed shortly thereafter. This interrelated global market has provided incentives for countries to draw lessons from their foreign counterparts. Some of the most apparent evidence has been that of the U.S. monetary policy on interest rates, which is influential to other countries and is often followed by others.

2.   The transformation of politics

Political globalisation is the second element. Similar to the borderless world of economics, it is characterised by a global political order in which nation-states political boundaries have become much less influential. This is by no means to say that nation-states have lost their power completely. The states play an important role promoting and regulating the conditions of the global economy. Some states promote inward investment rather than indigenous growth in which certain deregulation and other macroeconomic policies appear to be influential. As argued by Weiss[22], these situations

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[21] op. cit., Giddens, A. (1999), *Runaway World*, p. 9.
[22] See Weiss, L. (1998), *The Myth of the Powerless State*, pp. 20-21, also Whitefield, D. (2001), *Public*

are particularly obvious in countries like Japan, Korea, Singapore and Taiwan. These states act as 'catalytic states' providing a broad range of incentives such as 'to finance oversea investment, to promote technology alliances between national and foreign firms, and to encourage regional relocation of product networks'.[23] In addition, the postwar capital-labour settlement has been undermined by state privatisation of companies such as telecommunication, utilities and transportation. When states withdraw from the provision of the infrastructure and the sharing of social costs, it has two significant outcomes here. It not only provides capital with new markets for further accumulation of wealth, but also imposes the cost burden and risk onto individuals. Taiwan's government, for instance, has put priority on state intervention in the economy and promotion of the corporate sector. Globalisation appears to be a dilemma for the nation state because while facilitating the globalising economy, the traditional power of the nation state is slowly decreasing.

3.   The emergence of global culture and social movements[24]

The multi-dimensional effect of globalisation affects more than economy and politics. It is integrating peoples' lives across the globe and at the same time affecting their traditional culture and values.

Contemporary cultural globalisation is generally seen as different from anything that has superseded. For the first time ever, people seem unlikely to be unaffected by it wherever one lives. Modern technology reconstructs the essential axes of cultural distance, i.e. space and time. In their book entitled '*Global Transformation: Politics, Economics and Culture*', Held and his co-editors argue that:

> '...there is no historical equivalent of the global reach and volume of cultural traffic through contemporary telecommunication, broadcasting and transport infrastructures... no historical parallel exists for such intensive and extensive forms

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Services or Corporate Welfare: rethinking the nation state in the global economy, p. 46.
[23] Ibid.
[24] For more information, see for example, Lull, J. (1995), *Media, Communication, Culture: A Global Approach*, Featherstone, M., Lash, S. and Robertson, R. (1995) (eds.), *Global Modernities*; Axford, B. (1995), *The Global System: Economics, Politics and Culture*.

of cultural flows that are primarily forms of commercial enrichment and entertainment.'[25]

The dynamics behind the unprecedented globalisation of culture and 'global culture's' ever increasing movement, in terms of volume, variety and speed, across geographical, political and linguistic borders, are the new media technologies and the corporate infrastructure within which they operate.[26]

- New media technologies

Technological changes have transformed the speed, capacity and sophistication of telecommunication systems as one innovation has followed another in quick succession. The Internet is now advancing rapidly and there is the prospect of a global mobile telephone network. A host of new cable and fiber-optic telecommunicational technologies are being developed, along with the digitations and networking of televisions, telephones, computers, cameras and so forth.

- The global media corporation infrastructure

It is not just the technology per se, but the globalisation of the corporation infrastructure in which it is embedded that is crucial. The deepening of global markets for films, music, television and news has been accompanied by the development of multinational culture industries incorporating a variety of alliances and projects.

It is argued that the globalising of culture is not new. The difference is both the nature of 'global culture' and the processes of contemporary cultural globalisation that are driving it. It is possible to argue that something readily identifiable as 'global culture' actually exists. Among the most obvious and tangible forms of cultural globalisation are the products of Western media. In its broadest sense, its agents includes pop music icons such as Michael

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[25] op. cit.,   Held, D., McGrew, A., Goldblatt, D. and Perraton, J. (1999) (eds.), *Global Transformations: Politics, Economics and Culture*, pp. 327 and 368.

[26] For more details, see Held, D., McGrew, A., Goldblatt, D. and Perraton, J. (1999) (eds.), *Global Transformations: Politics, Economics and Culture*.

Jackson and Madonna, television, cinema, the global proliferation of products like Coca-Cola and McDonald's, a wide range of Western consumer goods, tourism and many more. Sometimes, imported cultural forms take on local features including local personalities, conditions and situations. However, the reception and impact of these cultural goods is hard to evaluate. This raises a further set of issues because those who may agree it does exist need not necessarily agree as to its composition or value. Instantaneous transmission and volume are the reasons why many are less interested in the content of global culture and are more interested in its consequences and possibilities. Pop music and the international commodification of sports, such as football, basketball, etc., constitute a shared, global culture that binds like-minded people worldwide regardless of their age, language or home background or even their socio-economic circumstances. Its participants are termed as 'neo-tribes'[27] and defined as people dispersed worldwide but nonetheless, sharing a common enthusiasm of an 'interest group'.

There is a sense that political, economic and social activities previously occurring within national boundaries can now be undertaken regionally or globally. To a certain extent, it is this 'de-territorialisation' that is the common thread for the impacts of globalisation.

We may conclude that globalisation is somehow contradictory, volatile, paradoxical and most importantly, of our objective, the cause and effect of changes in Taiwan's public policy. Three equally important tasks must be tackled in order to answer the challenges of globalisation. The first task is to combat inequality. Inequality is the central problem of capital-labour relations and the cause of instability of social harmony and solidarity. The second task is preservation of peace between the two sides of Taiwan Strait. The third one is the protection of the natural environment for a greener Taiwan. Mastering these enormous challenges cannot be achieved by nation state alone. The non-governmental sector, civil society organisations such as NGOs, foundations, trade unions, churches and businesses, are themselves increasingly becoming 'global players' and participating in the

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[27] See Beynon, J. and Dunkerley, D. (2000), *Globalisation: The Reader*, pp. 14-15.

policy-making process. We shall return to these points later.

Economic pressure

As discussed earlier, globalisation has led to the expansion of markets. No nation in the industrialised or industrializing world can insulate its economy from the global economic pressures because every country is, either directly or indirectly, economically inter-related. The 1997-8 East Asia financial crisis demonstrated the complexity of economic inter-relationships. Since the Taiwanese economy mainly relies on its export trade, influence from global economy is even more substantial.

Winning elections

Elections with a high level of competitiveness represent one of the main elements of matured democracies. Taiwan began its first direct presidential election in 1996. DPP has anxiously been trying to win the high office since that time. Winning elections seems to be the only way to govern and implement ideas into practices. Therefore, strong desires and highly motivated incentive for an opposition party to draw lessons from election winners appears to be attractive. The attraction between exemplars and lesson-drawers can be maximised and strong, especially when their partisan attitudes, political values and social-economic development are similar. Having experienced several electoral defeats within the late 1970s to 1990s, the British Labour Party began to search for lessons across the Atlantic after the American Democrats started to enjoy the fruition of electoral victory in 1992. This wave of learning was soon followed by other major democracies in Europe. Taiwan, located at the other corner of the world, also looked to Europe and the U.S. for lessons. This goal of winning elections drove the DPP to adopt new electoral strategies, and to a certain extent, new ideology and policies, from New Labour and New Democrats.

The Clinton victory in the 1990s convinced many modernisers within the Labour Party to believe that they could draw important lessons on how a left-of-centre party could win in a political context that the right was seemingly dominant. Similarly, the KMT has dominated Taiwan politics for more than 50 years. DPP, a relatively new political party

compared to the KMT, has seemingly drawn lessons from British Labour Party as well as the American Democratic Party before the Taiwan Presidential election. Seemingly, it has proved that lesson-drawing can be useful for winning elections.

Public concern

One of the reasons for countries to learn from abroad is pressure from the people. The globalising economy, politics, culture and society are all deeply rooted in an individual's everyday life. Due to the advancement of information technology, one can easily access news happening around the world. People get to know other countries better in terms of their socio-economic, political and cultural issues. One of the most noticeable issues is how other countries treat their fellow citizens. People start to ask questions relating to their well-being in comparison with other countries. Questions such as– why can a country provide advanced health care, generous pensions, sufficient family allowance and so forth to its people, and why cannot we? – have begun to be asked. In a democratic country, people realise that they can actually determine the government preference by their ballots. Therefore, if a political party or a government would like to stay in power, peoples' voices have got to be heard. That is why public concern appears to be one of the main reasons for policy transfer from abroad.

Cultural and social changes within the society

Cultural and social changes are also the main motives for countries to learn from their foreign counterparts. Rapid industrialisation and urbanisation in Taiwan have caused changing family patterns and social conditions. The traditional style of family-based welfare support has been challenged severely. The demographic structure of Taiwan has also undergone noticeable changes over the last few decades. Therefore, rising numbers of children, handicapped and elderly people require assistance in many ways from non-family resources. Moreover, since the abandonment of Martial Law in the late 1980s, the recognition of civil rights and a gradually maturing civil society, which has been led by several aspects e.g. democratisation, economic affluence, education available to all on, etc., have demanded Taiwan to draw lessons from abroad.

Pressure from international governing institutes

The past two decades have seen a strengthening and deepening of regional and global trade arrangements as almost every country in the world has joined some kind of preferential trading arrangement. Some of them are geographically bounded; others are worldwide. For example, the EU is built on an institutional system that deals with European integration including social, economic and even political issues. It is regarded as the only one of its kind in the world and has moved towards a single market. The North American Free Trade Agreement (NAFTA) has commanded a free trade area between Canada, the United States and Mexico and is now further extending its membership. In East Asia, a larger but less formal arrangement has been consolidated by the Asia-Pacific Economic Cooperation (APEC). The Organisation for Economic Cooperation and Development (OECD) provides governments a setting to discuss and develop economic and social policy. The World Trade Organisation (WTO) is the only global international organisation that deals with the rules of trade between countries. However, Taiwan has less pressure from international governing institutes for this relatively coercive policy learning or lesson-drawing because Taiwan belongs to very few of these international governing bodies.

3.3 The policy transfer facilitators

Various researchers have tried to identify the actors in the process of policy transfer/lesson-drawing. For instance, in Dolowitz and Marsh's[28] initial conceptualisation, nine main categories of political actors engaged in the policy transfer process have been identified. They are elected officials, political parties, bureaucrats/civil servants, pressure groups, policy entrepreneurs and experts, transnational corporations, think tanks, supra-national governmental institutions and consultants. The involvement of these actors in a policy transfer/lesson-drawing process may vary from country to country and

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[28] Dolowitz and Marsh (2000), '*Learning from abroad: The Role of Policy Transfer in Contemporary Policy-Making*', Governance: An International Journal of Policy and Administration, Vol. 13, No. 1, p. 10.

case to case. For example, Taiwan, being a none-member state, has less influence from inter-national governing institutions, such as IMF, UN or OECD than their member states do. However, Taiwan was expected to become a member of WTO later on in 2001.[29] The pressure of policy transfer from WTO in order to facilitate Taiwan's membership was expected to be less voluntary, but rather obligatory and coercive. Judging from several case studies[30], however, the actors of policy transfer can be categorised into the following groups: political elite, non-governmental organisations, technocrats and international governing institutions. Each group is to be detailed in greater length in the following sections.

Political and Corporate Elite

Political elites are one of the major influences on policy transfer. They play important parts in the policy transfer processes, which include distribution of political values and ideology as well as the development of legislative process and institutions. Political elites in one country usually have personal relationships with their counterparts in other countries. It is often this personal relationship that facilitates the processes of lesson-drawing or policy transfer.

In Taiwan, the number of political elites who have studied abroad for their higher education is growing. The locations where they conducted their studies are mainly situated in North America or Western Europe. They often play the role as the bridge between countries academically as well as politically. That is to say that they frequently introduce foreign policies to Taiwan as well as to share the Taiwan experience with foreign countries.

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[29] Taiwan finally became a WTO member in January 2002. Taiwan has been an observer to the GATT/WTO since 1992. For more details, see http://www.trade.gov.tw.

[30] For example, Bennett, C. J. (1991b), '*How states utilise foreign evidence*', Journal of Public Policy, 11 (1), pp. 31-54; Jacobs, K. and Barnett, P. (2000), '*Policy Transfer and Policy Learning: A Study of the 1991 New Zealand Health Services Taskforce*', Vo. 13, No. 2, pp. 185-213; Stone, D. (2000), '*Non-Governmental Policy Transfer: The Strategies of Independent Policy Institutes*', Vo. 13, No. 1, pp. 45-62; Radaelli, C. M. (2000), '*Policy Transfer in the European Union: Institutional Isomorphism as a Source of Legitimacy*', Governance: An International Journal of Policy and Administration, Vol. 13, No. 1, pp. 25-43.

In addition, it would seem incomplete without mentioning a group of successful and powerful businessmen who are not only economically but also politically active in Taiwan. The more powerful the firm becomes as an organisational form, the more powerful become the individuals who own or manage the company. They become even more powerful as government concedes to them the organisation of its own activities and bows to the superiority of their expertise. In addition to dominating the economy itself, they become the class that also dominates the running of government. As Crouch argues 'Firms are not simply organisations, but concentrations of power.'[31] A consequence of these developments is that entrepreneurs and company managers acquire very privileged access to politicians and civil servants. Since their success and expertise depends entirely on their ability to maximise value for their firm's shareholders, they must be expected to use that access for the benefit of those individual companies. Therefore, the power that they already possess within their companies becomes translated into a far more extensive political power. This challenges severely the democratic balance.

In pre-democratic times, social elites which dominated economic and social life also monopolised political influence and positions in public life. The rise of democracy forced them at least to share space in the latter arenas with representatives of non-elite groups. Today, however, through the growing dependence of government on the knowledge and expertise of corporate executives and leading entrepreneurs, and the dependence of parties on their funds, we are steadily moving towards the establishment of a new dominant, combined political and economic class.

They are billionaire entrepreneurs who are appointed by the president with positions such as 'senior advisor' or 'national policy advisor'. The president consults with them regularly for policy options and strategies, and their opinions are often valued, especially in areas of global economics and social policy development.

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[31] op. cit., Crouch, C. (2000), *Coping with Post-democracy*, Fabian Ideas, p. 32.

Technocrats

Technocrats are involved in both decision-making processes and policy implementation. One might argue that technocrats may not necessarily engage in decision-making, but it would be extremely hard to exclude them from implementing policies. Thus, their importance as policy facilitators cannot be ignored. A growing number of technocrats have international perspectives for the following reasons. Some are offered opportunities to further their education abroad after serving for a few years in government. Some have studied abroad even before they became civil servants. The others are sent by the government to learn the technicality of a certain policy in a chosen country. No matter via what means, they obtain concepts, knowledge, and skills of existing policies from abroad. Their involvement with policy transfer should not be underestimated.

Non-Government Organisations (NGOs)

The terminology of 'non-government organisation' can be various, e.g. the third sector, voluntary organisation, non-profit organisation and others. However, despite their different terms, they essentially mean the same thing. It has become increasingly important for policy-makers, at both the national and international levels, to rely on the advice, expertise and services of NGOs, including charity organisations and think tanks, whether individuals or organisations, who either serve as policy experts in the development of new programs, policies and institutional structures or groups and/or individuals who contribute their emotional, financial and social support and assistance to community. NGOs bear significant implications for modern policy making as well as social policy outcomes.

Taiwan is no exception. The non-governmental organisations and think tanks became popular after the Martial Law was lifted in 1986. The main reason is that Taiwan was an authoritarian state before 1990s. Since these non-governmental organisations aimed to improve public policy and decision-making process through unbiased research and analysis which often went against and unsupportive of government viewpoints and policies, the Taiwan government then thought that it would destabilise the political,

economic and social foundation of Taiwan. However, during the 1990s democratisation in Taiwan has gradually matured. NGOs and think tanks have begun to develop since then.

International Governing Institutes

International governing organisations (IGOs), such as the OECD, IMF, EU, and UN and its various agencies, are increasingly engaged in the role of diffusing ideas, programmes and institutions around the world, especially to those less developed countries. Taiwan is currently a non-member state of most international organisations. Taiwan has been an observer to GATT/WTO since 1992. During this time, although Taiwan did not participate in WTO discussions as a full member, it has closely followed the WTO multilateral rules and principles to initiate necessary domestic reforms. Taiwan has made major efforts to improve trade regime and to work towards its compatibility with WTO rules. Therefore, the influence of IGOs on policy development in Taiwan would probably not be minimised.

Globalisation is having a profound effect on the political economy of trade. Over the past decade more countries than ever before have been persuaded to push aside protective barriers and further integrate into the world economy by joining the GATT/WTO[32], attracted by the possibilities of world markets. Taiwan, recognised the importance of international liberalisation and open regionalism for its economic well being, finally obtained its membership in 2002.

Having introduced the reasons and facilitators of policy learning from abroad for Taiwan, we shall now examine some existing policy transfer literature.

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[32] The General Agreement on Trade and Tariffs (GATT) was established in 1947 to end rules which reduces levels of trade between countries. In other words, it is to ensure free trade between countries. In 1995, Word Trade Organisation (WTO) has successfully succeeded the GATT in providing a solid multilateral framework for trade supported by a set of well-negotiated rules and an expanded agenda, dealing with issues going far beyond the lowering of tariff for trade in goods. It now has more than 130 member states, accounting for 90 percent of world trade.

3.4 The Policy Transfer Frameworks

Whilst a growing body of literature discusses and analyses lesson-drawing/policy transfer processes, few of these studies reveal the process explicitly i.e. by describing the learning/transfer of ideas and/or policies without paying attention to why and how the processes are involved. Even fewer studies[33] as far as attempts being made to develop a framework to describe the process of transfer in a conceptual and systematic manner between countries are concerned. Most of the articles in this field tend to apply to or rely on existing frameworks without reassessing them. As will be illustrated below, placing policy transfer into a speculative framework has the potential to advance our understanding and analysis of concepts such as what motivates policy-makers to engage in the policy transfer process. That is, for example, is it ideological and/or practical? As Dolowitz and Marsh argue 'Placing policy transfer into a broader conceptual framework will help researchers examine the process of policy transfer and help themselves and practitioners evaluate the 'value added' aspect of the concept.'[34] There is no doubt that an analysing framework of lesson-drawing/policy transfer would be helpful and handy for which researchers can easily apply, and indeed, several existing frameworks have proved to be beneficial to the field. However, since every country varies in terms of their political values and traditions, cultural and partisan diversities, institutional differences, social-economic resources and so forth, which these variations may determine the nature of lesson-drawing/policy transfer for one country.

1.   Rose[35]

In his article– '*What is Lesson-Drawing?*', Rose argues that lesson-drawing is not normal and the incentive to draw lessons is dissatisfactions with status quo. The choice of

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[33] See, Bennett; Rose; and Dolowitz and Marsh.
[34] Dolowitz and Marsh (2000), '*Learning for Abroad: The Role of Policy Transfer in Contemporary Policy-making*', Governance: An International Journal of Policy and Administration, Vol. 13, No. 1, p. 7.
[35] Rose, R. (1991), '*What is lesson-drawing?*', Journal of Public Policy, 11 (1), pp. 3-30; Rose, R. (1991?), *Lesson-Drawing across Time and Space*, Tuscaloosa: University of Alabama Press; Rose, R. (1993), *Lesson-Drawing in Public Policy*, Chatham, NJ: Chatham House; Rose, R. (2000), '*What can we learn from Abroad?*', Parliamentary Affairs, Vol. 53, No. 4, pp. 628-643.

lesson-drawing is subjective and various, and can be across time and space. Rose conceptualises the processes of lesson-drawing into five sections.

- Definition of lesson-drawing

He argues that it is about whether programmes can transfer from one place to another.

- Description of the stimulus to search for lessons

The stimulus to search for lessons is described as dissatisfaction with the present situation instead of the attraction of achievement elsewhere.

- The scope for lesson-drawing

Lessons can be drawn by searching across time and space. Elements such as subjective choice and political values of a lesson-seeker play a vital role to the lesson-drawing process.

- The process of lesson-drawing

Rose argues that lesson-drawing begins with scanning programmes in effect elsewhere, and then creating a new programme and finally finishing with the prospective evaluation of its likely success. He distinguishes five alternative ways of drawing a lesson– copying, emulation, hybridisation, synthesis and inspiration.

Rose seems to concentrate on clarifying the differences between different types and degrees of 'lesson-drawing' as well as actually describing the lesson-drawing processes itself. His recent article entitled '*What can we learn from abroad?*' very much inherits his previous lesson-drawing framework yet with emphasis on the traffic of ideas and programmes between Britain and the United States.

2.   Bennett[36]

Whilst identifying four types of processes through which policy convergence might occur, Bennett argues that a state-centred methodological theory should have a key influence.

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[36] Bennett, C. J. (1991a), '*Review article: what is policy convergence and what causes it?*', British Journal of Political Science, 21 (2), pp. 215-233; Bennett, C. J. (1991b), '*How states utilise foreign evidence*', Journal of Public Policy, 11 (1), pp. 31-54; Bennett, C. J. and M. Howlett (1992), '*The Lessons of Learning: Reconciling Theories of Policy Learning and Policy Change*', Policy Science, 25 (3), pp. 275-294; Bennett, C. (1997), '*Understanding Ripple Effect: The Cross-National Adoption of Policy Instruments for Bureaucratic Accountability*', Governance, 10, pp. 213-233.

Bennett argues that the processes of how states utilise foreign evidence can be fivefold.

1) Putting an issue on the political agenda

Policy evidence from the adopting state or states would then enter relatively early in the policy cycle. But the evidence would probably enter in very vague or anecdotal terms: the Americans/Germans/Japanese/Swedes etc. have a program to deal with this, we ought to have one too. The evidence would be rhetorical and selective. It would contain no evaluative content nor proof of positive impact. That another country or countries have legislated or taken some form of authoritative action is information that is thrown out amid the clutter of claims and counterclaims that invariably precedes serious attention to an issue.

2) Mollifying political pressure

Given what we know about the constraints of policy-making, it is most implausible that any state will imitate another's policy just for the sake of believing that 'they have one, we ought to have the same'.

When, however, domestic pressures are such that swift action is needed to deal with a problem to which other jurisdictions have already responded, then incentives might be quite high to utilise a program from elsewhere as a ready-made solution.

3) Emulating the actions of an exemplar

Lessons have an instrumental and applied purpose.

The 'lessons' communicated, therefore, should contain not only evidence about whether a program has worked in country A but whether it would work under the different institutional, social, economic and political conditions of Country B.

4) Searching for the 'best' policy

5) Legitimising conclusions already reached

I 'They have got one, we ought to have one too'

II 'We have got to respond to pressure; this provides a ready-made solution'

III 'This provides the best starting point'

IV 'We have looked everywhere and this seems the best'

V 'It works here, it can work here; it does not work there, it cannot work here'

3.   Dolowitz and Marsh[37]

Dolowitz and Marsh's framework is developed around a set of questions that are based on an analytical combination of the attempts by Rose and Bennett as well as their own efforts. The following questions are the focus upon which the framework is based.

1) Why do actors engage in policy transfer?

2) Who are the key actors involved in the policy transfer process?

3) What is transferred?

4) From where are lessons drawn?

5) What are the different degrees of transfer?

6) What restricts or facilitates the policy transfer process?

There does not seem to be significant differences between the three frameworks because they have evolved gradually from each other.

4.   'Garbage Can' Model

The Garbage Can model can be characterised by three general properties[38]– problematic preferences, unclear technology and fluid participation. The garbage can process, according to Cohen, March and Olsen [39], is one that problems, solutions, and policy-makers move from one choice opportunity to another in the manner that the nature of the choice, the time needed and the problems it solves all rely on a relatively complicated intermeshing of elements. These elements include the mix of choices available at a given time, the mix of problems that have access to the jurisdiction, the combination of solutions seeking problems, and the external demands on the

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[37] Dolowitz, D. and Marsh, D. (1996), *'Who learns what from whom: a review of the policy transfer literature'*, Political Studies, XLIV (2), pp. 343-357; Dolowitz, D. (1998), *Learning from America: Policy Transfer and the Development of the British Workfare State*, Sussex: Sussex Academic Press; Dolowitz, D. (2000), *Policy Transfer and British Social Policy*, Basingstoke, England: Open University Press; Dolowitz, D. and Marsh, D. (2000), *'Learning for Abroad: The Role of Policy Transfer in Contemporary Policy-making'*, Governance: An International Journal of Policy and Administration, Vol. 13, No. 1, pp. 5-24; Dolowitz, D., Greenwold, S. and Marsh, D. (1999), *'Policy Transfer: Something Old, Something New, Something Borrowed, But Why Red, White and Blue?'*, Parliamentary Affairs, Vol. 52, No. 4, pp. 719-730.
[38] Cohen, M. D., March, J. G. and Olsen, J. P. (1972), *'A Garbage Can Model of Organisational Choice'*, Administrative Science Quarterly, 17, I, pp. 1-25.
[39] Ibid.

policy-makers.

A major feature of the garbage can process is the partial uncoupling of problems and choices. Although decision-making is thought of as a process for solving problems, which is often not what happens. Problems are worked upon in the context of some choice, but choices are made only when combinations of problems, solutions, and policy-makers allow the decision to happen. Consequently, the alignment of the problems, solutions and individuals often happens after the problems have left a given choice or even before they have been discovered.

Something needs to be explained here about including the garbage can model into the policy transfer/lesson drawing model. The Garbage Can model is often regarded as describing the decision-making procedures. The reason for this model to be included here as one of the lesson learning models is because of its non-rational manner and real world representation in which policy transfer is frequently made between countries. Not all policy transfers are made in a logical, political or even standard fashion. The Garbage Can model is by no means the most effective and efficient approach in terms of analysing and evaluating lesson drawing processes. In discussing the four policy transfer models, the issue is not necessarily which model is the best because they all have their advantages and disadvantages which may work or be appreciated for certain countries and policies.

Figure 3.1: A simplified model of policy learning/lesson-drawing for Taiwan
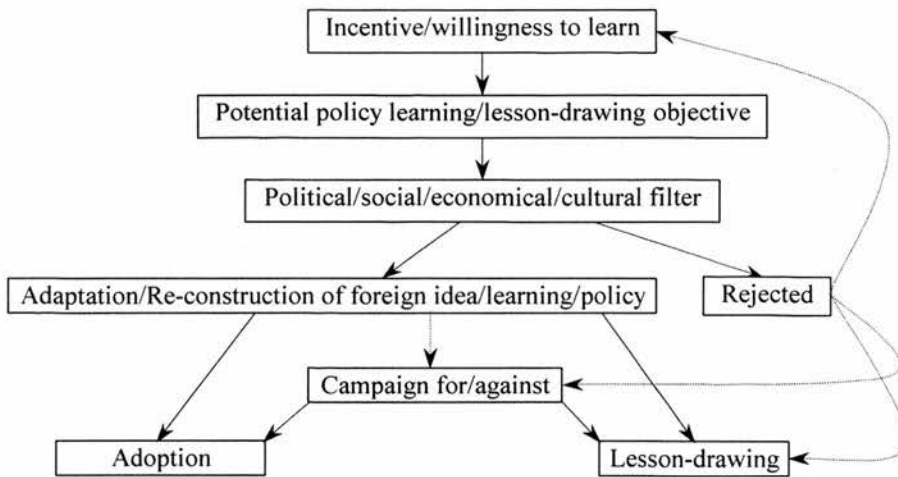
In a simplified version, the process of diffusion, policy learning/lesson drawing is shown in Figure 3.1. The first stage is to have the incentive/willingness to learn, followed by the desirable objective for which policy learning/lesson-drawing would achieve. Taiwan's economic, political and social conditions would act as a means to decide whether to modify or reject the learning. If a policy or an idea is rejected, lesson maybe drawn and/or returned to the first stage. Alternatively, if an idea or a policy were deemed to be adapted, adoption and/or lesson-drawing would occur. This model not only incorporates the frameworks demonstrated above but also integrates the unique characteristics of Taiwan. It is am attempt to build a theoretical framework that can help to understand Taiwan's foreign learning. It should be realised that this model may provide a schematic and stagnant impression that misleads people. Any attempt to understand diffusion, policy learning/lesson-drawing would to some extent be exclusive simply because it is impossible to address every single detail. However, for analytical purposes, choices have to be made in order to identify the most important elements to be included.

The purpose of using models to assess policy transfer processes is to provide a base for evaluation. A model is no more than a starting point for analysing a process, and lesson drawing can be regarded as a process of decision making. One way of analysing and

evaluating policy transfer is to determine which existing model, if any, a country is employing to learn from abroad for a certain policy. If people are aware that policies are transferred by using a garbage can model, they at least have the comfort of knowing that these decisions follow some sort of method. Granted the method is somehow random and chaotic, but it is a model nonetheless. It should be pointed out that even if a particular policy transfer does not fit one of the aforementioned models, it is still beneficial to analyse and evaluate the process in order to identify and develop a suitable model. The analysis would provide valuable insights into the dynamics of policy transfer between countries and therefore may initiate the creation of a 'novel' policy transfer model. It should be aware that policy transfer models enable an understanding of lesson drawing from abroad, however, they are not cure-alls for the analysis and evaluation of policy transfer.

The success of lesson-drawing/policy transfer is largely dependent upon the process that involves various actors as well as resources. In order to determine the appropriate usage of a policy transfer model, the advantages and disadvantages of employing a certain model should be kept in mind. The advantage of using a model is that it helps to enhance understanding. It lends structure to a procedure that is dynamic and conceptual. By so doing, it facilitates the identification and resolution of problems that may arise during the process. This facilitation in turn can assist in analysing the lesson-drawing process and therefore promote the consequence of policy transfer.

The potential disadvantage to be aware of when using a model is that of being ensnared by it. Using one particular model should not preclude the consideration of other models or other means of assessing the process of policy transfer. If a model is strictly adhered to without being open to other potential ideas, valuable information may be missed. Since the models presented above seem to be rather 'rational' despite the 'garbage can', and since the real world situation is far more complicated, the Garbage Can model appears to be the most appropriate one. In the political process, Rose argues, 'normative disagreements is likely; the more important the issue, the greater the likelihood that there

will be controversy about programme goals as well as means.'[40] The notable advantage of the garbage can model is that it provides a real world representation of the semi-rational or non-rational manner in which policies are often transferred. In addition to its representation of the non-rational and real-world manner in which lessons are often drawn, the garbage can model can act as a starting point to evaluate the process of policy transfer.

Above all, there is no perfect social policy programme. Thus, whether lesson-drawing/policy transfer from abroad can lead to a success remains uncertain. Countries such as Britain, Germany, and Sweden etc., which are regarded as having sophisticated social policy, have been facing various problems including politically, socially and financially. Therefore, negative lessons are often drawn within the international community to learn not to make similar mistakes. In the next section, in order to test Figure 3.1 (p. 101), I will attempt to apply the model to the key text[41] of the New Taiwan Middle Way, Chen's speech at the LSE in December 1999.

3.5 Modernising the State: a third way for Taiwan

Chen's New Middle Way can be regarded as one of the most recent examples of ideological diffusion and/or policy learning/lesson drawing from abroad. This case can provide a unique opportunity for one to study the pattern of diffusion/ policy learning or transfer in Taiwan because it is noteworthy, if not for the developing world, for Taiwan for at least four reasons.

1. Chen was exceptionally invited to speak at the public lecture in LSE while he was the DPP presidential candidate for Taiwan.

2. For Taiwan to learn from western democracies just before the turn of the millennium whilst countries are heavily pressured by the consequences of globalisation.

3. Chen openly advocated the Third Way, unlike other East Asian political leaders.

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[40] op. cit., Rose, 'What is Lesson-Drawing?', p. 10.
[41] Chen (1999), *The Third Way for Taiwan: A new political perspective*, available at http://www.president.gov.tw.

4. For the jurisdiction of Taiwan to draw lessons from that of Western democracies which have rather different settings in terms of politics, society, economy and culture.

Having delivered a speech at the LSE in front of the British Third Way architect– Giddens, Chen explained that he has noticed and paid close attention to those important events concerning the Third Way international movement.[42] He believed that the focus of these discussions between these leading political figures of the Third Way International was to deal with social and political problems posed by economic changes and the consequences of globalisation, and to find a new balance between the imperatives of economic dynamism and social justice.

The speech that turned out to be the campaign manifesto and thereafter the White Paper, gave us a clear picture of where and how Chen would like to lead the country. He remarked that 'the fate of an island nation is closely related to the process of globalisation, and for both Britain and Taiwan, the Third Way is a proposal to meet its new challenges.' This was the speech that had to be DPP enough, Chen enough and good enough, to win the 2000 presidential election. It was, of course, Chen's big sale presentation, for not only to the Taiwanese people but also to the international Third Way allies. As suggested in Figure 3.1, Chen's incentive for learning was that he was searching for a campaign ideology for his election. His objective of learning was to win the election and the Third Way had been proven by Britain, Germany, U.S.A., etc. to be a 'winning' ideology. In order to connect Taiwan with Britain in terms of island nations, separated from but interacting with the continents, Chen opened with William Shakespeare's 'The Tempest'– 'Be not afeard, the isle is full of noises, Sounds and sweet airs, the give delight, and hurt not', followed by a Taiwanese old folk song.

Next, Chen summarised the main concerns of the Third Way into five key aspects before

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[42] *White Paper on Foreign Policy for the 21st Century*, Taiwan Democratic Progressive Party, Taipei, November 28 1999, http://www.taiwandc.org/dpp-pol3.htm; *The Third Way for Taiwan: A new political perspective*, http://www.oop.gov.tw/english2000/president/paper_01.htm

making reference to Taiwan. First, the formation of a global economy and the information revolution have changed peoples' lifestyles and therefore stimulated more attention on local identity and regionalism. Second, the concept of neo-individualism emphasises not only rights, but also responsibilities and obligations. Third, although in Taiwan the debate between left and right is not so salient, society is divided by conflicts in ethnicity, political parties, and preferences for independence or unification between Taiwan and China. The Third Way emphasises a new version for establishing political middle ground through embracing pluralism and putting radicalism aside. Fourth, the Third Way puts great attention on social movements, non-governmental organisations, issue grounds and community organisations as significant mechanisms of a functioning civil society. Finally, the Third Way values the issues related to conservation, environmental protection, and land planning, green revolution and sustainable development. By summarising the above-mentioned key aspects, Chen was able to tailor the Third Way to accommodate Taiwan's needs. Taiwan's unique cultural, economical, political and social infrastructure, as indicated in Figure 3.1, acted as a filter to have the Third Way 'Taiwanised'.

Putting together these five elements, Chen claimed that he developed a Taiwanese version of the 'New Middle Way' to resolve the problems Taiwan faces today in terms of democracy, national security, globalisation and civil society. First, through legislative and administrative reform, he would establish a partnership between central and local governments. Second, he would implement the principles of 'division of power' and 'checks and balances' in establishing a presidential system with a unicameral parliament; strengthening financial security measures, and devising means to terminate corruption and vote buying. Third, based on a global strategy and perspectives of Asia Pacific regional security, he would conduct effective risk management of the cross-strait relationship, to establish public confidence in national security. Fourth, he would encourage the establishment of partnership relationships between the public and private sectors and foster the spirit of volunteerism. Fifth, he would integrate the police and civilians in establishing community crime prevention networks. Finally, to meet the challenges of globalisation, he believed the government must invest in improving education, labour and

professional training, and life-long learning. To prevent social welfare spending from becoming an excessive public burden, the government must initiate joint projects with private enterprises in basic infrastructure and promoting employment. Chen's reconstruction of the Third Way, as proposed in Figure 3.1, would make the Third Way ready for adoption and/or lesson-drawing.

As mentioned in Chapter 1 (p. 5), Chen was inspired by Blair, a matter not only believed by commentators but also revealed by him. He was aware that the culture, politics and society between Taiwan and Britain are very different traditionally. However, he believed that it is important, on one hand, for Taiwan to be inspired by these western countries. On the other hand, it would also be crucial that some adjustments and transformation needs to be made according to Taiwan's unique political, cultural and social traditions in order to suit Taiwan. He therefore developed a Taiwanese version of the 'New Middle Way' to cope with the new challenges Taiwan meets today and promoted this 'New Middle Way' policy throughout his presidential campaign. In his LSE speech, he asserted that 'apparently, there are differences between the Third Way commonly known in the West and the Taiwanese New Middle Way. However, I believe that the pragmatic search for moderation and dissolution of conflict is a common thread for all.'

Chen emphasised the following five political ideas as the main theme of the New Taiwan Middle Way: no rights without responsibilities, no democracy without public authority, no freedom without self-restriction, respect pluralism, and promote social justice. By employing these five principles, it would be able to seek a balance economic liberalism and social welfare as well as to ensure individual freedom and public interests, Chen claimed. To me, this seems to have a very strong shadow of Blair and Clinton's Third Way project; especially on social welfare issues regarding rights and responsibilities if not on the other issues that Taiwan faces i.e. cross-strait relations. In addition, the campaign catchphrases that Chen employed during his presidential election– *New DPP, New Taiwanese, and Taiwan First*, reminded us of the campaign slogans that Blair exercised during the 1997 general election and Clinton's 1992 and 1996 presidential elections. In

Chapter 5, a discourse analysis will be carried out to study how Chen and the DPP managed to conduct the New Middle Way discourse in Taiwan.

It should come as no surprise that opinions vary considerably regarding the Third Way as discussed in Chapter 2. However, the following reasons may have contributed to social democratic leaders in western democracies engaging in Third Way politics in the last decade of the 20th century.[43] Globalised economy demands the need for social investment. Globalisation also brings about social changes extensively and poses new challenges for government policy. The decline of left-right classification due to economic and social changes affects electoral change simultaneously. The search for a new political base 'beyond left and right' thus emerges. As for Taiwan, the motives to draw lessons from Third Way politics are similar to those Western democracies in terms of reconciling justice and social cohesion in order to combat the negative effects of globalisation. However, major differences remain. The debate between left and right is not remarkable in Taiwan politics, but the issues on cross-strait relations are. As mentioned in Chapter 1 (p. 20), Chen was regarded as 'the very model of modern social democrat' by The Economist. This statement can be somehow deceptive. Therefore, to go beyond the parochial thinking of either independence or unification with China and search for the best interests for Taiwan would be the merit for Chen's New Middle Way.

As for issues relating to globalisation and welfare policy, the Third Way can also provide influential and hopefully helpful lessons for the New Taiwan Middle Way. As the 14th largest trading nation with the third largest monetary reserve in the world, Taiwan too faces the new challenges brought by globalisation as does its Western democratic counterparts. National Health Insurance (NHI), a government-sponsored compulsory health insurance first implemented in 1995, was on the verge of bankruptcy in need of a

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[43] Bensaïd, D., *How Left is Left in Europe? New Centre, Third Way*, Le Monde diplomatique, December 1998, http://www.monde-diplomatique.fr/en/1998/12/03bensaid; Kelly, R., *The Third Way*, Politics Review, September 1999; Daniel, C., *Democrats Spend Week Giving Direction to 'Third Way' Ideology*, The Washington Post, September 27, 1998; Lloyd, J., *Falling out*, Prospect, October 1999; From, A., *The Third Way: Reshaping Politics throughout the World*, DLC, July 14, 1999, http://www.ndol.org/ndol_ci.cfm?kaid=128&subid=185&contentid=647

short-term as well as long-term solution. As a post-Confucian society, Taiwan has faced a dual dilemma. Traditional welfare relying on families and communities has been slowly replaced by social policies managed by the state. Alternatively, Confucianism has been re-considered because a comprehensive welfare state could be too costly and financially unsustainable as has happened in Western democracies. Nonetheless, searching for a balance between national economic development, ecological concerns, social justice, and welfare policy, the New Taiwan Middle Way appeared to have a distinctive policy that had never been seen in Taiwan. Whether the New Middle Way influence can be the milestone for Taiwan welfare state will be address in Chapter 6.

While the negative impact of globalisation started to hit Taiwan with growing unemployment rate which led to other social problems and then the governing party (KMT) was unable to react effectively and efficiently on critical public issues together with its image of being corrupted and out of touch, Chen's new Middle Way approach came in timely which de-emphasised his pro-independence platform, gained confidence from the middle class Taiwanese people and eventually contributed to his electoral success in 2000. In the case demonstrated above, I believe that the simplified model of diffusion/policy learning for Taiwan as shown in Figure 3.1 can provide a useful framework for analytical purposes. By drawing lessons selectively from western democracies, seemingly Taiwan created its own policy-learning/lesson-drawing model with reference to Western ones whilst having its own characteristics.

Chapter 4: Taiwan as an Example of Lesson Drawing Previous to the Third Way

4.1 Introduction

Chen Shui-bian's New Taiwan Middle Way is probably not the first middle/third way that brings both Eastern and Western philosophy together in contemporary Chinese history. About 100 years ago, Dr. Sun Yat-sen, the Chinese revolutionist, advocated his Three Principles of the People, which was conducted along the very similar manner by refining the best of both East and West. We could consider it as a third way– beyond Orientalism and Occidentalism. Having said that, it is surprising that Chen has not mentioned Sun Yat-sen's middle/third way thinking during his course of advocating the New Taiwan Middle Way. In all actuality, it could have proved beneficial for Chen to relate his New Middle Way ideology with Sun's middle way approach as to promote the creditability and legitimacy of the New Middle Way to its Taiwanese audience. Sun's thought including the Three Principles of the People was a core course universally instructed to all high school students, and was one of the core subjects for the university entrance examination. Not only was Sun the founding Father of the Republic of China, but he also was the founder of the KMT that dominated the politics in Taiwan since the post-war era for over fifty years. It was probably because of Sun's close link with the KMT that Chen was discouraged to relate himself to Sun and/or to his thought. It is plausible that Chen might have realised that his New Taiwan Middle Way very much resembles Sun's thought in terms of their approach, the only logical reason can be found is that it would be 'politically incorrect' for Chen, as the DPP presidential candidate and president-elect, to acknowledge this. However, a highly esteemed figure like Sun Yat-sen in modern history of the Republic of China, his legacy should be able to transcend the different stances between political parties.[1]

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[1] Lyon Sharman, *Sun Yat-sen: his life and its meaning* (New York: The John Day Company, 1934), p. 317. Sharman argues that Sun is '...the symbol of unity in the Kuomintang. The sentiment for him is almost the only sentiment that appeals to all alike– lefts, rights and center'.

Policy-learning/lesson-drawing can be traced back to Chinese modern history. The subsequent sections might trigger confusion for readers due to the chronological order of some historical events and their seemingly overlapping layout. Thus, for the sake of clarification and to avoid confusion, the following provides a simple but clear explanation. Taiwan only officially became a part of the Ching Dynasty of the Chinese empire in 1683. Before hand, Taiwan was already exposed to the West by the Portuguese in 1544. However, because of the separation of the Chinese Nationalists and Communists in 1949, Chiang Kai-shek, the Chinese Nationalist leader, was forcibly evicted from the Chinese Mainland to Taiwan. After moving to Taiwan, the Nationalists resumed the continuity of the Republic of China founded by Sun in 1911, whilst the Communists established the Peoples' Republic of China on the Chinese Mainland. Therefore, Taiwan, formally known as the Republic of China and the Mainland China, formally known as the People's Republic of China have been regarded as two separate political entities since then. The Chinese history between 1683 to 1949 can be considered jointly both culturally and socio-politically, while after 1949, the R.O.C. and P.R.C. should be treated separately.

This chapter looks into the root of foreign influences and ideological diffusion for Taiwan prior to the Third Way. First, it provides a general introduction regarding Taiwan's geographic features, historical events and cultural orientation before discussing the Chinese modernisation under Western influences. Second, it is unavoidable not to look into Chinese Mainland where the major modernising processes materialised as Taiwan then was a part of the Chinese empire. Third, as the foundation of the R.O.C.'s constitution, Sun's *Three Principles of the People* is analysed in the manner of tracing its Western influences as well as its Chinese root. Fourth, we discuss the foreign and Chinese influences on China modernity during the early republicanism followed by Chiang Kai-shek's withdrawal from the Chinese Mainland to Taiwan. Lacking the international visibility after R.O.C.'s departure from the UN in 1971, the NGOs started to play an active role in terms of policy learning/lesson drawing and diffusion of ideas for Taiwan.

4.2 Taiwan's Conditions for Policy Learning/Lesson Drawing from Abroad

The geographic location makes Taiwan an easy access for the East-meet-West. Taiwan, an island located in the south east coast of China, has been the door for China to receive foreign influences. As have been introduced in Chapter 1, the contemporary history of Taiwan is an account of constant foreign occupations. Around 1544, the first Western ship reached Taiwan's coast before they arrived the Chinese Mainland. Taiwan had been a trading port for the Dutch and Spanish, and Western religions, cultures and ideas began to diffuse during that time. In many ways, Taiwan was a pioneer for the 'East meets West'. Historically, the Chinese dynasties paid little attention on the importance of Taiwan. However, only after a number of Westerners demonstrated their interests on Taiwan, the Chinese authority started to pay more attention on Taiwan and brought Taiwan into the Chinese empire.

The Republic of China (R.O.C) founded in 1912 is the Asia's first constitutional republic. When the People's Republic of China (P.R.C.) was established on the Chinese Mainland in 1949 by the Chinese Communist Party, the Kuomintang led government of R.O.C. that was evacuated to Taiwan had jurisdiction over Taiwan, Penghu, Kinmen, Matsu and other smaller islands. In the last few decades, Taiwan has not only achieved economic prosperity but also political democracy. Who could ever have expected that a small, yet overly populated island with virtually no natural resources along with much domestic turmoil and a number of international distractions could possibly have accomplished its level of prosperity within a relatively short time frame? The successful story of Taiwan has invited a number of Western scholars to praise Taiwan's glorious economic as well as political achievements by using terms, such as 'Taiwan miracle', a 'quiet revolution' or simply the 'Taiwan experience'.[2] The following section provides some informative and useful accounts of Taiwan's conditions for the East and West synthesised modernisation.

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[2] Dixon, C. and Drakakis-Smith, D. (1993) (eds.), *Economic and Social Development in Pacific Asia*, p. 139: 'The achievement of rapid economic growth and social transformation without great social unrest has earned Taiwan the title 'economic miracle''; *The East Asian Miracle* (OUP for the World Bank, 1993), p. 3; Fei, J. (1993) et. al, *Growth with Equity: The Taiwan Case*; Gold, T. B. (1986); Wade, R. (1985),'*East Asian Financial Systems as a Challenge to Economics: Lessons from Taiwan*', California Management Review, vol. 27, No. 4, pp.106-27; '*A survey of Taiwan: Transition on Trial*', The Economist, March 5, 1988, p. 3.

Cultural identity and its implications

One of the cultural identities that distinguishes Taiwan, and indeed a number of East Asian regimes to the outside world, is the Confucian mentality.   In Taiwan, Jong-gwo-wen-huah-ji-been-jiaw-tsair (中國文化基本教材 Basic material/teaching of Chinese Culture) is taught to every student during their high school education. Through compulsory education in a standardised curriculum, the Confucian values are manifested in the lives of Taiwanese people. Therefore, Confucianism can be regarded as Taiwan's cultural orientation.

One of the central concerns regarding the rise of industrial Taiwan and a number of East Asia countries, i.e. Japan, South Korean, Singapore and Hong Kong, is the extent to which Confucianism was a hindrance to modernisation. Weber questioned whether Confucianism served as an element to promote economic development, and concluded that Confucianism may have hindered development of Capitalism. The current tendency of regarding Confucianism as having been rather favourable to economic growth and modernisation is attributed to the economic success of East Asia, including Taiwan. This striking empirical phenomenon of achievement in economy particularly and modernisation in general, has created a sharp contrast to most of the economically struggling Third World regimes. Confucianism dimension in East Asian modernisation therefore attracted much scholarly attention to call for explanations. This has inevitably generated a great deal of controversy among different accounts in terms of this regime's unique cultural aspect. Some view the Confucian cultural elements, i.e. the emphasis on thriftiness and working hard, the importance of education, respect for authority, self and group discipline, etc., as none prima facie components for the spectacular economic achievements.   Nevertheless, once the seeds of modernisation get underway through some other means, Confucianism appears to have proved favourable to encourage rapid and sustainable economic development, similar to the Protestant work ethic with the

initiation of modern capitalism in the West.[3] Whilst the Weberian thesis tends to hold the view that Confucian values are potentially negative to economic development.

It was this ostensibly cultural determinism during the later part of the Ching Dynasty when China was confronted by the then rapidly modernising Western powers, the Chinese ruling authority, elite and literati began to be aware of the advancement of foreign civilisation and considered 'lesson-drawing' from the West. A number of timely reform processes materialised in between the mid-nineteenth to the early twentieth century, from which we shall now turn.

4.3 The Emergence of the Modern Chinese Era

The significance of the late nineteenth century to the early twentieth century period probably did not rest as much on the overthrow of the dynasty and the creation of the republic, as on the erosion of the Chinese orthodoxy and the need of Westernisation. The centuries of peace and self-satisfaction in China encouraged little incentive for change in the attitudes of the ruling elite who believed that the Chinese civilisation was the most superior culture in their narrowly perceived world. Those who either questioned this assumption, or promoted the adoption of foreign ideas were regarded as heretics and treated severely by the imperial authority. By the nineteenth century, however, this mentality of the Chinese ruling elite proved a liability when the growing challenges were brought by the Western powers.

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[3] For both Weberian and anti-Weberian discussions, see, for example, Tu, W. M., Hejtmanek, M. and Wachman, A. (1992) (eds), *The Confucian World Observed*, pp. 1-2, 15-16, 124-126; King Ambrose Y. C. (1996), 'The Transformation of Confucianism in the Post-Confucian Era', and Wong, J. (1996), '*Promoting Confucianism for Socio-economic Development*', in Tu, W. M., (ed.), Confucian Traditions in East Asian Modernity; Tai, H. C. (1989) (ed.), *Confucianism and Economic Development: An Oriental Alternative?*(Washington, D. C.: Washington Institute Press); Hofheinz, R. Jr., and Calder, K. E. (1982), *The Eastasia Edge*. (New York: Basic Books)

Table 4.1: Selected timetable of Western invasion and China's Westernisation between the mid-19th century and the early 20th century

Year	Event	Outcome
1839-42	First Opium War (with British)	Signed the Treaty of Nanjing (1842). It is the first of a series of 'unequal treaties' China signed with the West.
1856-60	Second Opium War/Arrow War (With British and French)	Western powers occupied Beijing, and more unequal treaties were imposed on China.
1861-94	Self-Strengthening Movement	The defeat by the foreign powers and the humiliating unequal treaties forced the Chinese government to be aware of the need to strengthen China. Scholar-generals and officials, such as Zeng Guo-fan, Li Hong-zhang, Zuo Zong-tang and Chang Chih-tung, led the movement. The movement was eventually a failure for the leaders did not recognise the significance of the political institutions and social theories that had accommodated Western advances and modernisation.
1894-95	Sino-Japanese War	China's defeat by Japan showed the Japanese success with modernisation and Westernisation, and overwhelmingly verified the necessity of Westernisation for China.
1898	The Hundred Day's Reform	Influenced by the Japanese success with modernisation and Westernisation, Kang You-wei, Liang Chi-chao, etc. declared that China needed more than just 'Self-Strengthening', but the reform must be accompanied by institutional as well as ideological changes.
1905	Russo-Japanese War	Japan's emergence as a world power gave the Chinese impetus to study abroad, especially in Japan.
1911-12	The Republication Revolution and the creation of the Republic of China	After all reforms had failed, many Chinese were convinced that the only real solution lay in outright revolution. The revolutionary leader, Sun Yat-sen became increasingly popular among oversea Chinese. On January 1, 1912, Sun was swept in power in Nanjing as the provisional president of the Republic of China.
1919	May Fourth Movement	The campaign of anti-Confucianism and anti-traditional ideas was led by Chen Tu-hsiu, Tsai Yuan-pei and Hu Shih. It was regarded as an intellectual revolution in modern China.

Since the mid-nineteenth century, China was militarily invaded by a number of foreign powers, including the British during the first Opium war, the British and French in the second Opium war and several others followed suit. These rude realities of foreign invasions, along with the humiliating unequal treaties and the Taiping uprisings caused the Ching ruling elite and literati to recognise the need to strengthen China. The next fifty odd years that followed was 'characterised by blind worship of the West and a process of indiscriminate imitation'. [4] A series of reform programmes, such as the

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[4] Wang, Y. C. (1966), *Chinese Intellectuals and the West*, p. 52.

'Self-Strengthening Movement' and the 'Hundred Day's Reform', were underway.

The Self-Strengthening Movement was led by capable scholar-generals and officials of the Ching Dynasty between 1861 and 1894. Among them, were Zeng Guo-fan, Li Hong-zhang, Zuo Zong-tang, Chang Chih-tung, etc. The goals of the movement included military modernisation, scientific knowledge and technical education and so forth. Western science, technology and languages were studied in specially designed schools in bigger cities and arsenals, shipyards and military academies were established according to foreign ingredients. Chinese students were also sent to Europe and America in hopes that Chinese strength could be restored through Western learning. The proposition of the movement was 'Chinese studies for the essence, Western studies for utility (Zhong xue wei ti, Xi xue wei yong 中學為體, 西學為用)'. Thus, it was clear that Confucian orthodoxy and institutions were still well preserved whilst drawing selectively from the West.

In 1895, China's defeat by its neighbouring country, Japan, which had undertaken a dynamic modernising programme known as Meiji Restoration, conclusively demonstrated the failure of the Chinese Self-Strengthening Movement and the necessity for a large and thorough scale Westernisation. The failure of the movement could be attributed to a non-genuine programme of modernisation and Westernisation, which applied Western practical knowledge while reaffirming the old mentality.

The success of Meiji Japan with modernisation was the major influence on the next reform to take place in China in 1898 was known as the 'Hundred Days' Reform'. This reform began to realise that whilst adopting Western science and technology, it should be accompanied by both institutional and ideological changes to ensure a successful reform. The edicts for reform, which was mainly proposed by two principle leaders– Kang You-wei and Liang Chi-cho and supported by the Guang-xu emperor, covered a wide range of areas, including educational, economical, legal, military and political systems. By doing so, the major purpose was to gradually change China into a de facto

constitutional monarchy. The reform generated intense opposition from the conservative ruling elite for being too radical. Empress Dowager Tzu Hsi initiated a coup d'état in September 1898 forcing the young reform-minded emperor into seclusion, a conservative administration was swept into power and six of the reform's chief advocates were executed. The two principal leaders– Kang and Liang, made a timely escape abroad in order to avoid execution.

Failures of the reforms mentioned above convinced many Chinese people that the only possible solution was an outright revolution. The revolutionary leader– Sun Yat-sen, who was an anti-Ching activist and a republican, became increasingly popular with oversea Chinese and Chinese foreign students. Oversea Chinese financed Sun's revolutionary movement generously. Sun also travelled extensively in seeking foreign support for his revolution. His political philosophy, which centred on *The Three principles of the People* , was conceptualised in the 1890s and enunciated for the first time in 1905 when he founded the Tongmeng Hui (同盟會) in Tokyo. Before we discuss Sun's thought in greater detail in a later section, it is worth noting an intellectual revolution after the creation of the Chinese republic– the May Fourth Movement[5]. It was the first mass movement in the history of the Chinese republic. The name of the movement was drawn from a demonstration by a few thousand college students in Beijing on May 4, 1919 to protect China's failure to recover its lost interests in Shan-tung at the Paris Peace Conference[6]. Protests and strikes widened to Shanghai and a nationwide boycott of Japanese products followed. The movement was led by intellectuals, such as Chen Tu-hsiu and Hu Shih, who performed under the assumption that ideological transformation would lead to modernisation in other areas. The old cultural values embodied in Confucianism were regarded as prerequisites to be discarded to enable the Chinese modernisation. The

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[5] For books on the May Fourth Movement, see, for example, Chow, Tse-tung (1960), *The May Fourth Movement: Intellectual Revolution in Modern China*, Cambridge: Harvard University Press; Schwarcz, V. (1986), *Chinese Enlightenment Intellectuals and the Legacy of the May Fourth Movement of 1919*; Hu Shih, (2nd ed.)(1964), *The Chinese Renaissance*.

[6] The Conference which awarded Japan the former German leasehold of Shan-tung was held on April 28, 1919. At first, China was encouraged by the US President Wilson's 14 points in hopes of regaining its rights in Shan-tung from Japan. However, the hope was demolished by secret treaties among England, France and

anti-Confucian campaign was greatly promoted during this period. As argued by Chen Tu-hsiu in 1919, 'In order to foster Democracy, we must oppose Confucianism, chastity, old ethics, and old politics. In order to foster Science, we must oppose the old arts and religion. In order to foster both Democracy and Science, we must oppose our national heritage and our old literature.'[7] This antithesis between Confucianism and 'Democracy and Science' was commonly perceived by the Chinese intellectuals and youth during the May Fourth Movement period. Therefore, the replacement of tradition and the old ethics by democracy, science and technology, which were seen as the strength of the West, was delightfully pursued by the May Fourth intellectuals.

The reform/restoration movements mentioned above, extravagant as they were during their own period, all owe to one common and logical explanation. The foreign forces that had driven the modernisation in China to take place and simultaneously discredited not only Chinese practices of life but also the core of the two-thousand-year-old Chinese culture– Confucianism. The pioneer behind all of the agitation for change since 1860 was the agonizing concern of the literati with China's international debilitation and domestic turmoil. So long as the troubles within and without China remained unimproved, reform or revolution would continue to emerge.

From 1860 upwards, there seems to be a tendency that the scope of modernisation gradually widened. It started with the restoration of Confucian values, acquisition of foreign arms, machinery, scientific knowledge, technical education and linguistic skills to the establishment of Western institutions and practices and the diffusion of social and political ideas to eventually resulting the replacement of national heritage and traditional ethics. The Manchu regime was overthrown in the process with the founding of the Chinese republic. Yet the reform movement had no sign of extinction, only repeating itself on an even larger and more thorough scale.

Italy who pledged their support to Japan.
[7] '*In Defense of the Crimes Committed by This Magazine*', La Jeunesse (Hsin Ching-nien), Vol. VI, No. 1.

4.4 The Three principles of the People: Sun Yat-sen's middle/third way in modern China

According to Sun Yat-sen, the principles he established for the Chinese revolution were derived from traditional Chinese thought, the various schools of Western philosophy and ideas he created on his own.[8] The significance of the derivation of Sun's thought from diverse sources is threefold. First, it is different from the school of thought advocating a total restoration of ancient Chinese traditions and a rejection of everything alien. Second, it also differs from the school for which a complete Westernisation of China would be called. Third, Sun believes that whether an idea is good or not depends on whether it accommodates the needs of the Chinese people.[9] Whether a school of thought is to be adopted, adapted or discarded, according to Sun, depends on the subjective requirements of time and space. Thus, it can be argued that the ideas of Sun Yat-sen appear to be the first pragmatic 'middle way/third way' between Occidentalism and Orientalism in contemporary Chinese history. With respect to this, Richard Wilhelm, the German Sinologue, offers us a well-thought assessment of the significance of Sun Yat-sen.

'The greatness of Sun Yat-sen rests upon the fact that he had found a living synthesis between the fundamental principles of Confucianism and the demands of modern times, a synthesis which, beyond the borders of China, can again become significant to all humanity. Sun Yat-sen combined in himself the brazen consistency of a revolutionary and the great love of humanity of a renewer. Sun Yat-sen has been the kindest of all the revolutionaries of mankind. And this kindness was taken by him from the heritage of Confucius. Hence his intellectual work stands as a connecting bridge between the old and the modern ages. And it will be the salvation of China, if it determinedly treads that bridge.'[10]

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[8] Sun Yat-sen, Chung-kuo ke-ming shih (History of the Chinese Revolution 中國革命史).

[9] Sun Yat-sen's third lecture on the Principle of Nationalism.

[10] Richard Wilhelm's Preface to Tai Chi-tao (戴季陶) in *Die Geistigen Grundlagen des Sun Yat Senismus*, Berlin, 1931, pp.8-9; the English translation is found in Paul M, A, Linebarger (1963), *The Political Doctrines of Sun Yat-sen*, pp. 68-69.

It is important to point out that Sun's role as the mediator bridging the East and West, Confucianism and Western modernity in the particular period of time whilst China was facing troubles within and without the country. Another interesting comment argued by a French scholar, Bergère states:

> '...interlinked expatriate Chinese settlements still connected to the motherland through multiple solidarities– clanic, religious, dialectal, economic– that extended beyond any territorial or national base perpetuated Sun's loyalty to certain aspects of the Confucian culture and at the same time encouraged his conversion to modernity...his travels...in this vast overseas network, enabled him to discover the world without breaking with Chinese civilisation...He...looked upon the politics and society of his native country with the critical perspective of a cosmopolitan observer, but without the detachment...'[11]

The main gist of what Bergère argues here is along the same line with Wilhelm, confirming that Sun's thought can be recognised as policy learning/lesson drawing, diffusion of ideas from foreign countries and a third/middle way approach, which extracts the essence of the East and the West. In light of this middle/third way approach, it provides us with a new perspective from which to investigate and understand the nature of Sun's Three Principles of the People.

To take a closer examination of Sun's thought in terms of its middle/third way nature, we will briefly look into the particular time and space of Sun's era before examining the origins and development of his thought.

The emergence of Sun in the midst of civil unrest
China, during the late nineteenth century and the early twentieth century, was in the stage of collapsing as a result of having been forcibly opened up to foreigners and also owing to the decline of the ruling dynasty. The enforced opening-up process was initiated with the

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[11] Bergère, M-C (1998), *Sun Yat-sen*, p.6.

First Opium War in 1839 and continued until the beginning of the twentieth century. The dynasty of Manchu was not only confronted with foreign penetration by hostile forces, but also faced public discontent eventually erupting in vast rebellions. Among them, the most mentioned one is the Taiping Rebellion between 1851-65, which was under the leadership of the Cantonese visionary Hung Hsiu-ch'uan (洪秀全). Eleven provinces fell into the hands of the Taiping rebellion, creating the Taiping Heavenly Kingdom (太平天國), with Nan-king as its capital. The social malaise among literati and elites was extremely unstable. Moreover, in the treaty ports, a new society and a new culture were in the process of emerging: foreign trade was booming and there was a lively foreign presence that stimulated a universal desire to get rich quickly; it was a triumph of pragmatism. This coastal civilisation, including a number of mainland cities, Hong Kong and Macao, stood in contrast to the rural, bureaucratic, Confucian tradition of the provinces of inland China. It was during this particular time and space of anarchy and disorder that Sun Yat-sen came into existence.

The birth of a highly regarded national hero like Sun Yat-sen often gives authors freedom to imagine and to invent storylines. In *Sun Yat-sen: The Man and His Ideas*, Wu relates Sun's birth with Lincoln's death in a rather oriental superstitious and unique manner:

> 'In 1865 Lincoln had gone his way. One of the greatest statesmen in the history of the world had lived and died. In 1866, in a little village of South China was born Sun Yat-sen, destined to grow into a statesman of equal stature with Lincoln...In the world of politics, at least, men of such superlative greatness do not appear every century...one should have been born barely one year after the other had made his exit.'[12]

Sun was born in a relatively poor peasant family. He studied Chinese Classics such as the *Canon of Confucius*[13] and *Twenty-four Histories*[14]. His early learning of Confucian

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[12] Wu, John C. H. (1971), *Sun Yat-sen: The Man and His Ideas*, p. 1.
[13] They include *Lun Yu* (Analects), Mencius, *Ta Hsueh* (the Great Learning), *Chung Yung* (the Doctrine of the Mean) and others.
[14] They are the works of Chinese dynastic histories. Traditionally, they are regarded as the authoritative

orthodoxy proved influential to his revolutionary cause. Sun's rare opportunity to study abroad between 1879 and 1883 was made possible by Sun Mei's[15] successful business in Hawaii. His education in Hawaii proved beneficial to the foundation of his revolutionary career, for not only did he learn English, but he was also introduced to the concepts of government and exposed to the British and American systems of democracy. Sun's hectic revolutionary career did not give him plenty of time for education. After being kidnapped in London[16], Sun stayed on for the next several months to educate himself at the British Museum. There is no concrete evidence of what exactly Sun read in the British Museum. However, from Dr. Cantlie's words, we have a clue. He says:

> 'When residing with us in London, Sun wasted no moments in gaieties; he was for ever at work, reading on all subjects which appertained to political, diplomatic, legal, military and naval matters…engineering, political economy…occupied his attention and were studied closely and persistently. The range of his opportunities for acquiring knowledge had been such as few men ever had.'[17]

At the time, a series of international expeditions were aimed at China to undermine its ideological, institutional and social structures. Among the coastal provinces, Kwang-tung was most open to the impacts of the West. The infiltration of Western influences had created a particularly acute tension for Chinese people between old and new, East and West– a tension which could only have been resolved by a thorough revolution, a revolution aimed not only to balance the old and the new, but also to strive for a balance between the East and the West. It was this peculiar social, political, economical and cultural background and environment into which Sun was born and resided during his formative years. Caught between two very different intellectual worlds, in this light, it should gain us a better understanding of Sun's thought. We shall now turn to search for the

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position in the recording of Chinese history.

[15] Sun Mei, Sun Yat-sen's elder brother, left China for Hawaii in 1871 for a business venture.

[16] There are some speculations in relation to whether Sun was actually kidnapped by the Chinese Legation in London in 1896. See J.Y. Wong, *The Origins of an Heroic Image: Sun Yatsen in London, 1896-1897* (New York: Oxford University Press, 1986).

[17] Cantlie, James and C. Sheridan Jones, *Sun Yat-sen and the Awakening of China* (New York: Fleming H.

influences on Sun's ideas, starting from Chinese traditional thought.

Chinese origins of Sun's thought

Once in answering what Chinese thought is to Marie[18] (馬林 Hendricus Jonannes Franciscus Marie Sneevliet, 1883-1942), a representative from the Communist International, Sun replies that 'China has a living philosophy tradition, dating from the earliest sage rulers Yao, Shun, Yu, T'ang, Wen and Wu, carried on by the Duke of Chou and Confucius, and continuing right down to the present without interruption. My thought is basically a continuation and a further development of this grand tradition.'[19] In accordance with this, Sun admitted as being one of the guardians of the Confucian *Tao-Tung* (transmission of the Way). The following discusses the influence of Chinese traditional thought on Sun's Three Principles of the People.

The Principle of Min-tzwu (Nationalism)

Confucius's definition of a man of true humanity would be: one, who being established himself, proceeds to establish others, and, being enlightened himself, proceeds to enlighten others. Sun's principle of nationalism was an application of this moral principle to the field of national and international politics. According to Wu[20], it should be realised that Sun's nationalism is different from some Western brands of nationalism. His goal was to achieve China's freedom with equal status as other nations in the world. This also lies behind the difference between Wang-tao (王道) or the way of Right as oppose to the Pa-tao (霸道) or the way of Might. China was to espouse nationalism in order to attain unity and achieve liberty and equality; then it would be in a position to consider others and help the weaker, smaller nations to unite in a common struggle against the aggressive

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Revell, 1912), p. 202.

[18] For more details about this person, see Dr. Sun Yat-sen Museum, available at http://www.sunyat-sen.com.cn/renwu29_ml.htm (in Chinese).

[19] Chiang Kai-shek's lecture entitled 'San-min chui-I chih t'i-his chi ch'i shih-hsing chih ch'eng-hsu (the system of the Three Principles of the People and its procedures of implementation); also in John C.H. Wu, *Sun Yat-sen: the man and his ideas*, p. 412.

[20] For details, see Wu, John C. H. (1971), *Sun Yat-sen: the man and his ideas*, pp. 297-298.

powers of the world.[21] Sun's nationalism should not be seen as a means for China to dominate the rest of the world. As this would be contrary to the teaching of Confucius: not to render to others what you would not like to have rendered to yourself.[22] The distinctive feature of Sun's nationalism is its moderation. What he aspired to was to establish China's equality with other nations of the world, not her superiority over them. According to Sun, each nation has a distinctive contribution to make to the culture and civilisation of humankind.

The Principle of Min-ch'uan (Democracy)

In Sun's first lecture on Min-ch'uan, he argued that more than two thousand years earlier both Confucius and Mencius advocated the sovereignty of the people. When Confucius claimed 'in the exercise of the great principles of Right, the empire is for all', he meant it to advocate a united world under the rule of the people. Sun went on to quote that the people are the most important, the spirits of the land and grain next, and the sovereign least of all, according to Mencius.[23] To Sun, all elements of a democratic ideology are to be found in the Chinese Classics. He stated that 'the development of China [on democracy] was earlier than that of Europe or America, and democratic government had already been talked about for several thousands years, although at that time it was merely theory and had not been put into practice.'[24]

The Principle of Min-sheng (People's Well-being)

When Confucius was asked about the duty of the government, he replied that the first duty of any government is to provide sufficient food for the people. Mencius further elaborated this idea by saying that a wise ruler should seek to increase the wealth of the people so that

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[21] For more details, see *Sun Chung-shan hsuan chi* (Selected works of Sun Yat-sen), pp. 589-660.

[22] It has been argued that Christianity has some degree of influence on Sun Yat-sen, although it triggered some controversy. However, certain Confucian ideas, including those of love, loyalty and justice, were not incompatible with Christianity but rather part of it. This particular Confucian teaching is commonly known as the Golden Rule in Christianity. Similar concepts can be found in a number of other world religions, including Buddhism, Hinduism, Islam, Judaism, Taoism and Zoroastrianism, see http://www.teachingvalues.com/goldenrule.html for more information.

[23] *Sun Chung-shan hsuan chi*, p.669.

[24] ibid., p. 670.

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they will have the resources to care for their parents, wife and children, to provide them with sufficient food all year around, and to prevent them from hunger during bad years.[25] Therefore, Sun claims that his Principle of Min-sheng is designed to provide a sufficient solution for the main problem of food shortage in China.[26]

Confucius once remarked that poverty would vanish when there is an equal distribution of wealth in society. Therefore, Sun was concerned not only about poverty in China, but also about the problem of an unequal distribution. Sun continued this ancient Chinese economic concept when he said in order to implement Min-sheng it is necessary for the government to regulate private capital and to put an end to monopolisation. Thus, the gap between rich and poor can be narrowed.[27] At the end of his second lecture on Min-sheng, Sun called upon the authority of Confucius: '...the ultimate end of Min-sheng, a state which Confucius calls *Ta-tung* (大同) or the age of 'Universal Harmony'.'[28]

It is apparent that Sun was profoundly attached to Chinese traditions. For quotations from the Chinese Classics and ideas of Confucianism were often applied in Sun's Three Principles. Sun's unadulterated pride in Chinese orthodoxy did not stop him from gaining inspirations from the West, from which we shall now turn.

Western origins of Sun's thought

Sun's thought was deeply indebted to Western influences. As Sun studied abroad, he became familiar with the languages, the political and social traditions, and science and technology in the West. He devoted a great deal of time to observing the methods and the measures that Westerners had adopted to enrich, empower and civilise their nations.[29] Sun travelled extensively to many parts of the world during the course of the Chinese revolution. This further expanded his understanding of Western social science and

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[25] Mencius, chapter on '*Liang Hui Wang*' (梁惠王).
[26] Sun's third lecture on the Principle of Min-sheng, in *Sun Chung-shan hsuan chi*, pp. 805-823.
[27] Manifesto of the Kuomintang, January 1, 1923.
[28] *Sun Chung-shan hsuan chi*, p. 805.
[29] Sun Yat-sen's petition (1894) to Li Hung-chang proposing the means to save China, in *Sun Chung-shan*

political systems. According to Sun, his stay in Europe, following his release from confinement in the Manchu Legation in London, further opened his eyes to the nature of social, economic and political systems of the West.[30] From Sun's writings, particularly the Three Principles of the People, names of the westerners such as Karl Marx, Henry George, John Stuart Mill, Charles Montesquieu, Bismarck and Maurice William[31] were mentioned. Some have argued that from which Sun derived his ideas were considered second rate in the West[32], it was nonetheless western sources.

The principle of Min-tzwu (nationalism)

Whilst talking about nationalism, Sun used many foreign examples to illustrate his Min-tzwu principle. On many occasions, Sun showed his respect towards the difficult achievement of American nationalism. Here is what he describes:

> '...America...in terms of racial composition, there are quite a few different ethnic groups in the country, including the Blacks, Caucasians, and Red Indians. In terms of the country of origin, there are also many different peoples– the British, the Dutch, the German, the French, and the Russian constituting the largest ethnic groups. American is the largest racial melting-pot in the world...American nationalism is a very positive nationalism, and it is a good model for the nationalism advocated by our party [the KMT].'[33]

It would not be difficult to understand that before the creation of the R.O.C. in 1911, Sun's nationalism was anti-Manchu for his course of revolution. However, after 1911 his view on nationalism was to bring complete harmony and integration among the Han Chinese, the Manchus, the Mongols, the Hui and the Tibetans, etc. Thus, in the Manifesto of the KMT issued on January 1923, it states that the passive goal is to eliminate inequality

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hsuan chi (Selected works of Sun Yat-sen), p. 7-18.

[30] *Sun-wen hsueh-suo* (Doctrine of Sun Yat-sen), Chapter 8.

[31] For more details regarding Maurice William and his influence on Sun Yat-sen, see Zolotow, Maurice (1943), 'The Dentist who changed world history', Harper's Magazine (Dec.) and (1948) Maurice William and Sun Yat-sen, London: R. Hale; Shotwell, James T. (1932). '*Sun Yat-sen and Maurice William*', Political Science Quarterly, Vol. xlvii, No. 1.

[32] See, for example, Bergère, p. 7 and Y. C. Wang, *Chinese Intellectuals and the West*, p. 338-339.

[33] Sun Yat-sen's speech, '*San-min chu-i ti chu-t'i pan-fa*' (Concrete measures for implementing the Three

among the various ethnic groups in China; meanwhile the positive aim is to unite them into one great Chinese nation. The American influence on Sun's nationalism is therefore not fiction.

The principle of Ming-ch'uan (democracy)

In his *The Chinese Revolution*, Holcombe argues that the main outlines of Sun's Three Principles of the People is of American origin. Sun 'had breathed the atmosphere of American life and absorbed the spirit of American government...though in later life he acquired a better understanding and appreciation of Chinese literature and philosophy, his political thought retained its predominantly American character to the end. The immediate inspiration of the Three Principles was Lincoln's Gettysburg address.'[34] According to Article 1, the Constitution of the R.O.C.: 'The Republic of China, founded on the Three Principles of the People, shall be a democratic republic of the people, to be governed by the people, and for the people.' This was the type of blueprint that Sun wished for China, which is similar to what Lincoln would have brought forth for the US.

The distinction between direct and indirect democracy was also revealed by Sun. He claims that:

> 'The first move towards direct democracy is Europe...was to give the people the 'right to vote'...after the popular suffrage came into existence...the 'right to recall' was later recognised...in addition to the control of public officials, the people of Europe invented two other rights, initiative and referendum, which enabled them to secure a complete control of legislation.'[35]

Only by recognising the four rights, namely the right to vote, recall, initiative and referendum, believes Sun, the control of governmental machinery (i.e. public officials and

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Principle of the People).

[34] For more details, see Chapter V: The Revolutionary Politics of Sun Yat-sen, in A. N. Holcombe (1930), *The Chinese Revolution*.

[35] For more detail, see *Sun Chung-shan hsuan chi* (Selected works of Sun Yat-sen), pp. 758-759.

legislation) could be implemented and therefore direct democracy achieved.

The principle of Min-sheng (people's well-being)

As argued in the second lecture of Min-sheng, Sun says that 'Two methods of carrying out the principle of People's Well-being have long been included in the Kuomintang's policies. The first is the equalisation of land ownership, and the second is the regulation of capital.'[36] Among others, Henry George, Karl Marx and Maurice William could claim to have the most influence on Sun's Principle of Ming-sheng.

During Sun's sojourn in Europe, mainly in London, he was exposed to the written works of George and Marx. The American reformer Henry George's death in 1897 called attention afresh to his 'common ownership of land' where Sun's 'equalisation of land ownership' was heavily indebted. Note that George, unlike Sun, aimed to tax all unearned increments, past and future. As Sun only advocated for future increments in land values and left the past portion intact in the hands of landowners, in this regard, his 'equalisation of land ownership' proposal was closer to the one of John Stuart Mill.[37] As to Karl Marx, according to Sun, he was the most outstanding socialist thinker who spent a considerable amount of time reading and comparing all the relevant material at the British Museum[38]. The theory of Marx was discussed extensively in Sun's first and second lectures on Min-sheng. Marx's theory helped Sun to realise that social problems stem from economic inequality. Sun notes that the radical socialists advocated the equalisation of wealth as a means to ameliorate economic inequality. However, he pointed out the fallacies of 'class struggle' and 'surplus value' of Marx's theory.[39] Sun asserted that social progress resulted from class cooperation instead of class struggle between capitalists and labourers.

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[36] Ibid., p. 788.

[37] Harold Schiffrin and Pow-Key Sohn, '*Henry George on Two Continents: A Comparative Study in the Diffusion of Ideas*', Comparative Studies in Society and History, Vol. 2, Issue 1 (Oct., 1959), p. 103.

[38] It is worth noting that Sun, according to Cantlie, spent most of his time reading books relating to politics, diplomacy, law and a number of other subjects in the British Museum after he was released by the Chinese legation in London.

[39] For more detail, see *Sun Chung-shan hsuan chi*, pp.776-787.

Sun's refutation of Marx's theories was indebted to Maurice William's *The Social Interpretation of History*. Indeed, Sun's lectures on Ming-sheng strongly resembled the passages from William's book. Sun did acknowledge his debt to the ideas of William in his first lecture of Ming-sheng.

Sun's deep attachment to Chinese orthodoxy did not prevent him from being indebted to the West. As examined above, it is self-evident that the influence of Western thought on Sun's ideas was profound. Sun's Three Principles dealt with national liberty, political equality and welfare of the Chinese people corresponded respectively to the three watchwords of the French Revolution– liberty, equality and fraternity.[40]

The creation of Sun's thought

Sun Yat-sen's theory of a five-powered government is a new invention in the history of comparative constitutions. The reasons for Sun to arrive at the desirability of five powers instead of the three powers commonly practiced in the constitutions of the West are interestingly significant for not only the lessons drawn form the West, but also the Chinese traditions inherited. In this way, it is apparent that his five-powered government is a unique outcome of a middle/third way between the East and West. Sun says that in his 'Five-power Constitution', the French scholar– Montesquieu, proposes that the power of government should be divided into three classes, namely, the legislative, the judicial and the executive in his renowned book *The Spirit of the Laws*.[41] But when he was thinking about a constitutional system for China, he happened to read Burgess's *Reconciliation of Government with Liberty*, in which the author praised the impeachment system of ancient China, and considered it to be the best method of harmonising individual liberty with strong government.[42] Sun also mentioned a scholar named Cecil of Columbia University who argues for a four-power division including a separate impeachment.[43] Despite the

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[40] Sun's second lecture on the Principle of Democracy.

[41] For more details, see '*Wuu-ch'uan-shiann-faa* (Five-Power Constitution) in *Sun chung-shan hsuan chi* (Selected works of Sun Yat-sen), p.580.

[42] Ibid., p.581. It was Burgess, according to Wang, who had taught at Columbia University. See Y. C. Wang (1966), *Chinese Intellectuals and the West*, p. 336.

[43] Ibid., pp. 573-574. By Cecil, argues Wang (p. 336), Sun meant Lord Hugh Cecil who had never taught at

accuracy of these sources, they served as an advantage for Sun to advocate his five-power constitution.

Table 4.2: comparative constitutions of China and foreign nations

Constitution of China	The Examining Power The Imperial Power (The Legislative, Executive and Judicial Powers) The Impeachment Power
Foreign Constitutions	The Legislative Power combined with the Power to Impeach The Executive Power combined with the Examining Power The Judicial Power
Sun's Five-power Constitution	The Executive Power The Legislative Power The Judicial Power The Examining Power The Impeachment Power

Source: Sun Chuang-shan hsuan chi (Selected works of Sun Yat-sen), pp. 580 and 583.

As for the Examining Power, Sun speaks in *Five-Power Constitution*:

> 'We Chinese have an ancient institution, known as the civil service examination, which is a very good way to get qualified people for government positions. In ancient China the only regular channel into government offices was examination. Anyone who came to office by other ways than examination was considered dishonest. The ancient system was extensively used in the feudal period.'[44]

Sun argues that the examination system of China is the most significant contribution to the theory of government because it performs the vital function of finding the right person with the most desirable talents for public services. From the Western constitutions Sun adopted their usual three powers and then coordinated it with the Chinese heritage of the two other powers to create his distinctive innovation of the Five-power Constitution as shown in Table 4.2.

Columbia. Lord Cecil, in his book *Liberty and Authority*, discussed the conflict between liberty and equality, but did not deal with the separation of powers.
[44] Ibid., pp. 574-575.

During his Northern expedition to Peking to resume the North-South dialogue with Northern generals, Sun's health was deteriorating. He was hospitalised in the Peking Union Medical College in December 1924. This medical institution, founded by missionaries and funded by the Rockefeller Foundation, provided the most advanced medical treatment of its time in the capital. The scenario, including Sun's presence, accompanied by his young wife, revolutionary companions and Soviet advisers, in this technologically superior hospital that perfectly symbolised the West, sums up the hybrid nature of Chinese modernisation in the dawn of the twentieth century, stimulated as it was by the most contradicting sources.[45]

There is no accident that Sun's poster hangs opposite to the one of Chairman Mao in Tiananmen Square[46] whilst his picture can be found in almost every public building in Taiwan. He is known to tens of millions of Chinese as 'the Father of the Chinese Revolution' or 'the founding Father of the Republic of China'. To pay tribute to Sun, the Communist regime was even to offer Sun's widow, Soong Qing-ling, the honourable title of vice-president of the People's Republic of China, a title she retained until her death in 1980. The KMT and the Chinese Communalist party have both claimed to have taken up Sun's mantle. Sun, who may have been remembered for different political, social or otherwise, reasons by the two separated Chinese regimes, is highly honoured throughout the Chinese communities around the world.

4.5 The Chinese Christian Warrior and Disciple of Sun Yat-sen: Chiang Kai-shek

After Sun Yat-sen's death in 1925, there were several contestants for leadership in China. Among them, Chiang Kai-shek was the favourite to succeed Sun Yat-sen. Born in 1887 in a remote farming village in the eastern province of Chekiang (浙江), he was raised by his mother after the death of his father in 1895. Mrs. Chiang possessed exceptional

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[45] Bergère, p. 405.
[46] Sun's poster was again put up in 1999 when the P.R.C. was celebrating its fifty-year anniversary. Sun's poster has remained there since then. In general, Sun Yat-sen is respected and regarded as the 'founding Father of the nation' in P.R.C., although this has rarely been brought up.

characteristics that Chiang later claimed that his family had great influence on him. She shouldered the burden of bringing up the family. Few knew the heavy sacrifices that Mrs. Chiang made in order for Chiang Kai-shek to receive as good an education as could be acquired in the locality. Perhaps a dim light of Mrs. Chiang's characters can be revealed from her expectation of her son that she desired neither the accumulation of great wealth, nor the attainment of high position. Instead, she anticipated that Chiang Kai-shek should love his country and preserve the good name of his ancestors who had a fine reputation.[47] In Chiang Kai-shek's own words of describing his mother, he placed stress on the kindheartedness that she demonstrated to those who were underprivileged, especially to widows and orphans. Although she was not rich, she gave freely to schools and hospitals, and was indefatigable in contribution for the public welfare.[48]

The sources of Chiang's foreign influences can be traced from his experience in Japan and Russia. Like Sun Yat-sen, Chiang had dreams of restoring national glory informed by the harsh realities of his youth. He left China for training at Japan's Military Preparatory Academy among soldiers whose discipline and sophistication inspired him to believe that China could also build a strong army. Chiang returned to China and joined the Kuomintang in 1911. During the post revolutionary years until his death in 1925, Sun was preoccupied with the unification of China by military means. Obtaining the military aid from China's immediate neighbour– Russia, was placed as the highest priority. Sun had intentions to find out whether Russia would be able to assist him in this regard by sending one of his trusted aides to Russia to discuss this with Soviet leaders. Chiang Kai-shek was the best candidate for such a mission for not only Chiang's skills on the Russian language, but also his knowledge on the military affairs. In Moscow, Chiang met with top Soviet leaders, including Trotsky and Stalin. He studied Soviet party, military and government organisations by listening to briefings by responsible Russian officials. Chiang was also exposed to the background of the Russian revolution and of the circumstances under

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[47] Tong, Hollington k. (1953), *Chiang Kai-shek*, p. 4.
[48] Ibid.

which the Soviet party came to existence.[49] Chiang also inspected the Red Army and the system of political commissars that specially attracted his attention. Chiang learned that the commanders were to train the army to prepare for battle whilst the commissars were to watch the conduct of officials and were responsible for political education. Commander and commissar were both accountable to the enforcement of military discipline.[50] Chiang was deeply impressed by this. The idea was first put into practice and institutionalised in China and then fully implemented in Taiwan after 1949 by setting up the 'College of Political Warfare' for military personnel and 'General Political Warfare Department' under the Ministry of Defence in order to introduce the idea and experiment of 'commissar' in the military. The system of commissars was also introduced to government agencies to watch over the conduct of the public servants and bureaucrats as well as to educate them 'right' politically.

As to the lessons of political institutions from Russia, Chiang recalls in his book *Soviet Russia in China*:

> 'From my observations and conversations with Soviet leaders, I readily perceived that fierce struggles were not only going on in Russia but also among the Communists themselves. I became convinced that Soviet political institutions were instruments of tyranny and terror, and basically incompatible with Kuomintang's political ideas. This was something I could never have imagined had I remained in China.'[51]

Instead, Chiang argues that:

> 'The Kuomintang, operating under the banner of the Three Principles of the People, stands together with all oppressed peoples of the world in the struggle against imperialism. In china our greatest enemy is warlordism nurtured by the imperialists...I have learned much in my

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[49] Furuya, Keiji (1981), *Chiang Kai-shek: His Life and Times*, p. 114.
[50] Ibid.
[51] Chiang Kai-shek (1965), *Soviet Russia in China*, p. 17.

travels in the Soviet Union...'[52]

Additionally, through Chiang's second wife, Soong Mei-ling's westernised religious pressures, Chiang was converted to the Christian faith in 1928. Christianity had been an inspiration to Chiang that he carried devoutly into his daily life by setting aside time for Christian prayer and meditation. According to Tong, Chiang's Christian faith had been a 'deep personal experience', but not a 'thing of rituals'.[53] His spiritual experiences with God in the civil war in 1928[54] and later on with the Bible in the Si-an Coup d'Etat in 1936 reinforced his Christian belief.[55]

On the other hand, the 'New Life Movement' in 1934 can be regarded as Chiang's attempt to promote the life-style of the Chinese people by returning to Confucian principles. It was a moral reinforcement in the midst of Japanese aggression and the Communist-suppression campaigns. Its primary objectives, as defined by Chiang, 'were the revival of the ancient virtues in the Chinese cultural heritage, and their application to modern living.'[56] Chiang argued that he perceived one of the main causes of China's backwardness and inability to defend itself against foreign aggression. He placed great interests on knowledge and traditional values as the foundation of national greatness. The general principles, which Chiang commended for the New Life Movement, were 'Li, Yi, Lien, Chih' (propriety, righteousness, integrity and a sense of shame). In order to demonstrate his point, he referred to the speedy recovery of Germany after the First World War and the solid discipline of the Japanese people, although he did not approve of many policies of the two countries. Chiang believed that it would be of great benefit for China to draw lessons from Germany and Japan.

After the defeat by the Communists in 1949, Chiang Kai-shek moved to Taiwan and

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[52] Furuya (1981), *Chiang Kai-shek: Hi Life and Times*, p. 115.
[53] Tong (1953), *Chiang Kai-Shek*, p. 103.
[54] Ibid.
[55] For more details, see Tong (1953), *Chiang Kai-Shek*, pp. 102-4 and Wells (2001), *The Political Thought of Sun Yat-sen*, p. 126.
[56] Tong (1953), *Chiang Kai-shek*, p. 153, op. cit.

resumed his presidency. Whilst the Chinese Communists were showing an implacable enmity towards China's ancient past during the Culture Revolution era, Chiang directed the KMT to preserve the cultural heritage of the Chinese tradition and the basic values of Confucianism. This was done mainly through education channels, stressing Chinese cultural tradition, national morality, as well as scientific knowledge and coordinating education with economic and social needs. Therefore, education under the efforts of government was focused not only on the East, but also the West or rather a moderate combination of both East and West. By doing so, education in Taiwan not only preserved the Chinese tradition and Confucianism, but also was able to learn the advanced technology and ideas from the West.

On the day of victory after eight years of war with Japan, Chiang Kai-Shek called upon the Chinese people to be generous to the Japanese people. He stated that:

> 'My fellow countrymen: Know that 'Remember not evil against others' and 'Do good to all men' have been taught by our sages. We have always said that the violent militarism of Japan is our enemy, not the people of Japan...we should not for a moment think of revenge or heap abuses upon the innocent people of Japan. We can only pity them because they have been so sadly deceived and misled, and hope that they will break away from the wrong doings and crimes of their nation...'[57]

This act of generosity and forgiveness after what Japan had done to China can be best explained by Chiang's beliefs in both Chinese traditional values as well as his Christian faith.

Through his second wife, Chiang adopted the Christian faith and increasingly became an ardent disciple to the faith, which at times counteracted with his cultural beliefs as a Chinese. Through an interweaving process of both Eastern culture and Western religion, arguably, Chiang was able to make political decisions a synthesis of the best of both

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worlds. Like Sun Yat-sen, Chiang too was influenced by both East and West which can be revealed by an understanding of his family influence, his Christian faith, the historical setting of his time in China and his foreign education.

The constitution of the R.O.C., based upon Sun's Three Principles of the People, was the main guiding doctrine for the KMT government's public policy development in post-war Taiwan. After the death of Chiang Kai-shek in 1975, Chiang Ching-kuo came into power. The Three Principles of the People was continually regarded as the leading principles for the KMT and served as the guidelines for the initiation and implementation of public policy for the government. I shall now take turns to discuss how the KMT continued to promote Sun's doctrines beginning with the *Principle of Nationalism*. The KMT, under the leadership of Chiang Kai-shek, managed to unite various ethnic groups into one Chinese nation and established China's equality with other nations in the world e.g. abandoned unequal treaties China signed with other nations during the late 19th and early 20th century and by having a representation in the United Nations. After Chiang Kai-shek passed away, the KMT was able to promote the R.O.C.'s culture and civilisation to the world through various means. A more detailed discussion is provided in the next section.

Regarding the *Principle of Democracy*, the KMT practised some form of direct elections during the period of Martial Law. Elections for county magistrates, municipality mayors, provincial assemblymen, county and city councilmen, etc. were held regularly. Supplementary elections for members of the Legislative Yuan and the National Assembly were also held on a regular basis, except in 1978 when the US broke the diplomatic tie with the R.O.C. Political reform was accelerated under the leadership of president Chiang Ching-kuo in 1986 when the Martial Law was lifted. Lee Teng-hui, the successor of Chiang Ching-kuo, became the president in 1988, continued to make progress in several areas of political reform. As a result, all senior members of First Nation Assembly, Control Yuan and Legislative Yuan who were elected in either China or Taiwan in the late 1940s were retired. Those who were elected in the National Assembly election of 1991

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[57] Furuya (1981), Chiang Kai-Shek: his life and times, p. 830.

and the legislative Yuan election of 1992 replaced those retired members of legislative bodies in Taiwan. In 1996, Taiwan had its first direct presidential election, which carried Taiwan a step closer to a full democracy. The sovereignty of the people, as advocated by Sun in his *Principle of Democracy*, was developed slowly but gradually.

Concerning the *Principle of People's Well-being*, the first implemented social security policies were Labour and Military Servicemen Insurance Programmes in 1950. However, the Labour Insurance Programme was not enforced until 1958 when the Labour Insurance Law was first promulgated. During the same year, the Government Employees Insurance Law was also enacted. Regarding other social welfare rules and regulations, the first promulgated welfare law was Children's Welfare Law in 1973. In 1980, three welfare laws were promulgated, including Elderly Welfare Law, Act of Protecting Physically and Mentally Disabled People and Public Assistance Act. Chapter 6 will have a more detailed discussion regarding the KMT government's social welfare development. Despite all these efforts, the KMT only partially fulfilled the guidance of Sun's teaching. However, with fair access to education, housing, jobs, medical care and transportation, the quality of Taiwanese peoples' life has been greatly improved in the last few decades.

It seems evident that the KMT continuously developed Sun's doctrines, disregarding several domestic and international difficulties[58] that occurred during the post-war decades. These difficulties could have jeopardised the KMT's faith in Sun's doctrines, but they did not. The progress of public policy development in Taiwan may have slowed down, but never stopped, due to difficult circumstances. As illustrated above, the development of public policy under the KMT government between 1950s and 1990s appeared to follow the guidance of Sun Yat-sen's *Three Principles of the People* disregarding who held the presidency. Therefore, it can be argued that the KMT government's policies had a third

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[58] For example: in 1950, The ROC severs diplomatic relations with Britain following Britain's recognition of the People's Republic of China (PRC); in 1958, the Battle of the Taiwan strait began with the P.R.C.'s firing on the Kinmen Islands of the R.O.C.; in 1971, the R.O.C. withdrew from the United Nations; in 1978, the US ended formal diplomacy with the R.O.C.; in 1986, the DPP was founded; in 1988, farmers riot in Taipei; etc.

way nature. This form of third way is different to what the Third Way is commonly perceived in the West, i.e. beyond left and right, mainly in social and economic issues. This third way is not only a third way that extracts the best of the East and West as advocated by Sun Yat-sen in the *Three Principles of the People*, but is also a third way that adopts 'pragmatism' as opposed to 'political dogma'.

4.6 The Republic of China on Taiwan: from international inclusion to isolation

The United Nations was once a major channel for the Republic of China to have its voice heard on the world stage. During the midst of the Second World War, the R.O.C. was one of the principal allies that signed the 'Declaration for the United Nations' of January 1942 that was coined by the US President Franklin Roosevelt. In 1945 at the United Nations Conference on International Organisation, which was held in San Francisco, R.O.C. representatives contributed significantly in drawing up the United Nations Charter. Whilst the United Nations officially came into existence in October 1945, the R.O.C. was one of the five member states to ratify the United Nations Charter.

In addition, the R.O. C. was one of the first countries to integrate the United Nations Charter into its Constitution. Article 141 of the Constitution clearly states that 'The foreign policy of the Republic of China shall, in a spirit of independence and initiative and on the basis of the principles of equality and reciprocity, cultivate good neighbourliness with other nations and respect treaties and the Charter of the United Nations, in order to promote international cooperation, advance international justice, and ensure world peace'.[59] However, even with a list of good intent as shown above, the R.O.C. was gradually excluded from the United Nations due to the hash realities of international politics.

Economic aid from the US to Taiwan resumed in 1950 after the outbreak of the Korean

War. This not only significantly provided resources for postwar rehabilitation and controlled inflation, which led to Taiwan's long-term economic growth, but also facilitated the processes of policy learning/lesson drawing and diffusion of ideas from the US to Taiwan. Having realised that Taiwan's economic development was at the point of taking off, the US discontinued its economic aid programme in 1965.

The right of the R.O.C. government to represent China in the United Nations became a question of heated controversy after Chiang was forced to withdraw to the island of Taiwan. The United States had enthusiastically supported the R.O.C.'s fight to maintain its membership of the United Nations and a number of world organisations. However, after 1969, the US gradually withdrew from its stance under President Nixon's leadership. The R.O.C. was eventually excluded from the United Nations in 1971.

Having withdrawn from the United Nations and excluded from most of the international organisations followed by a domino effect of dismissing official diplomatic relationship by many countries around the world [60], Taiwan was quickly excluded from the international community and became an international orphan. This political and diplomatic isolation of the R.O.C. on Taiwan has cut many developing countries off from their most successful counterpart. However, without formal ties with the UN, world organisations and many other major countries, Taiwan maintained informal links with the rest of the world by means of setting up economic and cultural agencies abroad and through non-government organisations to remain active globally. These means served as primary channels for policy learning/lesson drawing and diffusion of ideas between Taiwan and the rest of the world. Lacking status in the international community, it is both practical and beneficial to have more NGOs in Taiwan.

In the past two decades, the NGOs in Taiwan have been through a period of growth. Their effectiveness as a means of communication between the Taiwanese people and the outside

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[59] Furuya (1989), p. 946, op. cit.
[60] The United States terminated formal diplomatic ties with the R.O.C. in 1978.

world cannot be denied, especially under P.R.C.'s ill-motivated intent to reduce R.O.C. on Taiwan's already scarce space in international diplomacy and presence. The cooperation and interaction between the NGOs in Taiwan and the international and regional institutions, including the United Nations and World Trade Organisation as well as global corporations and business associations in the international arena, have greatly promoted R.O.C. in terms of not only its diplomacy, but also its economic and political development since the 1980s. I shall now introduce some of the major NGOs and think tanks in Taiwan.

- Institute of International Relations (IIR)[61]

The Institute started in 1953, as a private organisation, the Association of International Relations. Its purpose was to research on the international and Chinese Communist affairs and submit reports and proposals to the government as reference to promote understanding of and support for Taiwan in the international community and for policy making concerning major events about People's Republic of China (PRC) and overseas.

In 1967, the IIR established its academic link with National Chengchi University with setting up the Graduate Institute of East Asian Studies together. In the same year, the first Sino-American Conference was held with scholars from two sides of the Pacific and has taken place annually ever since with location either Taiwan or the United States. Scholarly exchange with Japan was also strengthened in the following year. In 1975, the IIR has been formally affiliated to National Chengchi University and development has continued apace.

- Taiwan Institute of Economic Research (TIER)[62]

The TIER was established in 1976 as the first private independent research institute in Taiwan. The purpose of the Institute are to actively engage in research on domestic and foreign macroeconomics and industrial economics, to provide consultations for government and businesses, and therefore to promote Taiwan's economic development. Because of its forwarding-looking analyses with a global perspective, it has become the top professional economic think tank in Taiwan.

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[61] For more information, see http://iir.nccu.edu.tw/index.html
[62] See http://www.tier.org.tw/english.htm for more information.

- Taipei Society[63]

The Taipei Society was founded in 1989 with 21 academics with liberalistic background. All the members work hard for their own academic field, but also pay great attention on social and political issues in Taiwan. They often give unbiased and objective comments to the debatable issues.

- Health, Welfare and Environment Foundation[64]

The Foundation was evolved from the Health, Welfare and Environment Council organised by the legislators who devote their efforts on health and welfare issues. The foundation defines itself as a policy initiator that gathers a group of academics who dedicate to health, welfare and environment policies.

- Asia-Pacific Public Affairs Forum (APPAF)[65]

The APPAF was founded in 1996 and staffed by a group of former government officials, business executives and senior scholars. The aim is to promote the linkage among non-governmental organisations (NGOs), non-profit organisations (NPOs) and civic-society organisations (CSOs). It now has become an international organisation with advisors from more than 20 different countries.

- Lung-chu Chen New Century Foundation[66]

Founded in 1997, the think tank is dedicated to the advancement of human dignity values for Taiwan. Lung-chu Chen, the founder of the foundation and advisor to President Chen, is able to influence policy-makers in Taiwan.

- Chinese Eurasian Education Foundation (CEEF)[67]

Founded in 1999, the CEEF is a private, nonprofit, nonpartisan research institution dedicated to public policy analysis and impact. Initiated by a group of former government officials, business executives, and senior scholars, the Foundation is committed to be a leading think tank in Taiwan.

- National Policy Foundation[68]

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[63] For more information, see http://ts.yam.org.tw/ (in Chinese)
[64] See http://minho.show.org.tw/hwe/index.htm for more information (in Chinese)
[65] http://www.appaf.nsysu.edu.tw/chinese/index.htm (in Chinese).
[66] http://www.lccncf.org.tw/ch01/index.asp (in Chinese)
[67] http://www.eurasian.org.tw/english/English.htm
[68] http://www.npf.org.tw

The Foundation reorganised from the Lien Cheng Tung Cultural and Education Foundation, is supported by donations from Kuomintang and other circles of the society. It is a policy research foundation that adheres to the principles of impartiality, objectivity and non-partisanship, and aims at promoting national progress and development. Founded in 2000, for the purposes of helping improve public policy and decision-making process through research and analysis. It is a non-profit organisation for sustained development of the nation and the well-being of Taiwan people.

- Syin-Lu Social Welfare Foundation[69]

Established in the 1980s, the foundation focuses on the enhancement of welfare for the mentally retarded children. It advocates legislation on the mentally disabled laws in order to achieve a friendlier environment and an improved living standard for the disabled people. Some job training and placement as well as community care for the mentally handicapped are also provided by the foundation. It also sponsors research and related publications.

- Eden Social Welfare Foundation[70]

It was founded in 1982 by the well-known Taiwanese wheelchair writer, Liu Hsia, and a number of Christians who wish to improve the general conditions of handicapped individuals in Taiwan. The foundation has promoted disabled individuals to participate in mainstream society through various means which include providing job training and services, medical subsidies, lobbying for laws to improve the welfare of the disabled and organising charity events and so forth.

- The Garden of Hope Foundation[71]

It was founded in 1988 by an American missionary– Angie Colmon who led a group of Christian friends to begin rescue and counseling work for unfortunate girls. The main goal of the foundation is to eliminate the problem of child prostitution. In 1995, the Legislative Yuan passed the law to prevent sexual transactions involving children and juveniles proposed by the foundation.

- Mennonite Social Welfare Foundation[72]

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[69] http://www.syinlu.org.tw (in Chinese)
[70] http://www.eden.org.tw

It was founded by Mennonite Christian Hospital in 1997. It is one of the few professional teams in Taiwan that are able to integrate medical, nursing and community resources into social welfare services. Its services to the aged and disabled include emergency notifying service, homemaker service, meals on wheels service, care service for people with severe disabilities and early intervention programme for disabled young children.

It has been argued that NGOs are like a bridge between the government and the public. They are important in Taiwan because the government has no formal means to send official bodies to represent R.O.C. in the United Nations and UN related international organisations or events. According to past records, NGOs have brought the people of Taiwan closer to other regimes because they have built support to the international community on a grassroots level. Some of the achievements R.O.C.'s NGOs have made are in the areas of providing compensation and assistance for the victims led by political persecution, natural disasters and so forth. One of the most-organised and highly esteemed NGOs of this kind is probably the Tzu Chi Foundation. The foundation was founded in 1966 with the support of thirty housewives who set aside some grocery money to set up a charity fund to provide relief and assistance for the poor. The foundation gradually acquired support from Taiwanese people and its strength has increased ever since. In 2002, the foundation has over four million supporters worldwide with branches and associations in every continent. The four major missions of Tzu Chi Foundation include charity, medicine, education and culture. In recent years, its voluntary activities have expanded to include environmental conservation, bone marrow donation and international relief. Through its committed missions and charitable activities, the Tzu Chi Foundation acts as a valuable mechanism not only for foreign learning, but also for having Taiwan's voice received by the international community.

Moreover, by sending experienced personnel, Taiwan has been able to provide

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[71] http://www.goh.org.tw
[72] http://www.mf.org.tw

agricultural experts to instruct a number of regimes in Africa[73] and Middle America since the 1970s. Not only has the global community benefited from the NGOs in Taiwan; conversely, through the processes of policy learning and diffusion of ideas from foreign countries by means of NGOs, Taiwan has also profited in its cultural, political and social aspects.

Taiwan's NGOs have their own agenda and interests that are not necessarily driven by the need to serve the targets of the government's policies. It is no hidden secret that Taiwan's NGOs have actively criticised the government's policies at international forums to promote their own interests. Some of the issue-oriented NGOs in Taiwan even use their international influence to sway the legislators to review the government's policies on issues across a wide spectrum, from animal rights to human rights. Therefore, NGOs, as a pressure group, play an important role in government's decision making. NGOs serve as channels for people to voice their opinions, which reflects the diversity of Taiwanese society through academics and NGO leaders hosting exchange activities with their foreign counterparts. It is in this manner of two-way traffic that the policy learning/lesson drawing is materialised. Whilst Taiwan does not have official links with most international organisations after 1971, the NGOs, through non-conventional means, have been able to bring Taiwan closer to the world. The details of NGOs' influence on social policy areas will be discussed in Chapter 6.

4.7 Conclusion

The issues being touched on in this chapter could all have been discussed in greater detail. No attempt was made to thoroughly review either Sun's or Chiang's political and social ideas since the focus of this chapter lies elsewhere. As stated at the beginning of this chapter, the purpose is to recruit Sun, although some one hundred years ago, as an ancient middle/third way-er. In a similar light, Chiang can also be regarded as a Third Way leader in modern history. Efforts were concentrated on identifying the ideological influences

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[73] Lumley, F.A. (1976), *The Republic of China under Chiang Kai-shek: Taiwan Today*, p. 74.

that shaped Sun's philosophy, which gave legitimacy and meaning to his revolutionary cause. The objective of this chapter is to argue that through foreign learning, Chinese leaders including Sun Yat-sen, Chiang Kai-shek, and even Chiang Ching-kuo and Lee Teng-hui[74] all possess a Third Way nature of thought and/or policy trend. The orientation of their middle/third way is different to what is commonly perceived in the West as somewhere between Left and Right wing on the political spectrum, but an attempt to combine 'the best in East and West'.[75] However, regardless of the left/right, new/old or oriental/occidental, the common thread of the middle/third way is pragmatism and to combine the best of the two worlds. In light of this, Bergère's argues that:

'The Three Principles of the People is not a conventional work, the fruit of a particular culture and a particular background. It emerged at the frontier of two traditions, Chinese and Western, and at the intersection of many different cultures: Russian, German, French, English and American.'[76]

Along the same line, Chiang Kai-shek's remark on the Three Principles of the People also shows the complicated and mixed nature of Sun's thought:

'The principles created by the Tsung-li[77] originated from orthodox Chinese political and ethical philosophy. At the same time, in conjunction with the needs of China, he also adopted the best traits of European and American social sciences and political systems, and to these he added the principles he himself invented. His system of thought is a combination of these three main streams of thought.'[78]

Both quotations signify the profound contribution of Sun's thought, probably not in terms

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[74] In a book entitled *Hu-kou-de-zong-tong* (The President in the Tiger's Mouth), penned by a famous Japanese writer, Fuyuko Kamisada, formal president of the R.O.C. Lee Teng-hui argues that as the vice presidential candidate campaigning the presidency with Chiang Ching-kuo, he suggested to Chiang that for the best interest of Taiwan, a third way approach between the traditional KMT and the Independent-minded ways of thinking should be adopted.

[75] Wells, A. (2001), *The Political Thought of Sun Yat-sen: development and impact*, p. 71.

[76] Bergère M-C (1998), *Sun Yat-sen*, p. 392.

[77] A reference to Sun Yat-sen among members of the KMT party which he founded.

[78] Chiang Kai-shek's lecture on *the Three Principles of the People and its Procedures of Implementation*.

of its philosophical excellence, but in its comprehension of the diffusion of ideas of his time. Sun's middle/third way approach associated Western ideas with traditional Chinese thought in a less academic manner has made the foreign borrowings and modernising processes relatively easier to be adopted by the Chinese masses. In light of this, Wang argues that 'At any rate, rudimentary as his principles were, they were still more coherent and understandable to the masses than the words of any of his rivals at the time'.[79] Sun's thought may not be considered as first rate in the West, and indeed, a number of misquotations and inaccurate deductions have triggered some serious controversies on his competence on the knowledge of the East and West.[80] However, the importance of The Three Principles of the People, as argued by Bergère, 'lies elsewhere: at the level of the diffusion of ideas rather than at that of their elaboration.'[81] Like Sun, Chiang left an incomplete legacy mainly attributed to the failure of unifying a divided China. Chiang's critics condemning his emerging authoritarian leadership style by imposing martial law onto Taiwan in 1949 and lacking intellectual capacity may not have given him a favourable image in the history of modern China. Chiang may have lost the battle against the Chinese Communists, which led to his Nationalist government into exile. A few decades later, the hard evidence of Taiwan's prosperous economy that eventually transcended the island into a genuine democracy shows that the dominant traits of Chiang in his middle and late adulthood are arguably a rare equilibrium between the East and West.

There has been much debate as to how far Sun was influenced by the Western thought and by the teachings of Confucianism. Despite the fact that Sun's *Three Principles of the People* was heavily influenced by various sources as have been highlighted above, it is relatively less relevant trying to sort out the many influences on his thought and influences that are hard to pin down and almost impossible to grade their importance on a hierarchy.

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[79] Wang Y. C. (1966), *Chinese Intellectuals and the West*, p. 358.
[80] For a critical account of Sun's deficient knowledge on both the East and the West, see Wang, *Chinese Intellectuals and the West*, pp. 335-339; a more moderate account of Sun's intellectual standard, see Bergère, *Sun Yat-sen*, pp. 391-394.
[81] Bergère, p. 393.

His ideological choices were presented as a work of reflection and synthesis by referring to the philosophical traditions and the historical experiences of, on the one hand, the Occident, and on the other hand, the Orient. Sun's thought may have been criticised by a number of people as a mishmash, a hotchpotch or a half assimilation of Western ideas, it was because foreign borrowings had to serve Chinese objectives and the importation of foreign notions and measures did not necessarily imply adoption of the institutions from which they were extracted. This pragmatic approach was sometimes misunderstood and thus critical comments such as imprecision, incoherence and contradictions often appeared. Reconciliation or synthesis of originally different inflectional cultures, systems and traditions as a third/middle way conventionally does, often exposes itself to the risk of partial success and heterogeneous outcome. Therefore, combining whatever seems the best or the most useful things from two or more different concepts or cultures in a pragmatic manner could result in, on the one hand, eclecticism, and on the other, syncretism.

Lincoln's idea of a government of the people, by the people and for the people, for example, may provide a powerful impetus to Sun's Three Principles of the People, but the Confucian heritage equally gives prevailing clues to Sun's thought. His thought emerged at the frontier of two distinctive traditions, Chinese and Western, and at the intersection of many different cultures, including American, English, French, German and Russian. These diverse influences on Sun has made his work a rather unconventional one– one which was not the fruit of a particular culture and a particular background, but arose from China's long and rich past together with the bewildered and often mutually hostile philosophies of the West. Thus, in terms of the elaboration of these principles, Sun's incorporation of many sources, Eastern as well as Western, European as well as American, depending upon their relativity, formulate a courageous and unique synthesis of a middle/third way of his time. Similarly, in order to gain a profound understanding of Chiang's politics, it is essential to study a number of potentially contrasting and complex sources, including strenuous and self-cultivation during his childhood and adolescence, his Christian faith adopted during his adulthood as well as the unrest world around him of

his times.

From 1945 to 1971, the United Nations was a key mechanism for the R.O.C. to interact with the world ideologically, politically and socially. After 1971, NGOs and think tanks replaced the role of formal international organisations and played an important part in ideological diffusion, policy learning and/or lesson drawing from foreign countries. Through historical cases, this chapter demonstrates that Taiwan is no stranger to foreign learning prior to Chen's New Taiwan Middle Way. The twentieth century of Chinese history is indeed a lively album of policy learning/lesson-drawing throughout, and a sound 'third way' of the sociopolitical milieu of our time. The next chapter is an attempt to analyse how and why Chen Shui-bian and his allies conducted the New Taiwan Middle Way discourse. In this sense, it is in many ways related to this chapter as I attempt to demonstrate and discuss the extend to which historically Chinese leaders synthesised political ideas and institutions to form a unique middle/third way.

Chapter 5: The Third Way Discourse in Taiwan

5.1 Introduction

After its defeat in the 2000 presidential election in Taiwan, the Kuomintang (KMT) ended its over 50 years of dominated power. The power was peacefully transferred to the Democratic Progressive Party (DPP), which was established no more than 14 years ago. Democracy has now been consolidated in Taiwan. During the presidential election, the three major candidates were running neck to neck, so the presidency did not come easily for the DPP candidate, Chen Shui-bian. His campaign ideology, the New Middle Way, very much resembled the Third Way of the Western Democracies during the same period of time. After elected in March 2000, the New Middle Way was promoted to be the White Paper of the government. In the first year of his presidency, Chen openly spoke of and advocated the New Middle Way on more than 30 different occasions. It is significant for us to realise that the New Middle Way is clearly the focus of Chen's governing approach.

One way to understand Chen's New Middle Way governance is to look into the language of the DPP, particularly of Chen. As argued by Fairclough, 'Political differences have always been constituted as differences in language, political struggles have always been partly struggles over the dominant language…'[1] Thus, language has always been crucial in politics and in analysing politics. This is the reason why one should focus on the language of Chen and the DPP. Employing a new political approach would mean more than just reflecting a shift in political ideology, it would also indicate that how language should be perceived by the public. In other words, the perception associated with the people in Taiwan that Chen's New Taiwan Middle Way was understood is equally important in order to analyse and comprehend the New Taiwan Middle Way.

The New Middle Way was constituted as the political discourse referring to Chen's

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[1] Fairclough, N. (2000), *New Labour, New Language?* P. 3.

governance in speeches, newspaper articles and commentaries, interviews and so forth. The discourse of the New Middle Way in Taiwan politics thus deserves our attention in order to grasp as well as to examine this 'new political perspective' as Chen asserts explicitly in his White Paper.[2]

5.2 Method

The materials used in this section are based upon a selective range of texts related to the New Taiwan Middle Way. These documents are 'open-published' which means that they are in general circulation, including the DPP publications (e.g. the election manifesto, books and pamphlets), government documents (such as the White Paper and other official publications), speeches by Chen Shui-bian, other DPP leaders and government officials, newspaper articles and commentaries (i.e. based upon the two biggest newspaper groups in Taiwan– China Times and United Daily Newspaper (UDN)). Most of my effort has been concentrated on the White Papers, speeches by Chen and newspaper articles and commentaries for the following reasons. First, Chen has been the dominant figure in the DPP for a considerable period of DPP's history. The new political perspective advocated by him is viewed as the mainstream of the DPP and the current administration. Second, the two chosen newspapers have the widest readers across Taiwan. They not only have comprehensive archives, which makes searches handy for a researcher, but also very much reflects the conventional opinions of the general public.

Two difficulties arise for this study. First is related to analysing the transcriptions of speeches and interviews listed under sources. It has been argued that 'It is misleading to use the punctuation conventions of written language to transcribe spoken language, because the latter is not made up of sentences beginning with capital letters and ending

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[2] '*The Third Way for Taiwan: A New Political Perspective*', White Paper, The Office of the President of the Republic of China. The text of the White Paper is also a public lecture on December 6, 1999 given by Chen, which was hosted in the London School of Economy and Political Science and chaired by Anthony Giddens, during a European tour to promote his international credibility.

with full-stops.'[3] Indications of what words sound like, i.e. marking stress, intonation, pause, etc. should be provided. I am well aware of this shortcoming, however, it goes beyond the scope of this research. Second, the majority of the sources utilised were written in Mandarin Chinese and required translation into English for analysis. During the translation procedure, matching the precise meaning of a different language can be an intricate process. In addition, personal preference in terms of choosing the 'matching words/phrases' can possibly show a discrepancy. However, I am fully aware of the problems and keep the translations as 'accurate and unbiased' as possible.

Chart 5.1: The number of occurrences of the New Middle Way and its major themes on the new releases of the President's Office, R.O.C.
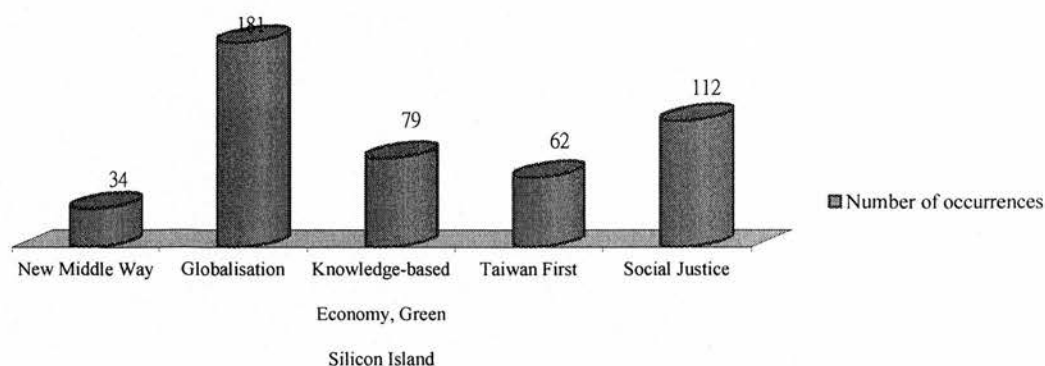
The definition of 'discourse' in the Cambridge dictionary refers to 'communication in speech or writing'. It is argued that discourse contains all features of communication, including its content, author, authority, audience and objective.[4] Thus, words and their meanings can vary depending on the occasion they are conducted, who the targeted audience is, etc. Moreover, discourses are often related to power and hence, to conduct

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[3] Op. cit., Fairclough, N. (2000), *New Labour, New Language?* P. 20.
[4] See, for example, Ang Ien (1991), *Desperately Seeking the Audience*, London: Routledge; Fairclough, N. (1992), *Discourse and Social Change*, Cambridge: Polity; Jupp, V. and Norris, C. (1993), '*Traditions in documentary analysis*', in M. Hammersley (ed.), Social Research: Philosophy, Politics and Practice,

discourse may indeed imply exercise of power. Over four hundred pieces of Chen's speeches and news releases dated from March 2000 when he was elected to the end of September 2001 have been examined, including the White Paper entitled 'The Third Way for Taiwan: A new political perspective'. The White Paper forms the foundation of this analysis. A number of main themes that form the distinctive elements of the 'Third Way' for Taiwan have therefore been identified. They are 'New Middle Way', 'Globalisation', 'Knowledge-based Economy', 'Green Silicon Island', 'Taiwan First', 'Social Justice', etc. Potentially, any speech or document that explicitly has one of those identified keywords is considered as conducting the New Taiwan Middle Way discourse, regardless of whether the 'New Middle Way' is directly mentioned in the texts or not.

Chart 5.1 shows the number of appearances of the New Middle Way and its main themes in the official news releases of the President's office between March 2000 and September 2001. The source of the materials used can be found at the President's website[5]. Each piece of either speech or news release is accounted for once if the identified themes appear, even if the individual theme appears for more than one time in the article. For example, the White Paper has all the major themes identified, it is counted as a single occurrence, although themes like 'New Middle Way', 'globalisation' and 'Green Silicon Island' appear more than one time in the White Paper for each of them. The number of occurrences of the 'New Middle Way', occurring an estimated 34 times gives evidence of its importance. The keyword 'globalisation' ranks the highest, accounting for more than 180 times, among the other major themes of the New Middle Way in Taiwan. It is statistically significant, as indicated by Chart 5.1, that President Chen has built a new political discourse– the New Taiwan Middle Way, as his governing ideology. The political discourse of the 'New Taiwan Middle Way' is constructed on certain assumptions about the modern global economy and politics. My main concerns are drawn on the following questions.

London: Sage.

[5] See http://www.president.gov.tw, the News Releases in the website has a comprehensive archive of President Chen's news coverage. Although the website has an English version, it appears to be selective and exclusive. I thus also use the Chinese website to supplement the shortcomings of its English version.

- What perceptions of the modern economy and politics are built up in the texts of the new DPP government?
- What are the processes of the globalising world according to President Chen?
- In what documents and texts does the New Middle Way discourse appear, and who are the targeted audience of the discourse?
- Who conducts the discourse and whom do they represent?

The list below shows different instances the 'New Taiwan Middle Way' acknowledged by President Chen after inauguration in a chronological order.

Table 5.1:

Date	Headline	Content (as referring to the New Taiwan Middle Way/Third Way)
2001, 08, 26	President Chen's Remarks at the Closing Ceremony of the EDAC	At the closing ceremony of the Economic Development Advisory Conference (EDAC), President Chen Shui-bian stressed that in order to succeed in the 21 century Taiwan must find a stable and balanced 'third way'.
2001, 03, 19	President Chen meets with US Delegates to the '2001 Taipei Roundtable'	President Chen reaffirms his commitment to adopting a new 'middle-of-the-road' policy in dealing with relations across the Taiwan Strait. He makes the remarks while meeting with U.S. delegates to the '2001 Taipei Round Table' on new challenges in the Asia-Pacific region.
2001, 02, 15	Chen hosts welcome to President of World Real Estate Organisation	President Chen points out that the Third Way politics has been the main stream in Europe including Britain, Germany and many more countries worldwide. The Third Way is too for Taiwan because whilst ideal and reality cannot be achieve simultaneously and conflict with each other, comprise and balance need to be made, the best option is to choose a third way.
2001, 01, 16	Chen meets foreign scholars for Taiwan National Defence Policy and Military Strategy Conference	President Chen suggests that 'New Taiwan Middle Way' is the path that Taiwan should follow, and national security is the priority.
2000, 10, 18	President Chen meets for distinguished environmental protectors	Chen claims that his new Taiwan Middle Way is to achieve both economic development and environmental protection and to turn Taiwan into a 'Green Silicon Island' by green revolution.
2000, 08, 05	President Chen joins Fishery Department south branch grand opening	Chen argues that to share is to balance. Previous KMT government focused more on north than south Taiwan. This imbalance caused existing inequality between north and south Taiwan. In this context, the spirit of the New Taiwan

		Middle Way is to balance and equally distribute resources between south and north Taiwan.
2000, 07, 11	President welcomes New Zealand Chief Ombudsman	Chen mentions that party alteration and political power transformation have peacefully achieved during the 2000 presidential election. Taiwan has become a matured democratic country. In addition, the New Taiwan Middle Way is similar to the Third Way that current New Zealand political leader advocates. Although the geographic distance between New Zealand and Taiwan is far, the major political trend between the two countries is very closely related to each other.
2000, 07, 05	President Chen meets representatives of disable NGOs	Chen explains that after he became the president, his New Middle Way is to search for the best common interest among all social groups. In other words, economic development and social justice can be achieved simultaneously. The New Middle Way is based on humanity in order to achieve dignity for individuals. For policy implementation, people are treated as ends, not means.
2000, 07, 04	President Chen meets Labour Union Chairperson	Chen stresses that Taiwan should follow the New Middle Way. He mentions the Mexico President who employs the Third Way which is similar to his New Middle Way approach. The new Taiwan Middle Way is to look for a common interest amongst all different interests groups in the society. It is not only to achieve economic prosperity, but also to accomplish social justice and social welfare.
2000, 07. 03	President meets 'massive rock'[6] award winners	Chen talks about his ideology in the past month to lead the new government is based on the New Taiwan Middle Way which is to achieve economic growth at the same time to pay attention on social justice and ecological issues.
2000, 06, 28	President Chen visits Military of Defence	Chen talks about the New Middle Way that Taiwan should be guided. In addition, Chen argues that the New Middle Way should place national security as priority because without it, everything is in vain.
2000, 06, 26	President Chen welcomes foreign ecological diplomats	Chen talks the New Middle Way that he advocates is to develop Taiwan into a 'Green Silicon Island', which has a very strong implication on environmental friendly issues.
2000, 06, 20	President Chen meets east and off-shore island political representatives	Chen explains that the concept of the New Middle Way is to achieve equality between central and local governments.
2000, 06, 19	President Chen welcomes Ohio State University Principle	Chen explains that he has been trying to figure out a necessary route for Taiwan which is the New Middle Way. It is to search a common interest among all social groups in order to achieve solidarity. In addition, the New Middle Way as a prominent political ideology, Taiwan should be guided by it in order to achieve democratic politics and

[6] The award is dedicated to small and medium size companies in order to encourage and promote the Taiwan economic foundation.

		economic prosperity as well as environmental protection and social justice.
2000, 06, 15	President Chen meets Labour Union representatives	Chen talks about the New Middle Way being the ideology that would lead to solidity for Taiwan by searching for common interests amongst all different interest groups in a pluralistic society.
2000, 06, 15	President Chen meets top military school students	Chen explains that national security is the centre of the New Middle Way and the common language for all Taiwan people. In addition, he also welcomes youngsters to join the army to serve the country.
2000, 06, 14	President Chen meets Trade Union important members	Chen describes that the New Middle Way applies to protection of national security and interests. His mission is to maintain security and peace between the two sides of the Taiwan Strait. To improve the diplomatic relationship between China and Taiwan will never be done in a rush. It should be based on the three premises– respect, democracy and friendly.
2000, 06, 05	President Chen hosts welcome to CSIS new Chairman	Chen reaffirms that the New Middle Way is the guideline of politics. In this pluralistic society, consensus may not exist but we have to search for common interests amongst many interests groups. For the long-term development of Taiwan, we should not be restricted by ideology and party doctrines in order to search for acceptable and reasonable solutions.
2000, 06, 02	President Chen joins celebration of the 'Engineer' Day	Chen demonstrates that in order to create Taiwan living environment with dignity and harmony, and to establish an active environment for potential industrial development as well as to look for a balance between ecological issues and economic development, these are what we called the New Middle Way to build Taiwan into a Green Silicon Island.
2000, 05, 23	President Chen welcomes Thailand A-bian Fan Club members	Chen explains that his political ideology and ideal– the New Middle Way is an unbiased and orthodox way, and a middle course that would suit the best interest of Taiwan people.
2000, 05, 21	President Chen meets foreign delegates for his inauguration	Chen points out that Taiwan will follow the New Middle Way, stressed on responsibility, democracy, rule of law, pluralism and justice, to promote national development and people's well beings.

Source: www.president.gov.tw news releases archive.

The list above demonstrates how Chen was able to campaign the Third Way or New Taiwan Middle Way in a wide range of meetings and occasions, such as meeting with foreign delegates, domestic politicians, NGO representatives, or Labour Union members. Chen was keen on advocating his New Middle Way ideology. It became one important element of Chen's language for different occasions. However, after September 2001 it

seems that all references of The New Taiwan Middle Way have ceased, except for occasional mentions of 'Taiwan First' and 'Green Silicon Island'. Before we can pursue further on this discourse analysis, we shall now focus on those main themes of Chen's White Paper and speeches in order to understand the new government's political emphases and policy concerns. At various points, extracts of Chen's material shall be inserted for illustrative purposes, and critical comments will be provided.

5.3 Taiwan in a Globalising World

As shown in the Chart 5.1, 'globalisation' not only has the highest occurrence among the other keywords of the New Middle Way. In addition, it is the foundation and background, according to Chen, for the New Middle Way in Taiwan to come into existence in the first place. I shall start with the following extract from the White Paper on the section of 'Globalisation's Challenge for Taiwan':

'Ever since the end of the Cold War, economic globalisation has accelerated. Goods, personnel, capital, and information have transcended national borders and geographic divides to penetrate all corners of the world. Channels of globalisation have brought great profits yet at the same time introduced great risks for industrialised nations. Even countries like Taiwan and other East Asian tigers face a serious challenge. The cheaper labour costs of China and Southeast Asia have replaced the traditional competitive advantage of Taiwan, and we face a situation of capital outflow and labour unemployment. Today, whether we are situated in the East or West, the economic challenges of globalisation are unavoidable, and this is the common context under which both Taiwan and the United Kingdom must formulate our Middle Ways.

At the same time, since the end of the Cold War confrontation between East and West on the European continent, in the Asia Pacific region, in particular China, Japan, the United States and Russia, there is a clear realignment of power. As the new international order is reconstructed, the greatest mission of Taiwan's new leader is to consolidate our democratic system and enforce our national security. This also constitutes the unique background to my

Taiwan version of the New Middle Way, centred on national security...'[7]

The extract from the White Paper clearly illustrates the new government's vision of a globalising world in both economic and political aspects. The first part of the extract is of some interest because it not only clearly demonstrates the vision of Chen's government on the global economy that economic globalisation is unavoidable, but also points out that Taiwan, as its British counterpart, must search for a third way to overcome its altered obstacles. The second part demonstrates a more characteristic element of the New Taiwan Middle Way centred on Taiwan's security issues. To many people, these do not provide sufficient and persuasive information to explain whether it is because the existing means are outdated and incapable of solving the upcoming challenges of globalisation or else. The globalisation's challenge for Taiwan, according to the White Paper, are twofold– economic and political. I shall now tackle the two aspects accordingly, starting with Taiwan's economic challenge.

The aspect of global economy

The perception of present-day global economy as recognised by Chen is one that is unstoppable, inevitable, powerful and able to 'penetrate all corners of the world' in terms of goods, personnel, capital and information. It is this recognition of economic globalisation (in addition to a political one which will be discussed later) that emerges the existence and forms the logic of a middle way to combat the existing and incoming problems of our society.

The experience of globalisation for Taiwan throughout time characterised by Chen in the White Paper is noteworthy. He says that the first wave of globalisation was back in the seventeenth century, Taiwan's sugar, tea and camphor made their way through the channels of trade to the Spanish, Dutch and British, to reach the shores of Europe. The second wave of globalisation, according to Chen, was after the Second World War. Taiwan's products, through low labour cost manufacturing, were exported to all corners of

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[7] White Paper, *'The Third Way for Taiwan: A new political perspective'*.

the world. Chen goes on to state that another wave of globalisation is now happening and 'in this new trend, Taiwan's fate is closely intertwined with all other developed countries'. Chen interestingly distinguishes three distinctive waves of globalisation that Taiwan has experienced. Globalisation has generated numerous debates from the 1990s up to now.[8] However, the debate over globalisation is far from settled. Many analysts hold sceptical views on the contemporary 'globalisation' without giving it their full recognition. Words such as 'channels of globalisation', 'great profits' but 'great risks' and 'a serious challenge' are used to describe the global economy in its present form. The consequences of economic globalisation that brings disadvantages to Taiwan are illustrated as increasing 'labour costs' and therefore Taiwan suffers 'capital outflow' and 'labour unemployment'. We might want to ask that while the outcome of the global economy of our time is apparent, why the processes and the actors in these processes are implicit. Little to no information is given. Instead, the discussion is directed to the competition between countries over 'cheaper labour costs'. Chen presupposes the existence of a new global economy as a fact of the modern world that we take for granted and cannot change. It would be interesting to know whether Chen holds tight to this belief during private discussions with his aids and allies. Chen's unconditional acceptance of globalisation linked with Taiwan's fate does not seem convincing, and lacks analysis and the critique of modern capitalism.

One way to interpret the first part of the extract above tactically is that it allows Chen to manipulate the language, that is to recognise and to give credence to a new global economic order without giving further information. Such an obscure manner of acknowledging 'globalisation' at the core of the New Taiwan Middle Way discourse may have political importance, especially during a major election– the presidential election. For the presidential election in Taiwan requires only a plurality to win. Hence, the

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[8] For discussion on globalisation, see, for example, Waters, M. (1995), *Globalisation*, London: Routledge; Bauman, Z. (1998), *Globalisation*, Cambridge: Polity; Hirst, P. and Thompson, G. (1999), *Globalisation in Question*, Cambridge: Polity; Olds, K., Dicken, P., Kelly, P. (1999) (eds.), *Globalisation and the Asia-Pacific: Contested Territories*, London: Routledge; Held, D. and McGrew, A. (2000) (eds.), *The global transformations reader: an introduction to the globalisation debate*, Cambridge: Polity.

outcome of the election can be changed if one candidate succeeds in gaining a small number of votes from his/her contenders when the race is running neck and neck. The issue is twofold. One is how votes maybe shifted from one candidate to the other(s). Another is that to what extent the candidates can strategically maneuver the swing through their campaign. In the last ten years, the DPP has been desperately trying to expand its constituency, including securing its existing supporters. In terms of the economic aspect (the political dimension will be discussed later), the orthodox image of the DPP was seen more of a 'grass-root' party which did not have much to do with the business class. Nevertheless, the DPP has been changing its nature to a more business friendly party as time has gone by. It has realised that the only way to get into office is not only to secure it core supporters, but also to enlarge its electoral territory to reach beyond core supporters of the DPP. This is more apparent during the presidential election because it is a single-member district (SMD) plurality system in Taiwan. This electoral scheme is used for electing executive offices, including county and city chiefs, Taipei and Kaohsiung mayoral and presidential elections. In this electoral scheme, the candidate who gains more votes than the others is elected, regardless of whether he/she has a majority or not.[9] Thus, it means that the DPP has to address diverse and maybe adversarial constituencies simultaneously. From this perspective, there is an unusual advantage in vagueness. In other words, Chen expresses 'globalisation' in ways that are ambiguous and no detailed explanations are given. The more indefinite they are, the less limitation they have to various interpretations by socially and ethnically diversified citizenry.

Taiwan's response to the global economy

Chen proposes to evolve Taiwan towards 'a knowledge-based, normalised economic system– the Green Silicon Island'. According to the White Paper, Taiwan's comparative advantage in information technology is the driving force for his vision of developing Taiwan into the Green Silicon Island. The high-tech industry located in Hsin-chu and Tainan Science-based Industrial Parks manufacture a significant percentage of the world's

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[9] For more discussion on different election methods in Taiwan, how the election is conducted and its implications, see John Fuh-sheng Hsieh (2001), *'Taiwan'* in How Asia Votes, Hsieh, J. and Newman D.

computer hardware. Table 5.2 shows Taiwan's computing products in the world market shares. As can be seen, a number of major computing products occupy more than half of the world market. The software development in Taiwan also reaches world-class standards. For a small island like Taiwan to achieve such a glorious success, it is desired to promote the existing advantage of Taiwan's IT industry to drive the nation's modernisation and raise international competitiveness. This advantage in the IT industry, in Chen's term, is 'Taiwan's chief opportunity'.

Table 5.2: World Market shares of Taiwan's Major Computing Products (Hardware)

Share of World Market	Portable computer	Monitor	Mainboards	SPS	CD ROM/DVD	Case	Scanner	Keyboard	Computer mice
1997-1998	40%	58%	61%	66%	34%	75%	81%	65%	60%
1998-1999	49%	58%	64%	70%	34%	75%	91%	68%	58%

Source: Institute for Information Industry, Market Intelligence Centre, R.O.C.

He argues that the current rapid industrialisation accompanied with the environmental destruction must be transitory. In order to achieve both environmental conservation and technological advancement, Chen believes that it is time to transcend those high pollution and resources consuming industries into 'knowledge-based' and 'information-based' ones. On the other hand, Taiwan, used to be known as its manufacturing powers, can no longer compete with China because of its low-wage labour. Taiwan needs to shift its industry into service and high-tech development for global economic competition survival.

The advocacy of building Taiwan into a 'knowledge-based economy' and the 'Green Silicon Island' for Chen and his administration has been a consistent one. The idea appears for numerous times in official speeches, press conferences, news releases as well as in his autobiography.[10] However, it is interesting to note that the phrase and possibly

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(2001) (eds.), Chatham House.

[10] See, for example, 'Inaugural Speech', May 20, 2000; 'Address to World Congress of Information Technology', June 12, 2000; 'Address to the Twenty-fourth Annual Joint Business Conference of The ROC-USA Business Council and The US-ROC Business Council', June 14, 2000; 'President's Chen meets with President of Ohio State University William Kirwan', June 19, 2000; 'Presidential Press Conference',

the idea of the 'Green Silicon Island' did not originate from Chen, according to a journalist– Wu Chung-hsin[11] who was Chen's close ally and speech writer for a period of time.

The analysis should also be concentrated on President Chen's addresses during the Economic Development Advisory Conference (EDAC). The EDAC was established by Chen because he believed that it would be able to reach a consensus with opposition leaders at the EDAC and the cross-party summits on how to revitalise the economy and how to conduct cross-Strait relations. The EDAC needs to be more than just symbolic significance as a goodwill gesture given by Chen to the oppositions whom had the majority in the Legislative Yuan. Many of Taiwan's unresolved political and economic problems such as the China and Taiwan relationship are seen as factors that affect cross-strait economic and trade relations, are expected to bring up debate. Taiwan and China, political issues aside, are closely connected together because a vast majority of Taiwanese businessmen invest and work in China.

Economic recovery is regarded as the most urgent task facing the DPP government. During a televised speech[12], Chen proposed for the first time the idea of convening the EDAC by saying that the greatest challenges for Taiwan at this point lie in how to cope with global economic recession and the structural transformation of domestic industry.

June 20, 2000; 'President Chen meets with Environmental Experts', June 26, 2000; 'President Chen's National Day Message', October 10, 2000; 'A Green Silicon Island', Chang Chun-hsiung, Premier, R.O.C., The Asian Wall Street Journal, December 16, 2000; 'President Chen Delivers a Speech at the Paraguayan Congress', May 31, 2001; 'President Chen's Remarks at the Opining Ceremony of the EDAC', August 24, 2001; 'President Chen Meets with the founder and Chairman of Clean Up The World Ian Kiernan', September 7, 2001; 'Towards a Green Silicon Island Distinguished by Mutual Trust' in Chen's biography: The Son of Taiwan– The Life of Chen Shui-bian and His Dreams for Taiwan, Taiwan Publishing Co. Ltd, pp. 217-224.

[11] In his book entitled 'Chyuan Lih Dih Aw Mann' (The Arrogance of Self-Righteousness), he reveals that Chi-long Lin is the person who created the phrase– Green Silicon Island, for Chen to use during the presidential election campaign. Wu Chung-hsin, who had once been a political advisor to Chen, claims to be the actual co-author of Chen's biography– 'The Son of Taiwan'. Wu's relationship with Chen deteriorated markedly after Chen took office in May 2000, according to himself, was because of Chen's arrogance after elected.

[12] '*Televised Speech Marking the First Anniversary of the New Administration*', News Releases, The Presidential Office, May 18, 2001.

He conceded that the public is not concerned about whether the current or former government is responsible for economic stagnation or rising unemployment rate. Nor is the public willing to witness the constant disputes between the administration and legislature. From a long-term perspective, Taiwan will experience enduring low rates in both economic growth and unemployment. Chen insisted that this will be the challenge that Taiwan must confront, and the government cannot battle it alone without help from the opposition parties as well as private sectors. In this context, Chen convened the EDAC from across party and social boundaries, including representatives from the ruling and opposition parties, scholars, entrepreneurs and blue-collar workers to contribute their knowledge to Taiwan's long-term economic development. Interestingly, President Chen has also made a public apology[13] for Taiwan's economic growth rate being at an historical low after he took office in May 2000. In response to this, Chen has thus said that he would set up a cross-party economic development advisory council at the Presidential Office and preparations were underway to establish the council. However, he also pointed out that the current economic problems in Taiwan involve confidence in addition to political setbacks. In terms of boosting confidence in light of the economic slump, Chen quoted the words of the U.S. President Franklin D. Roosevelt during the Great Depression of the early 1930s, 'The only thing we have to fear is fear itself– nameless, unreasoning, unjustified terror which paralyses needed efforts to convert retreat into advance.'[14] Chen concluded by stressing that 'we are not afraid of economic recession. What we fear is the loss of courage to overcome economic difficulties.'[15] In Chen's words, he argued that 'During the past year, political stability has directly affected economic development and the confidence of the people. Only with reconciliation and cooperation between the governing and opposition parties can our citizens maximise the benefits from stable national development.'[16] Seemingly, this is the core belief of the New Taiwan Middle

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[13] See The Taiwan Economic News, May 28, 2001.
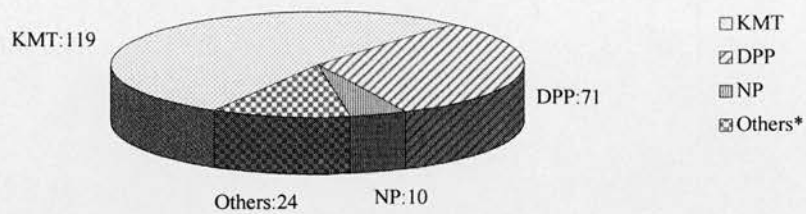[14] '*President Chen's Remarks at the opening ceremony of EDAC*', August 24, 2001, News Release, The Presidential Office.
[15] Op cit.
[16] '*President Chen's remarks at the closing ceremony of the EDAC*', August 26, 2001, News Release, The Presidential Office. In various occasions, Chen mentioned the similar concept that all political parties should work together to ensure the best interests of the Taiwan people. For example, see 'President Chen

Way advocated by Chen and the motive why he set up a cross-party EDAC to help stabilise the political situation. Nevertheless, one thing here is quite worthy of attention. Chen's administration was regarded as a minority government in terms of the legislative seats occupied by the DPP legislators. The distribution of legislative seats held by each party when Chen was elected is shown in Chart 5.2.
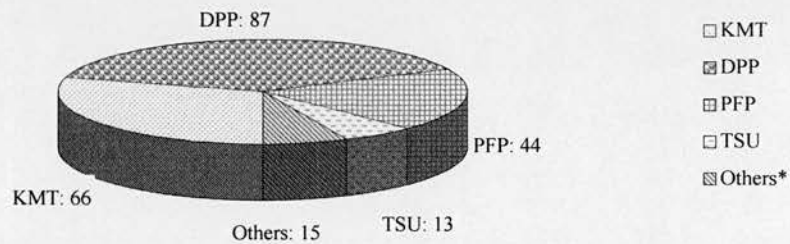
Chart 5.2: Legislative seats held by each party when Chen was elected in 2000

Others*: small parties and independents
Source: Legislative Yuan, February 2000.

Chart 5.3: Legislative seats held by each party after December 2001 election

Others*: small parties and independents
Source: Legislative Yuan, December 2001

Meets with Members of the Legislative Group Known as the Reform Society', The Presidential Office, June 20, 2001; 'President Chen's Remarks at the opining Ceremony of the EDAC', News Release, The Presidential Office, August 24, 2001; 'President Chen Meets with Overseas Chinese Representatives from Europe and Africa', News Release, The Presidential Office, September 11, 2001.

The DPP held only 71 out of a total of 225 seats in Legislative Yuan when Chen was elected in 2000. The majority of seats were held by KMT or pan-KMT[17] legislators. Because of this legislative disadvantage, Chen's administration has faced difficulties with the legislature. The DPP members (first time in office in history) have blamed the opposition parties (mainly, the KMT, first time in opposition) for not being cooperative and supportive in the Legislative Yuan for policy bills submitted by the Executive Yuan, which made the DPP administration hard to govern. Although Chen has voiced that a transition period of adjustment must be experienced for both the governing and opposition parties, the deadlock between the DPP and pan-KMT legislators has not resolved since Chen was elected in March 2000. The Taiwanese people have started to become impatient and show confusion and frustration because of the economic recession and a growing unemployment rate. Thus the legislative election in December 2001 was regarded as crucial for the success of Chen's remaining presidency because he apparently needed a stable majority in the legislature to support his policy initiatives. As shown in Chart 5.3, the DPP, holding a record high of 87 seats, became the biggest party in the legislature after the December 2001 election. The KMT, by contrast, holds a record low of 66 seats. The DPP still does not possess a majority in the legislature. It is interesting to notice that after the victory of the legislative election in December 2001, the New Middle Way was rarely mentioned publicly by Chen or the DPP. This maybe attributed to the legislative strength DPP gained during the election, which made the New Middle Way approach less attractive to the DPP.

Nevertheless, the logic of the New Middle Way, in accordance with Chen, is to resolve the deadlock between the DPP and KMT. Why do the disputes still remain? We ask. Whether it is because the New Middle Way merely serves as a rhetorical purpose or the

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[17] The pan-KMT camp includes the KMT, the New Party (NP), and the newly formed People's First Party (PFP). James Soong and his supporters established the PFP after the presidential election 2000. James Soong, the ex-Taiwan Provincial Governor (the post has been abolished due to the Constitutional reform in 1998) and the ex-KMT heavyweight, gained the second highest votes with a slim margin behind Chen roughly by 2.5%.

KMT is disagreeing for the sake of disagreeing remains uncertain. Despite his assertion that the consensus and conclusions attained during the EDAC will not be changed with the outcome of the election, and a coalition government would be organised disregarding for the outcome of the 2001 year-end legislative election[18], Chen appears to be rhetorical and symbolic under the current political circumstance because in all practicality there are too many variables to be considered in terms of the formation of a coalition government, whom should lead in forming the coalition, the usual constitutional practice, and so on. In other words, Chen's affirmation on establishing a 'coalition government' after the legislature 2001 election was highly unpredictable, given the complexity of the present political environment in Taiwan.

From time to time, Chen has reiterated the New Middle Way, as a guiding principle of his administration. Keywords such as 'knowledge-based economy', 'Taiwan first', 'social justice', 'globalisation', 'Green Silicon Island', etc. have been mentioned through various means, such as Chen's speeches, interviews as well as official documents and publications. During his remarks at the opening ceremony of the EDAC, the historical significance of the EDAC stressed by Chen is fourfold. First, he points out that it is the first cross-party conference to address Taiwan's economic problems since the landmark transition in May 2000 from Kuomintang rule to a Democratic Progressive Party-led administration. Second, it would focus on the interests of the people as a whole. Third, the consensus decisions are being made from the grassroots upward– a 'bottom-up' approach. Fourth, the event is an effort to gather ideas and capabilities of the people, politicians, labour, scholars and government agencies, so as to provide the executive branch with effective policies to improve the economic slowdown. However, only four labour representatives among 120 advisors in the conference were nominated to participate the EDAC. In this case, for workers to articulate their opinions at the conference, as Chen claimed 'a bottom-up' approach, seemed very unlikely. It has already been argued that the outcome of the EDAC on the labour policy is a step backward for Taiwan's workforce and workers

[18] Chen has voiced the idea of organising a coalition government in a number of occasions. See, for example, 'Televised Speech Making the First Anniversary of the New Administration', May 18, 2001 and 'President

have suffered one defeat after another, despite Chen stressing that no decisions would be made without respecting the opinions of all political parties and the broad counsel of public opinion.[19] While at the moment unemployment rate rising historical high and the further threat of unemployment issues facing the WTO membership, to 'ensure labour welfare' as Chen speaks, can be a tough challenge for his government. Meanwhile, it is probably too early to make any judgement. Nevertheless, whether the voice of labour as opposed to the capital can be heard and received remains uncertain.

In response to Taiwan's recent WTO membership and the ever growing cross-strait trade exchanges, the government has recently adopted the policy of replacing the 'no haste, be patient'[20] policy with a new principle of 'active opening, effective management' as proposed by the EDAC. Such a change of policy direction, opting for a more active approach in handling economic and investment ties with China, shows the 'newness' of its approach. Through economic integration between Taiwan and China, it serves the interests of both sides of the Taiwan Strait and cross-strait ties could move a step forward. This would lead to greater integration beyond the economic field and be conducive to resolve the independence or unification dichotomy for the cross-strait relations.

The following extract of Chen's remarks at the closing ceremony of the EDAC is a case in point, which he once again reassures Taiwanese people that the New Middle Way is his governing ideology after being elected more than a year ago.

'During…the Economic Development Advisory Conference, I have listened carefully to the comments of every conference member…I have also noticed there are different opinions being expressed outside this convention center, and I have heard what those people had to say. In fact, my initial intention in holding the Economic Development Advisory Conference was

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Chen's Remarks at the Closing Ceremony of the EDAC', August 26, 2001.
[19] See United Daily Newspaper, June 8, 2001.
[20] The policy implemented in 1996 by the former president Lee Teng-hui was in part an attempt to punish Beijing for using the Taiwan Strait as its missiles shooting ground the year prior. Its policy placing a US$50 million ceiling on single investments and banning the production of high-tech products in China was due to the fear that Taiwan would become overly dependent on China economically.

to incorporate a plurality of opinions and ensure the welfare of all citizens, which the final consensus of the conference includes…Only by enhancing the ROC's national strength will we be able to ensure the maximum interests of the people. And only by setting a correct direction for our economic development will we be able to safeguard a sustainable environment, labour's rights and interests, welfare of the disadvantaged, and social justice. This is the 'new century, new nation, and the new middle way' that I have always stressed. Twenty-first century Taiwan must find a stable and balanced 'third way' between economic development and environmental protection, between industrial investment and welfare of the disadvantaged, and between corporate and labour interests, and it has to be carried out with the cooperation of the government and the private sector.'[21]

In this extract, Chen clearly reinforces what the New Taiwan Middle Way should be in his vision and how these goals should be achieved. At a time of rising unemployment rate, increasing case of labour and capital disputes and continuing destruction to the environment, words like 'safeguard a sustainable environment, labour's rights and interests, welfare of the disadvantaged, and social justice' do not appear for no reason. The New Taiwan Middle Way, at Chen's disposal, serves as a paramount motto assisting the DPP government to sail through the worst economic downturn in decades. Having discussed the economic aspect, another driving force behind the foundations of the New Taiwan Middle Way is the constant struggle to choose between 'pro-independence' and 'pro-unification'. This would now lead us into the political dimension.

The global political dimension
The political dimension, according to Chen, also characterises the distinctive nature of the New Taiwan Middle Way. What is interesting in the second part of the White Paper extract is that in his concerns on democracy and national security of Taiwan, Chen represents it as a sort of 'neo-internationalism'. He constructs Taiwan's democracy and cross-Strait relations through a discourse that is more often applied to explaining international political affairs such as '…between East and West on the European continent,

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[21] *'President Chen's Remarks at the closing Ceremony of the EDAC'*, August 26, 2001, Government Information Office.

in Asia Pacific region...a clear realignment of power' and '...the new international order is reconstructed...' in order to allude the DPP's pro-independence stance. How to manage the cross-strait relationship has been one of the most demanding tasks for the DPP government. It is a sensitive and delicate political issue for the governance of the R.O.C. Additionally, due to the rapid economic development in China during the past few years a growing concern over the economic issue has come into place. It is even more so for the DPP government because of its pro-independence stand towards cross-strait relations. In China's view, the DPP is not regarded as a 'unification friendly' party in Taiwan. However, the objective here is not associated with the question that whether Taiwan should be independent, but the manner of the language that Chen employs to form the discourse to deal with this complicated matter of cross-strait relations.

Taiwan's response to the new political order

I shall now look into Chen's standpoint represented in the discourse on cross-strait relations during his campaign time. At a meeting with a delegate of American Institute in Taiwan[22], Chen reiterates his call for Taiwan Independence by saying that it is something which the majority of Taiwanese want. He goes on further to say that Taiwan independence is not only a fact but also a shared wish and desire of more than 90 per cent of Taiwan's people. Chen starts his presidential campaign by retreating the DPP's tough stance on independence for fear that an aggressive approach would frighten off voters who believe in military attack from China once Taiwan declares independence. However, Chen suggests constitutional reforms in his campaign White Paper in terms of Taiwan's ambiguous status defined by the Constitution.[23] He believes that the Constitution that is currently used in Taiwan should be amended to clearly enunciate Taiwan's status as a nation with independent sovereignty. The existing Constitution states that 'the territory of the republic of China in accordance with its existing national boundaries shall not be altered except by resolution of the National Assembly'. Instead, an appropriate and unequivocal definition of Taiwan's territory would be '[T]he Republic of China covers

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[22] '*Chen tells Bush Taiwan should be independent*', Taiwan News, Dec. 14, 1999.

[23] See, for example, '*Chen calls for independence amendment*'(in Chinese), UDN, Dec. 21, 1999, and 'Chen

Taiwan, Penghu, Kinmen, Matsu and peripheral islands', according to Chen. An additional emphasis made by Chen was that any changes to the status quo must be endorsed by the general public in Taiwan through a referendum. He argues that any decision to change the current status must have the consent of the Taiwanese people and thus referendum should be legalised for any issue related to China, any form of merger with China or any agreements on changing Taiwan's status quo. In relation to PRC president Jiang's reiteration of the 'one country, two systems' model as a means to resolve the 'Taiwan question', Chen comments that the recipe is unacceptable for Taiwan's people. Under the title of 'A Taiwan Candidate Has Beijing Baring Its Teeth', Business Week reports that although Chen has mitigated his stance on Taiwan independence by saying that Taiwan's political status would have to be determined by a popular referendum, he persists that the Taiwanese people have the ultimate right to decide their own future. The article argues that 'If Chen is elected president, his views could trigger a crisis even without a referendum.'[24]

At his presidential campaign headquarters, Chen declared[25] that the question of whether Taiwan to be independent does not currently exist because Taiwan is already a sovereign, independent country. In addition, he asserts that there is no need for Taiwan to change its name, and the only remaining questions are how to ensure Taiwan's security and protect its interests. By stating so, Chen not only assured the Taiwanese that R.O.C. would not be replaced so that China will not attack, but he also was able to manipulate the political discourse from discussing DPP's pro-independence stance to the importance of national security and interests. By the end of January 2000, Chen announced a proposal on cross-strait relations aimed to exercise some spin control on the DPP's belief of Taiwan independence. The main element of the proposal is a 'no Taiwan independence if no mainland invasion' statement. The objective of this pledge is to overcome fears from voters who do not support the DPP's independence platform and believe that if Chen wins

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recoils from the new middle way?' (in Chinese), Chine Times, Dec.22, 1999.
[24] 'A Taiwan Candidate Has Beijing Baring Its Teeth', Business Week, January 17, 2000. See also 'Business Week: Taiwan Strait would increase tension if Chen elected' (in Chinese), UDN, Jan. 8, 2000.
[25] 'Chen says independence not an issue', China Times, January 16, 2000.

the presidential election, China could take military action against Taiwan. In the past, Chen has strongly opposed to Beijing's 'one China' principle. During an interview with Business Week on March 8th 2000[26], a few days before the Election Day, Chen elaborated the DPP's stance on Taiwan independence and cross-strait issues. 'Did you change your pro-independence policy in order to get elected?', he was enquired. Unsurprisingly, his response was interestingly peculiar and relatively unrelated: 'As Taiwan's new leaders, our duty is to make sure our right to sovereignty lasts forever. Taiwan's sovereignty must be complete, and it cannot be swallowed up by any country. Taiwan is an independent country now, and I want this to remain so forever. That's why I say: Long live Taiwan!'. The answer Chen provided was apparently not related to the question at all. On the one hand, it tells us that the DPP and Chen may have symbolically voiced about amendment of the pro-independence stance, however, their real belief may have never been reconsidered and challenged. On the other hand, 'Taiwan is an independent country...I want this to remain so forever' in Chen's off-track answer, it is self-evident to us on his pro-independence stance. Then he was asked about the DPP's cross-strait policy. His reply was the DPP's platform is usually misunderstood. The DPP's platform is not independence, but self-determination through a 'national plebiscite'. This answer disregards the historical fact that the DPP has advocated Taiwan independence throughout its history since 1986.[27]

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[26] See, 'Candidate Chen: our platform is not independence, it is self-determination', International-Asian cover story, Business Week, http://www.businessweek.com/2000/00_12/b3673016.htm

[27] According to the political platform of the DPP adopted by its First National Party Congress on November 10, 1986 and last modified on March 19 1995, it clearly states that 'The Establishing of a Sovereign and Independent Republic of Taiwan', although 'the establishment of a sovereign Taiwan Republic...shall be determined ...through a national referendum' (see the document on http://203.73.100.104/platform/a.htm). 'Taiwan Republic' or 'Republic of Taiwan' was used in the document of the DPP's political platform. The DPP has also adopted two Resolutions (417 and 1007) in April 1988 and October 1990 respectively to promote the so-called 'Taiwan Independence Clause'. The 417 Resolution completely rejects the P.R.C.'s claim of sovereignty over Taiwan. The 1007 Resolution represents that Taiwan's sovereignty does not cover Mainland China and the People's Republic of Mongolia. Not until May 8, 1999, the DPP's National Party Congress passed the 'Resolution Regarding Taiwan's Future' (see the document on http://203.73.100.104/china/china-faq.htm) regarding its new stance on cross-strait relations and China policy, the provocative phrase such as 'Taiwan Republic' or 'Republic of Taiwan' is no longer seen in the document. There is clear evidence on the DPP's China policy stance moving towards a less radical middle ground.

Figure 5.1: Unification or Independence?
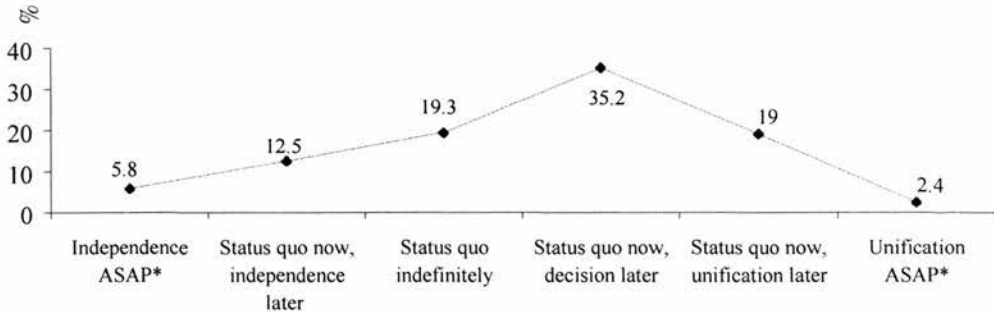
The preferences for independence or unification conducted three weeks before the election are indicated in Figure 5.1. As can been seen from the data, the people who support 'independence asap' are over twice as many to those who support 'unification asap', accounting for 5.8 percent and 2.4 percent respectively. Yet, they are the minority among the Taiwanese people. Instead, people prefer to remain 'status quo' forms the majority, accounting for more than 85 percent. However, this is divided into four sub-divisions— 'status quo now, independence later', 'status quo indefinitely', 'status quo now, decision later' and 'status quo now, unification later', accounting for 12.5, 19.3, 35.2 and 19 percent respectively. One-third of the Taiwanese support 'status quo now and decide later' which forms the largest group above all other divisions. Figure 5.1 somehow indicates the pragmatic approach of the Taiwanese people while dealing with the independence vs. unification issue. This opinion poll not only contradicts what Chen proclaimed that more than 90 percent of Taiwanese desire Taiwan independence, but also explains why the DPP and Chen had to shift their pro-independence stance towards the middle ground for vote-gaining.

As the Election Day got closer, Chen said that it would do no harm to discuss the 'one China' issue as long as Taiwan and China are under the premise of equal status. Considering the DPP's firm belief of Taiwan independence and its reconcilability with China, Chen's proposal on cross-strait relations can be regarded as an olive branch to Beijing by softening his pro-independence stance. His soft-pedaling on the independent issue signifies a retreat from the DPP's basic platform, at least in a tactical sense. Take a close look at Chen's proposal on cross-strait relations, one would realise that the changes are not substantial but superficial and symbolic. For one thing, if the DPP has revised its Charter on the independent platform, it would have appeared to be more substantial and persuasive. However, Chen was merely attempting to do some minimum adjustments on the pro-independence stand in order to ease the tension between the Strait as well as to secure the maximum votes. While there was a warning from China saying 'independence means war' and pressures from the presidential election, little space remains for Chen not to draw back his pro-independence stance. Election rhetoric aside, Chen's plan does reflect some form of pragmatism because the DPP and Chen realised that the majority of the constituencies in Taiwan have a preference of Taiwan remaining on its status quo of de facto sovereignty separating from China instead of independence or unification. Changes, even if they are superficial and rhetorical, have to be made in response to the mainstream opinion of the Taiwanese.

Chen's cross-strait proposal differed marginally to the mainland policies outlined by the two other major presidential contenders– the KMT candidate Lien Chan and the ex-KMT dissenter James Soong. On relations with the long-term rival China, a common stance indeed existed among the three major candidates. That is, they all stress the point of 'Taiwan first' in terms when addressing key issues with Mainland China, Taiwan's interests must be defended and be treated as priority. Lien and Soong both claimed that the R.O.C. has been an independent, sovereign state since 1912. In contrast, Chen asserted that Taiwan has been independent since 1949 the end of the civil war between the Nationalist and Communist forces. However, it is worth noting that Chen felt more comfortable to use 'Taiwan' instead of its formal name 'R.O.C.'. This difference between

'Taiwan' and 'R.O.C.', though small and compatible for most Taiwanese people, is somehow significant and fundamental in terms of the context on cross-strait relations. It reveals that Chen and the DPP are reluctant to move away from their pro-independence platform.

We can see an inconsistency in Chen's cross-strait relations throughout his presidential campaign period at least on a rhetorical level. At times, he voiced 'Long Live Taiwan Independent'[28]. Other times, he claimed that independence is no longer an issue because Taiwan is already a sovereign, independent country. Sometimes, he even said that 'one China' issue could be discussed and he is willing to visit China to show his goodwill gesture. This inconsistency on cross-strait relations has appeared throughout the New Middle Way discourse, and has not only confused the Taiwanese electorate and China, but has also reduced the credit of his determination on the New Middle Way approach to merely a rhetorical significance. After elected in March 2000, however, Chen has become so pre-occupied with Taiwan's economic recession that cross-strait relations were shifted from the political consideration towards an economic one, which focuses more on market principles and mutual benefits between Taiwan and China.

A speech[29] given by Taiwan's official spokesman– Su Tzeng-ping, entitled '*Taiwan's New Middle Way, An Assessment*' to a select audience jointly organised by the Centre for European Policy Studies and the European Institute for Asian Studies reinforces a powerful signal showing the determination of sticking to the New Middle Way approach for Chen's administration. He speaks of 'monumental' changes that have been taking place in Taiwan: the victory of the DPP candidate Chen Shui-bian in March 2000 presidential election and its implications of the cross-strait relations. 'What was the key?' Su asks. The answer, argues Su, 'lies in Chen Shui-bian's middle way approach.' The peaceful transformation of political power from the more than one-hundred-year old KMT to a less than 15-year old DPP is significantly the consolidation of a democratic Taiwan.

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[28] 'Chen's remarks at the medical union dinner party' (in Chinese), Dec. 03, 1999, China Times and UDN.
[29] '*Taiwan's New Middle Way: An Assessment*', Su Tzen-ping, GIO director-general, Government

Additionally, in the light of Su's speech, the cross-strait relations would not be a 'zero-sum' game, but continuously showing sincerity and goodwill gestures in order to end the long-term dispute between Taiwan and China.

The DPP and Chen's advocacy of Taiwan's de jure independence from China in the past is generally recognised. 'But both Chen and the DPP transformed themselves gradually and measurably throughout the 1990s', argues Su. During the National Party Congress in May 1999, with a 10 to 1 margin the DPP amended its China policy by passing the 'Resolution Regarding Taiwan's Future'.[30] Regarding to the resolution, Su's asserts that:

> '[T]he DPP acknowledged that Taiwan, with the Republic of China as its formal national title, has been a sovereign country, and the sovereign status can only be altered through a democratic process such as a plebiscite. This resolution was to replace and nullify the commonly known Taiwan's de jure Independence Platform. With this resolution, the DPP pursuit of Taiwan's de jure independence is only a distant past. This transformation of the DPP is very significant. But it is not surprising to see the change taking place over time, for open public debate and the institutionalisation of public opinion have affected all political parties in Taiwan...there is a solid majority in Taiwan who supports the middle way on the cross-Strait issue.'[31]

However, if we take a close look at the 'Resolution Regarding Taiwan's Future', we would be able to identify several interesting and controversial points regarding the credibility of Su's speech above. The resolution document includes three parts: Preface, Proclamation and Explanation. First, in the preface, stating 'the direct presidential election', 'abolish the provincial government' and Taiwan as an 'independent' country, comprises all the points that China is not comfortable with. Second, there are seven points listed in the proclamation section. None of the seven points uses Taiwan's formal national title– the Republic of China, whilst talking about the country's relations with China. Instead, it

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Information Office, R.O.C, June 28, 2001.
[30] See, for example, the DPP's China policy, http://203.73.104/china/china-faq.htm
[31] *'Taiwan's New Middle Way: An Assessment'*, Su Tzen-ping.

emphasises that referendum should be enforced in relation to decide Taiwan's future; One China principle is fundamentally inappropriate for Taiwan and should be renounced; Taiwan should seek international recognition, including the United Nations; All political parties must establish 'bi-partisan' consensus to deal with China's aggression and ambition. All these emphases strongly suggest that the DPP has not transformed itself gradually and measurably as proposed by Su. Nevertheless, the DPP is, after all, interested in having dialogue with China on economic issues probably due to the pressure from current economic setbacks in Taiwan. Third, in the explanation part, revisions of the constitution on national jurisdiction and to develop a new national identity are brought up. Fourth, 'Taiwan's independent sovereignty' or 'Taiwan's sovereign independence' materialises at least eight times in the document. Fifth, the 'Republic of China', Taiwan's formal national title argued by Su in the extract above, comes into sight on only two occasions in the entire document: 'Taiwan, although named the Republic of China under its current constitution, is not subject to the jurisdiction of the People's Republic of China' and '…Taiwan no longer insists on using the Republic of China as the sole national name to participate in various governmental and non-governmental international organisations.' It is not judgmental to argue that two occasions the R.O.C. mentioned in the 'Resolution Regarding to Taiwan's Future' appear to be antagonistic in attitude and reluctant to recognise it as Taiwan's formal national title. If these are the gradual and measurable transformations of the DPP and Chen on cross-Strait relations as proclaimed, Su's remark could be merely desperate propaganda.

5.4 Taiwan's New Middle Way

Two important events associated with the Third Way movement were noticed by Chen. The two events, according to the White Paper, were the meeting following the fiftieth anniversary summit of NATO and one in Florence, Italy. These Third Way discussions have enlightened Chen and helped him to conceptualise Taiwan's future path– the New

Taiwan Middle Way.[32]   In a similar manner, according to the Economist, Chen says that 'He admires Tony Blair's search of a Third Way'[33]. This Third Way phenomenon between Taiwan and Britain, and indeed a number of Western democracies and other countries around the world, represents evidence of ideological diffusion, lesson-drawing and possibly policy learning processes among these countries. As argued in the White Paper, Chen says that 'The fate of an island nation is closely connected to the process of globalisation, and for both Britain and Taiwan, the Third Way is a proposal to meet its challenges'.   Additionally and rather importantly, these messages also map out the legitimacy of the New Middle Way for Taiwan because it has been pioneered by a number of western left-wingers or social democrats. Some of them not only have resumed office from their right wing counterparts after a considerably period of time, but have also refined policy implementation with promising results shown.

The New Middle Way is pervasively represented in the discourse of the DPP governance to resolve the themes, which have been regarded as incompatible with each other. The extracts below are some of the explicit examples of this.

'…a balance between ecological preservation and economic development…develop Taiwan…green silicon island'[34]

'…he…has concluded that the best way is to reconcile the differences of the various political forces in Taiwan…as a 'new middle path'…balance and sharing…must be taken into account in juggling the conflicting interests of various forces, such as balancing the interests of the poor against those of the rich, urban against the rural, industrial development against the environment, as well as Taiwan against mainland China. Only a balanced approach can make possible a sharing of interests and best serve the needs of all sections of society…'[35]

'The satisfactory conclusion is proof that governing and opposition parties, labour and

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[32] See for example Chen Shui-bian(2000), The Son of Taiwan, pp. 119-137; the preface written by Chen Shui-bian in 'Dian-Fuh-Tzuoo-Yow' (in Chinese) (Capsize Left and Right) (translation of Blair's three books, The Third Way: New Politics for the New Century, New Britain– My New Vision of a Young Country and Leading the Way: a New Vision for Local Government), China Times Publishing Co., pp. 2-6.
[33] 'Taiwan Stands Up', The Economist, March 23rd, 2000.
[34] 'President Chen Inaugural Speech', May 20, 2000.
[35] 'President Chen Meets with President of Ohio State University William Kirwan', June 19, 2000.

management…representing a broad spectrum of opinions…'[36] (Also recall the extracts in the earlier sections above.)

Such usages of language draw attention to assumed irreconcilable themes while simultaneously opposing them. In other words, by so doing, it not only goes against the conventional expectations of the audience or readers, but also surprises them. So how are we to understand the aspiration to reconcile themes, which have typically been treated as incompatible? A reasonable interpretation would be that Chen has found a balance between the contrary themes. The 'newness' of the New Middle Way may therefore be constituted. The point however from a language perspective is that the contentious and sometimes frankly implausible nature of themes on cross-strait relations is made up by the rhetoric of the New Taiwan Middle Way. Formulations of the New Middle Way are conducted in this unusual manner as discussed above. This manner on rejecting conventional belief and asserting surprising compatibilities not only defocuses the question of how the themes are to be reconciled realistically, it also generates public awareness that some quite different pairings of themes are equivalent. For example, the antagonism between 'environmental conservation' and 'economic development' is quite different from that between 'Taiwan's de facto independence' and 'normalisation of cross-strait relations based on market principles and mutual benefits'. The former can possibly be resolved and implemented through a variety of principles, including promoting knowledge-based economy, using resources effectively and prioritising environmental protection. The latter, however, involves the most controversial, emotional, provocative and sensitive issue between Taiwan and China. Whilst the fundamental dispute on Taiwan's sovereign status continues to exist, seeking economic cooperation and mutual benefits do not seem plausible. Nevertheless, these can be rhetorically effective and persuasive to the Taiwanese people, especially during an election campaign.

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[36] '*President Chen's Remarks at the Closing Ceremony of the EDAC*', August 26, 2001.

Figure 5.2: Votes won by political parties in elections over the last decade
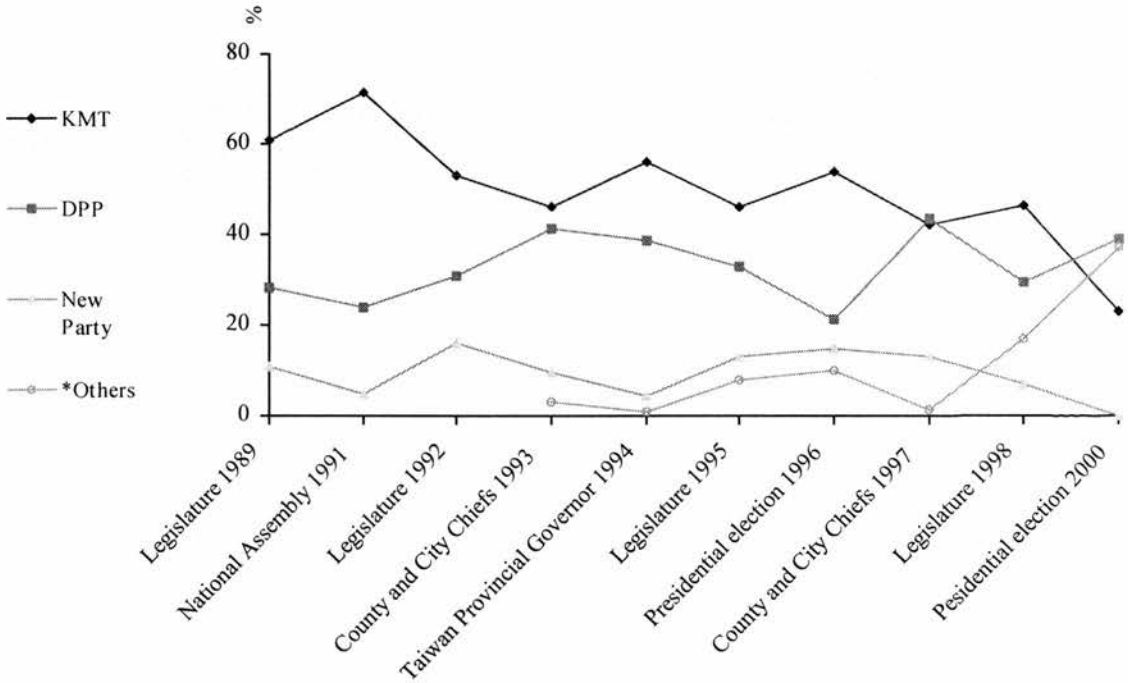
*Others: small parties and independents

Source: Central Election Commission, Ministry of the Interior.

It is not difficult to understand why Chen has taken on this New Middle Way approach. Figure 5.2 demonstrates the vote gains for the political parties in Taiwan during the major elections in the last decade. As can be seen, the percentages of votes gained by the political parties fluctuated throughout the period. For example, the votes DPP won reached a peak of 43.32 percent in 1997's county and city chief's election and a low of 21.13 percent in 1996's presidential election. In fact, the lowest figure for the DPP in the 1996 presidential election may have contributed to the strong support of Taiwan independence from its candidate. Since its founding in 1986, the DPP has never won more than 36 percent of popular votes in any election at the centre government level. The most important question remained whether the voters had enough confidence to elect the 14-year-old DPP for high office that was to be responsible for heavy duties. Chen's pro-independence leanings obviously stood in while he was trying to gain his way into

office. Undoubtedly, to attain a point of equilibrium between the DPP's aspiration for Taiwan independence and the status quo preference of mainstream voters was Chen's priority to be elected in the neck-to-neck presidential race. Candidates, in order to win the presidential election, have had to make 'Taiwan first' a key issue during their campaigns as well as to claim Taiwan's independent sovereignty even for those pro-unification candidates. That is because without sovereign independence, it would not be legitimate for Taiwan to elect its own president and to pursue diplomatic recognition with other countries. The hostile White Paper, which Beijing released prior to Taiwan's presidential election on February 21, 2000, made the cross-strait relations even a bigger theme. Each candidate was trying to convince the voters that he is the presidential aspirant best suited to preserve peace and stability between the two sides of the Taiwan Strait. Aware that most voters prefer to maintain the cross-strait status quo, three major candidates have all moved towards the middle ground by devoting their campaign strategies to ensure the electorate a peaceful co-existence with China and national security and avoided to talk about Taiwan's sovereignty issue. The traditionally pro-independence DPP, for example, assured the public in a TV commercial that Taiwan would continue to enjoy a peaceful and stable living environment if its candidate won the election. Additionally, Chen pledged that if elected he would not declare independence without authorisation, but the question should only be decided by virtue of a referendum of the Taiwanese people. However, in a public forum in December 1999, Chen could not resist loudly exclaiming 'Long live Taiwan independence!'

5.5 Conclusion

From time to time, the New Middle Way has been reiterated by Chen as a guiding principle of his administration. Key themes such as 'knowledge-based economy', 'Taiwan first', 'social justice', 'globalisation', 'Green Silicon Island', etc. have been conducted into the discourse through various means, such as Chen's speeches, interviews as well as official documents and publications. But frequently mentions of the New Taiwan Middle Way/Third Way ceased in September 2001. The New Middle Way in

Taiwan can be regarded as a political discourse summed up by the elements from other political discourses, of the pro-independence and pro-unification in Taiwan, of the social democracy and neo-liberalism in the West. As argued earlier, the most important step in constructing the logic of the New Middle Way in Taiwan's economy, according to Chen, is a globalised market that is based on knowledge economy, which would boost the economy without further damage to the environment. Politically, the New Middle Way emphasises a new vision for establishing a middle ground to tackle the conflict among different ethnic and political lines as well as the preferences for Taiwan independence or unification with China through embracing pluralism and putting aside radicalism. Due to severe competition in the global market, in order to make Taiwan prosper in the global economy, according to Chen, increasing Taiwan's competitiveness, promoting a knowledge-based economy as well as to ensure greater social justice and sustainable environment are therefore to be achieved. When the New Middle Way is summarised by Chen and his allies, it is centered on 'national security' and usually in terms of the convergence between 'economic development' and 'environmental protection as well as social justice' or 'industrial investment' and 'welfare of the disadvantaged' or 'corporate' and 'labour' interests or other equivalent terms. Moreover, these have to be implemented through the partnership of the government and private sectors. With regard to the cross-strait relations, the preferences for independence from or unification with China are to be normalised through comprehensive dialogue with China. The New Middle Way appears to be a magic phrase that is capable of accommodating all kinds of good things together in a harmless and seemingly coherent manner. It is this flexible nature of the New Middle Way that enabled Chen to pay lip service to claim whatever the term means depending on the audience and to conduct the discourse whenever he wanted.

We should neither understate nor overstate the significance of the New Taiwan Middle Way. It is an attempt made by Chen and his administration to conduct the New Taiwan Middle Way discourse. In terms of the economic arena, the New Middle Way appears to be feasible and plausible. By contrast, the inconsistent images of Chen not practicing what he preaches in the light of the political aspect may damage the integrity and reduce

the significance of the discourse. It is also arguable in terms of the 'newness' of its approaches. Moreover, the New Middle Way discourse has appeared to be exclusive to a small group of politicians and academics and has been rather limited in its popularity, despite all the sloganeering the DPP and Chen have done. At the same time, there are some indications that it is becoming an internationally powerful mobilising concept for the 'progressive governance', which Chen is keen to be a part of it. Despite the fact that Chen has oft-repeated his new middle approach that is meant to transcend the dichotomy of independence and unification among other important issues concerning Taiwan's future, whether the New Taiwan Middle Way has more than rhetorical significance remains to be seen in the future.

Chapter 6: A Third Way for Taiwan's Social Policy Development?

6.1 Introduction

The chapter examines the question of whether the unprecedented DPP government based on the Third Way ideology is leading Taiwan's welfare development into a new era. In Taiwan, there have been varied and seemingly conflicting accounts of welfare development within the last ten years of the ever-growing welfare consciousness of its people. It is commonly agreed that welfare development has improved significantly, but little consensus can be reached beyond this point. There is no doubt that welfare policies have changed in response to a changing society, i.e. an ageing population, an increasing number of working women, a changed family structure and so forth. The focus of this chapter is about the significance and pace of the welfare policies under the DPP governance.

The chapter provides a broad survey of the existing welfare policies prior to the DPP government. It then looks into the new DPP government to see whether there are any changes to welfare policies under President Chen Shui-bian's New Middle Way ideology. It starts by a brief introduction of Taiwan's welfare development within its wider context. After an overview of welfare development inherited by the new administration, the paper then focuses on Chen's New Middle Way, the claim for a new political perspective different from its predecessor– the KMT government, and the conventional DPP before entering into office. The following questions set up the main concerns to be addressed.

- To what extent does the policy of the new DPP government differ from its KMT counterpart?
- To what extent does Chen's New Middle Way distinguish itself from the traditional DPP government?
- Do changes made by the DPP government suggest a shifting policy direction for Taiwan's welfare development?

- Did the policies already in place make it difficult for Chen Shui-bian to develop a distinctive third way agenda?

In short, is Chen's New Middle Way associated with new welfare development in Taiwan? If so, attempts will be made to outline and assess the changing direction of welfare policy under the DPP government.

6.2 Defining the New Taiwan Middle Way policy practice

Before getting into the content of Taiwan's welfare policies, one very important concept needs to be clarified and defined– the New Middle Way in Taiwan, in order to distinguish the uniqueness of social policy of the DPP government. So, what can be regarded as 'new middle way' practices that constitute a distinctive approach for Taiwan's welfare development and differ from the two previous instances by the KMT government from the post-war periods to 2000 and by the DPP rhetoric before it took office in 2000? A new middle way practice can be loosely defined as somewhere between the stance of the previous KMT government and traditional DPP standpoints.

Figure 6.1: The Spectrum of the New Middle Way social policy practice in Taiwan

Conventional DPP   Previous KMT government
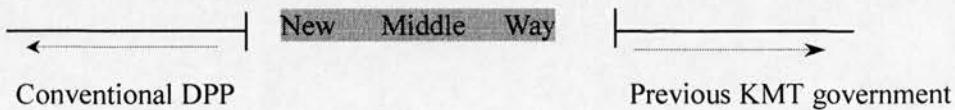
As shown in Figure 6.1, the gray area can be categorised as the new middle way social policy practice, which differs to both the conventional DPP rhetoric and the previous KMT government stance. The third way/new middle way has always been a highly contested concept, which makes it difficult to pinpoint. As discussed in chapter 2, ever since the election of the New Labour government in 1997 and a number of successful campaigns for central left parties during the late 1990s across the globe, the struggle of

how to define the term of the third way or new middle way attracted numerous social scientists taking part in the debate which became a major ideological battle within the last few years. Bearing in mind the complexity of the debate in the West, the third way or new middle way may or may not be as complicated, indefinite and ideologically oriented in Taiwan because 'the debate between left and right is not so salient' (Chen 1999). However, this by no means suggests that the New Taiwan Middle Way is less challenging intellectually.

The DPP's White Paper on social welfare[1], published in 1993, proposed the following principles:

- Establish a universal social insurance system to cover pension, health, work-related injuries and unemployment benefits.
- Establish family allowances for children and young people.
- Increase cash benefits for social assistance.
- Expand welfare services to disadvantaged groups.
- Launch a comprehensive medical care system.
- Create a housing policy for all
- Arrange for collective bargaining in the workplace.
- Establish a ministry responsible specifically for social welfare in central government
- Incorporate social welfare into national development plans.
- Proceed with resources redistribution across the nation.

According to the Party Platform, published by the DPP Central Committee in 1995[2], the party's stance on social welfare is clearly demonstrated. It suggests that the government should:

1. Set up a fair and stable social system: the government should allow all people to

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[1] Democratic Progressive Party (1993), *A Just Welfare State: White Paper of the DPP's Social Policy*, Taipei (in Chinese).
[2] The Central Committee, Democratic Progressive Party (1995), *DPP Platform: Fair and open social welfare*, available from http://203.73.100.104/platform-d.htm

equally enjoy social resources and the fruits of social development.

2. Pursue the goals of a welfare state: the government should do its best to help every member of society maintain basic living conditions and protect the poor and weak in order to fulfil the ideas of a welfare state.

3. Establish a social security system: the government should expand the scope of its present social security system for workers, military personnel, government employees and teachers to cover all facets of society. The government should devise an unemployment insurance program, allow retired personnel to retain their health insurance policies and to receive pensions on an annual basis. The government should provide assistance to those who are too poor to participate in social insurance programs and take care of the interests of aborigines, minorities, handicapped, widows, widowers and other people in need.

4. Improve enforcement of the Labour Standards Law: the government should allow all workers to enjoy the benefits of the Labour Standards Law, allow them to choose more flexible working hours, and allow maternal benefits to all pregnant women.

Based on the above-mentioned principles, the policy suggestions made by the DPP are as follows.

- Set up a social welfare ministry to implement the well being of the people and safeguard social security programmes.

- Expand the scale of various social insurance programmes and assist those who live underneath poverty line level.

- Expand public medical networks and accelerate the pace for establishing a health insurance programme to cover the entire population.

- Promote welfare programmes for the elderly and raise retirement pensions.

- Revise handicapped welfare laws to ensure and promote their well being and to increase their employment opportunities. Build more public facilities for the handicapped.

- Respect women's social status and rights, remove discrimination against women, and

enact laws to indict and punish those who use violence or money to infringe on the dignity of women. Set up more public day-care centers to help career women provide care for their children while at work. Allow pregnant women and those who have young children to work on a part-time basis.

- Implement an unemployment insurance programme to help the jobless and their family members maintain decent living conditions.
- Revise the Minimum Wage Law to ensure that all labourers are able to earn enough money to maintain decent living standards.
- Improve vocational training programmes to help people fully develop their employment potential. Strengthen vocational assistance organisations, set up a nationwide employment information system.

It is probably due to the electoral and political pressure challenged by the DPP that the KMT issued an unprecedented and wide-ranging statement on social welfare, which clearly defined the KMT's common stance on social policy. The Guiding Principles of Social Welfare Policy in 1994 are as follows:

- Emphasis on the balance between economic and social development.
- The importance of establishing a proper social administration system.
- The family as the centre of social welfare policy
- The importance of teamwork between the various government departments and emphasis on the role of professional social workers.
- The promotion of harmony and cooperation between employers and employees.
- The institution of a financially independent social insurance system.
- Satisfaction of needs in a mixed welfare economy.
- Public housing for low-income families.
- Equality of access to medical care.

In accordance with the statement above and by comparison with the DPP's 1993 White Paper and 1995 party platform, a number of points become apparent in terms of the

different stances on social policy issues between the two parties. First, economic success is of great importance in supporting welfare policies. The statement indicated that economic development predominates the improvement of social welfare, which showed the KMT's 'economic first' policy orientation. On the contrary, the then major opposition party– the DPP, advocated building Taiwan into a welfare state. Social welfare issues have since become the top political agenda. Second, the KMT appeared to place more welfare responsibilities on family and private sectors. The DPP seemed to believe that the state should shoulder more responsibilities of social welfare. Third, the KMT believed that social insurance systems should be financially independent and should not increase financial burden on the government. One the other hand, the DPP placed less concern on the financial burden of the government since it was then an opposition party. Fourth, the DPP appeared to be more in favour of increased cash benefits and income redistributive policies. The KMT, by contrast, seemed reluctant to place attention on these issues. Fifth, the DPP appeared to represent more in favor of the interests of labour. The KMT, however, leaned towards capital and stressed harmonisation of industrial relationships.

In the DPP Year 2000 Policy Manifesto[3] on social policy provision, it argues that the KMT's half-a-century authoritative rule distorted social development and unfair allocation of resources. The manifesto outlined a number of pledges for the upcoming century, one of which was to build an 'Active Civil Society with Dignity'. It states that the core solution to the problem of social reform lies in three steps: the improvement in the quality of education of citizens, provision of equal and fair opportunity for individual development, and providing an environment of a diverse and self-confident civil society. It promises to deliver a solid welfare system to guarantee citizens' livelihood and to provide equal opportunity for all.

The concrete measures proposed by the DPP prior to the 2000 presidential election appear not to be significantly different to the 1995 party platform, despite the following points.

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[3] Democratic Progressive Party, *Year 2000 Policy Manifesto Abstract*, November 24, 1999, available from http://www.taiwandocuments.org/dpp03.htm

First, to implement the National Pension System and to gradually integrate the current occupation divided old age pension systems have become one of the major policy priorities to meet the challenges posed by globalisation. It is to provide a just and distributive pension to safeguard the economic security of the elderly in the short term. In the long term, it aims to provide a decent and non-discriminative pension system for every citizen. Second, due to the rising gap between rich and poor, measures such as providing job training and replacement service and income redistribution are aimed to increase the earnings of low-income families as well as to provide sufficient social assistance to the poor. Third, the idea of Communitarianism is injected into the DPP platform for the long-term care of the elderly and disabled as well as personal social services and community care.

Having presented the different stances on social policy issues among the conventional DPP, the KMT and the current DPP government, the New Middle Way position, as shown in figure 6.1, should be perceived as somewhere between the distinctive stances of the conventional DPP and the previous KMT. Bearing this in mind, we should now move on towards Taiwan's social welfare movement in the post-war era, particularly since the 1990s.

6.3 Taiwan Social Welfare Origins and Content

The concept of welfare state and some measures used in Taiwan's welfare system may be of foreign origin. However, social welfare as practiced here has been heavily influenced by traditional Chinese political philosophy based on Confucianism.

- **Confucian traditions**

In most Chinese oriented societies, Confucianism is not merely considered a religion, but rather a moral principle, a distinctive culture and a specific way of organising society. The Confucian School may have had the most enduring effect on subsequent Chinese ways of life. The written legacy of the Confucian School demonstrates the notion of a world

where harmony, equality and justice prevail which resembles the core ideas of a welfare state. This can be seen in the following section from Li Chi Li Yunn Dah Torng (the Book of Rite, Chapter of Great Commonwealth) written in the Chou Dynasty (1027-256 BC):

> 'When the Great Way Prevails, the state is equally shared by all. People select the wise to govern and stress trust and social harmony. As a result, people not only take care of their relatives and children, but also work hard to ensure that all the elderly are well cared for; the strong have opportunities to put their energy to good use and the young can grow up in healthy ways…the widowed, the orphan, the childless, the disabled, the sick should all be provided for their livelihood. Every man and woman has an appropriate role to play in the family and society. Wealth and material resources are fully used, but not only for private purpose. All labour and energy are fully utilised, but not merely for personal advantage…These are the characteristics of an ideal world, the Great Commonwealth.'[4]

This statement presents a unique feature of the political philosophy of cosmopolitanism as well as the idealistic blueprint of welfare society from two and a half millennia ago. Its profound influence on present day Chinese oriented societies remains and has long been considered the initiative notions and fundamental philosophy for the development of social welfare in Taiwan. According to the statement quoted above, the Confucian way of organising society puts stress on individual responsibility as well as rights. Men and women should play appropriate roles both in family and society, the underprivileged groups including the young, elderly, disabled, etc, should be well looked after, so that there would be no question about solidarity among members of society. Therefore, from this viewpoint the social welfare aspect of Confucianism is somehow very much attached to the values of the third way– 'equal worth, opportunity for all, responsibility and community' (Blair 1998, p. 3), 'equality, protection of the vulnerable, no rights without responsibility…'(Giddens 1998, p. 66) and 'a society of positive welfare' (ibid. p. 111-118).

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[4] Li Chi, Li Yunn Dah Torng, the accurate author and exact date unknown.

We shall now move onto the other ideological foundation of Taiwan's welfare development– the Principle of People's Well-being. It is the written legacy of Dr. Sun Yet-sen, the Founding Father of the Republic of China.

- ## Sun Yat-sen's Principle of People's Well-being[5] and social welfare provisions of the ROC's Constitution

It can be argued that Dr Sun Yat-sen's Min-Sheng Chu I (The Principle of People's Well-being), one of the Three Principles of the People, is the foundation of social welfare provisions in the R.O.C. constitution and the guideline for Taiwan's social welfare development during the post-war era. As discussed in Chapter 4, by advocating modernisation, Sun emphasised wisdom based upon the best possessions of both Chinese and Western inheritances. Instead of a wholesale reform of Chinese traditions, his idea was to learn the best from Western civilizations to render the shortcomings of traditional Chinese culture, and simultaneously enrich the merits of traditional Chinese culture. He believed in progress, but not at the expense of historical and cultural continuities. According to the Principle of People's Well-being, an ideal social policy must be one through which the children are properly educated and raised, the able and the strong are fully employed and the old are properly taken care of; every individual in the nation regardless of sex and age, can enjoy a high quality of life and happiness.[6] The social policies including child care, welfare for the elderly and disabled, social relief, public health services and so forth must be implemented and provided in order to comprehensively achieve the essence and objective of Sun's Principle of People's

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[5] The Principle of Min-Sheng is one principle of the Three Principles of the People (San-Min-Chu-I). The term 'Min-Sheng' has usually been translated as 'People's Livelihood'. Judging by the content of his Min-Sheng Principle, Sun's intention by employing the term is certainly to mean more than that. At the commencement of his lectures on the Principle of Min-Sheng, he defined 'Min-Sheng' as 'the way of living (sheng-huo), the existence of human society (sheng-ts'uen), the people's economy (sheng-chi) and the life of the nationals (sheng-ming)'. Among these four specifications, only the third, 'sheng-chi', correlates to 'livelihood'. It is apparent that Min-Sheng is a much broader concept than just 'People's Livelihood'. I, therefore, choose 'People's Well-being' as its translation, in order to better represent and understand Sun's notion.

[6] Chiang Kai-shek (1953), Two Supplementary Chapters of Education and Recreation to the Principle of People's Well-being, Chapter one: Introduction.

Well-being. It is not difficult to realise that Sun's Principle of People's Well-being echoes Confucius advocacy of what the Great Commonwealth the ideal policy concerning the well-being of the society should be like. Sun was able to re-interpret, redefine and provide a whole new meaning of Confucian ideas to suit our modern context. Many Confucian ideas regarding social welfare were adopted and incorporated into the R.O.C. constitution.

The Constitution is the highest law in Taiwan. It prescribes a concrete and definite social welfare provision for the country. In light of the Constitution, social welfare system must consist of the following :

- Establish a social insurance system for all people.
- Promote the well being of children, women, elderly, disabled and the unemployed.
- Provide appropriate assistance and relief to victims of natural catastrophes.
- Promote health services for people by establishing a public medical care system.
- Strengthen special protection for labourers and farmers. The relationship between capital and labour should be well maintained and restricted by law.

The articles related to social welfare provisions are listed as follows.

- Article 15: The right to live, the right to work, and the right to own property shall be guaranteed to the people.
- Article 108: Disaster relief, pension for the deceased's family, and unemployment aid shall be provided by the State.
- Article 150: The State shall extensively establish financial institutions for the common people so as to relieve unemployment.
- Article 152: The State shall provide suitable opportunities for work to people who are able to work.
- Article 153: The State, in order to improve livelihood of labourers and farmers and to their productive skills, shall enact laws and carry out policies for their protection. Special protection shall be provided for women and children doing manual labour, according to their age and physical conditions.
- Article 154: Management and labour shall act in accordance with the principles of

harmony and cooperation for the development of productive enterprises. Conciliation and arbitration of disputes between capital and labour shall be prescribed by law.

- Article 155: The State shall establish a system of social insurance to promote social welfare. To the aged and the infirm who are unable to earn a living, and to victims of unusual calamities, the State shall provide appropriate assistance and relief.

- Article 156: The State, in order to consolidate the foundation of national existence and development, shall protect motherhood and carry out policies for the promotion of the welfare of women and children.

- Article 157: The State, in order to improve national health, shall establish extensive services for sanitation and health protection and a system of public medical care.

- Article 163: The State shall promote social education to elevate the cultural standards of the citizens in general.

- Additional Article 10: The State shall promote universal health insurance...The State shall protect the dignity of women, safeguard their personal safety, eliminate sexual discrimination, and further substantive gender equality. The State shall guarantee for physically and mentally handicapped persons insurance, medical care, obstacle-free environment, education and training, vocational guidance, and support and assistance in everyday life, and shall also assist them to attain independence and to develop.

According to the lists above, the R.O.C. constitution has rather comprehensive social welfare provisions. In the last few decades, the implementation and development of social welfare has often been assumed to have long followed the constitutional provisions (Chao 1988; Lee 1982). We shall now look into the existing government directives of social welfare. However, it would not be surprising that the welfare provisions stated in the Constitution have not by any means been comprehensively implemented. Sun's Principle of People's Well-being and the Constitution were relatively well-respected during the KMT era before ex-president Lee entered office after the sudden death of Chiang Ching-kuo, the son of Chiang Kai-shek. During Lee Teng-hui's presidency in the 1990s, the Constitution was amended at least four times. The purposes of the amendments were more political rather than welfare oriented. Of course, some cosmetic positive effects towards the welfare of Taiwanese people have nonetheless been reinforced. For

example, the additional Article 10 prescribes specific policy orientations on the promotion of national health insurance, the elimination of sexual discrimination and welfare advancement of the disabled. In fact, the DPP has never been in favour of the R.O.C. Constitution. One of the major aims of the DPP was to overthrow the KMT regime and to establish Taiwan as an independent country with a new constitution. The DPP has also contributed to the abandonment of compulsory education on the Three Principles of the People, which was previously taught in senior high school and examined as one of the core subjects of the Entrance Exam for universities. Starting in the 1960s, a loosely organised political opposition group to the KMT called the 'Dangwai Movement' (literally it means 'outside the KMT party movement') was the predecessor of the DPP. According to Rigger (2001, p. 17), the Dangwai coalition consisted of two types of opposition activists: 'local politicians who shared a strong dissatisfaction with the KMT regime and dissident intellectuals.' The DPP is a party with at least five factions deeply rooted in its history. Despite disagreements among the factions, the Dangwai Movement and its successor the DPP, has appeared to cooperate with each other in elections against their common adversary, the KMT. However, the recent unprecedented success of elections including Chen Shui-bian wining the highest office in 2000 and securing the position as the biggest party in 2001 legislative election, the DPP has started to show solidarity problems among its factions because they have lost their common objective–their all time enemy, the KMT, which has been defeated temporarily.

In the past, welfare policy has focused on the needs of certain selective groups including military personnel, government employees, school staff and some labourers. This has generated vast criticism. Therefore, in terms of Taiwan's welfare development, the ROC constitution can be seen as decorative with no great significant importance in actual practice. Political and economic factors have been the main reasons for Taiwan welfare development expansion.

6.4 Public Expenditure and the Public/private Mix Welfare Development

Taiwan's welfare development under the KMT government from the 1960s to the 1980s does not appear to be the major theme of nation building. From the 1990s and upward, social welfare spending has increased noticeably. This can be regarded as the turning point in terms of government expenditure on social welfare provisions. According to Figure 6.2, the share of all government expenditure on welfare spending grew from 6.6 per cent in 1961 to 29.6 per cent in 2001. By the end of 1980s, after President Lee had come in to power, it stood at about 18 per cent of government expenditure. A steady rate of growth appeared during the 1990s, despite the sharp growth rate in 1995-6 for the implementation of the National Health Insurance. However, as Figure 2 illustrates, it would be misleading to think that the arrival of the DPP government should be regarded as the decisive break, although welfare spending grew slightly in the first two years under President Chen's rule. It was probably the Asian financial crisis of 1997-8, not the change in government, that resulted in a slight reduction of welfare spending. Taiwan's economic performance appeared relatively unaffected during the Asian financial crisis, but economic alarm bells rang after Chen took office in 2000, which had been predicted by the Economist[7].

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[7] For more details, see 'Too many debts to settle', Nov. 9th 2000,
http://www.economist.com/displayStory.cfm?Story_ID=418357&CFID=161272&CFTOKEN=15145005

Figure 6.2 Social welfare, Education development and Defence expenditures as a proportion of all government expenditure
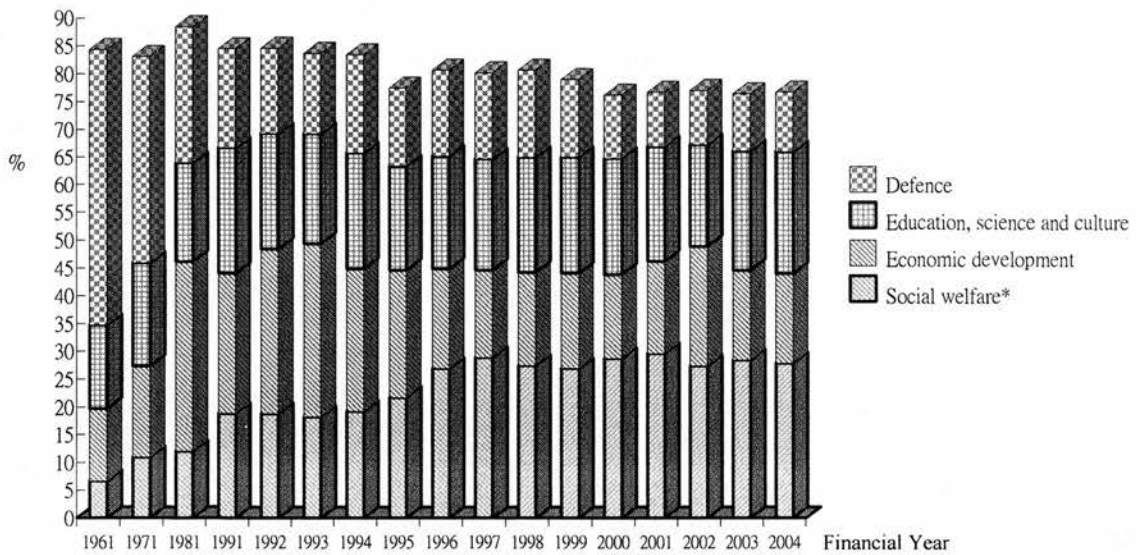
Chen has brought forth a policy of giving economic development priority and postponing social welfare programmes. While the country's economy rapidly worsened, Chen announced that the government would make a determined effort to salvage it. With the economic slowdown as a backdrop, it is understandable that the authorities concerned should work hard to solve the economic problems. However, if the government, for the sake of economy, sacrifices environmental protection, social welfare and even social justice, people will simply become even more disillusioned with the DPP government. Historically the DPP, as the major opposition party during the 1990s, has long promoted social welfare. According to Figure 6.2, the first few years of Chen's governance indicated that social welfare spending was not reduced because of the economic downturn. The figures grew slightly in comparison with the spending of the previous KMT government.

The DPP's conventional images, including its grass root impression, voice for the relatively unprivileged people and the anti big business attitude the party gained during its opposition period, have appeared to be a liability after it took office. The government has tried to get rid of its anti-business label and to re-create a new image by reversing its policy traditions.

According the Figure 6.2, a gradual re-balancing of public expenditure away from defence towards social welfare programmes, education and economic development is indicated. It also points to redistributive tendencies in recent years, for example Chen's '3-3-3' welfare programmes, i.e. to reduce mortgage interest rates for young and the first-time homebuyers, to provide children under three years of age free medical expenses and to issue the stipend of NT$3000 to the elderly.

Figure 6.3: Tax revenues as a percentage of GNP, Taiwan
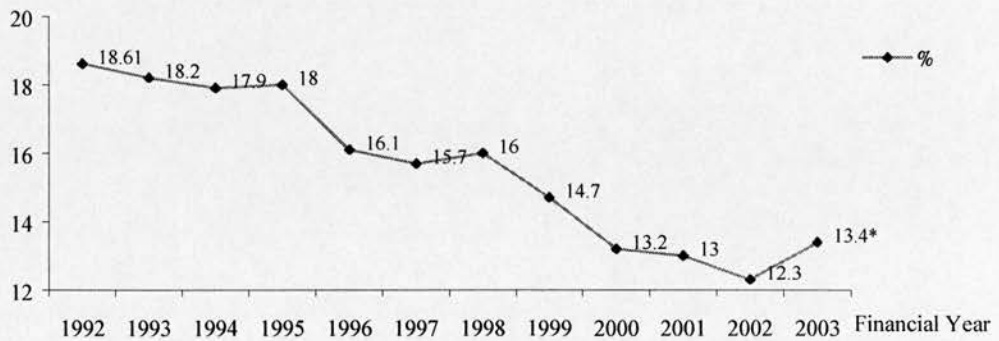
Note: *Forecasted.
Source: Department of Tax, Ministry of Finance and Directorate-general of Budget, Accounting and Statistics, ROC.

Taiwanese people have a deep-seated belief, fostered by the popular media and some politicians, that they are one of the most heavily taxed nations in the world. The government has been promoting the development of domestic industries by introducing measures including tax incentives and avoiding double taxation in order to encourage

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capital investment, industrial transformation and maintain the international competitiveness of the country. In recent years, the government has faced a heavy financial burden. In order to avoid disruption of economic vitality, curtailing expenditures has been adopted instead of increasing the tax burden of the people. If the tax burden is measured by the total taxes as a percentage of gross national product, as shown in Figure 6.3, it was only 18.6 per cent in 1992 and was gradually reduced to 12.3 per cent in 2002. In the international aspect[8], for example, when compared with 22.9 per cent in the US in 1997, 27.7 per cent in Britain in 1996, 33.8 per cent in Canada in 1997 and 22.8 per cent in Germany in 1997 and 17.9 per cent in Japan in 1997[9], the ratio of Taiwan's total tax collections to the nation's GNP is much less than all highly industrialised and most developing countries. Thus, the picture of a highly taxed Taiwan is simply mistaken.

It is true that voters everywhere in the world display contradictory fiscal impulses. People want increased government benefits, but resist tax increases. The Taiwanese electorate is no exception. Since the beginning of industrialisation and democratisation, the KMT government has approved a steady stream of new spending programmes while holding off any significant tax increases. Among them, some are benefit-in-cash and others are benefit-in-kind. They are, for example, subsidy to the low-income elderly and disabled, comprehensive National Health Insurance scheme, living allowance for low-income families and unemployment payment and so forth. The inevitable consequence has been rapidly accumulating government deficits over the past decade. Although gross public indebtedness is still relatively low, it has risen in recent years at an alarming rate.

A survey[10] regarding peoples' welfare needs, which was conducted by the Ministry of Interior, reveals that Taiwan nationals are expecting the government to make greater efforts on social welfare issues. Taiwanese people believe that the government should give priority to elderly issues in terms of welfare development. The people who were in

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[8] International figures quoted here excluding social security contributions.
[9] All figures are from National Accounts, OECD, 1998.
[10] Ministry of Interior (2001) 'An analysis of the alteration nationals' satisfaction with their living in Taiwan-Fuchien area in the past five years', http://www.moi.gov.tw/W3/stat/english/etopic/topic908.htm

favour of elderly welfare rated the highest, accounting for 44.9 per cent and 43.2 per cent in 2000 and 1996 respectively. This indicates a slight but gradual increase of concern of elderly welfare issues. Taiwan has become an ageing society since 1993. The issues of the elderly involve virtually each person on the island. Hence, as expenditure on social welfare services in the budgets of the Ministry of Interior in the latter half of the year 1999 and in the year 2000, expenditure on elderly welfare services ranked second, following the expenditure on welfare services for physically and mentally disabled citizens. It shows that improving elderly welfare services has become one of the most important policy goals for the government.

Table 6.1: Percentage of population by age group, dependency ratio and index of ageing

	Age-specific distribution (%)			[1]Dependency Ratio (%) (Old age + young age)	[2]Index of Ageing (%)
	0-14 Years	15-64 Years	65 + Years		
1950	42.30	55.10	2.5	81.31 (4.54+76.77)	5.9
1955	43.40	54.10	2.5	84.84 (4.62+80.22)	5.7
1960	45.40	52.10	2.5	91.94 (4.80+87.14)	5.5
1966	44.00	53.30	2.7	87.62 (5.07+82.55)	6.2
1971	38.70	58.30	3.0	71.53 (5.15+66.38)	7.8
1976	34.70	61.70	3.60	62.07 (5.83+56.24)	10.5
1981	31.60	64.00	4.40	56.25 (6.88+49.37)	14.0
1986	29.00	65.70	5.30	52.20 (8.06+44.14)	18.2
1988	27.96	66.30	5.74	50.82 (8.65+42.17)	20.5
1992	25.77	67.42	6.81	48.32 (10.10+38.22)	26.4
1993	25.15	67.75	**7.10**	47.60 (10.47+37.13)	28.2
1994	24.41	68.21	7.38	46.60 (10.81+35.79)	30.2
1995	23.77	68.60	7.64	45.78 (11.13+34.65)	32.1
1996	23.15	68.99	7.86	44.94 (11.39+33.55)	34.0
1997	22.60	69.34	8.06	44.21 (11.62+32.48)	35.7
1998	21.96	69.79	8.26	43.30 (11.83+31.47)	37.6
1999	21.43	70.13	8.44	42.59 (12.03+30.56)	39.4
2000	21.11	70.26	8.62	42.31 (12.26+30.05)	40.9
2001	20.81	70.39	8.81	42.07 (12.51+29.56)	42.3
2002	20.42	70.56	9.02	41.72 (12.78+28.94)	44.2

1. Dependency Ratio (%) = (0-14 Years + 65 Years and above) / 15-64 Years x 100.

2. Index of Ageing (%) = (65 Years and above/ 0-14 Years) x 100.

Source: 'Taiwan-Fukien Demographic Fact Book, R.O.C.', Ministry of Interior.

As shown in Table 6.1, the working age population (15-64 years) had increased more than

8 per cent due to higher fertility rates from 1950 to 1980. The index of ageing[11] has increased more than twice within the last 15 years. The figure is much lower than developed countries[12], but higher than most of developing countries[13]. The young dependency ratio was reduced 13 per cent from 1988 to 2002, which indicates a significant drop in the fertility rate. The old age dependency ratio has steadily increased from 8.65 in 1988 to 12.78 in 2002. The elderly population is expected to grow dramatically within the next few decades when baby boomers born between 1950 and 1980 begin to reach retirement age. Therefore, a growing concern of establishing a pension system cannot be further delayed.

Following elderly welfare, social assistance ranked second in social welfare performance, according to the survey. Taiwanese people believe that the government should attach importance to social assistance while making greater efforts in social welfare. The favour rating of social assistance in 2000 and 1996 was 23.5 and 24.5 per cent respectively. It indicates that social assistance has continuously been ranked second during the past five years. In Taiwan, social assistance is provided according to the principle of 'take the initiative in caring, respect one's need and assist with one's independence'. The public welfare resources of the government and the private sectors are combined and integrated, so as to take care of the poor, invalids, orphans, the elderly who are lonely and childless, and people who are experiencing urgent financial difficulties, with a view to ensure sustainable living of our nationals.

The survey also indicates that Taiwanese people have a great demand for child welfare and welfare for the physically and mentally disabled. The favour rating for both of them were similar in 2000, accounting for 19 per cent. Compared to the rating of 15.9 per cent

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[11] An indicator used by international statistical agencies that is a ratio of over-65s to under-15s.

[12] The index of ageing in 2001 for developed countries such as Britain, France, Germany, Japan and the US was 84.21, 84.21, 100, 113.33 and 61.90 respectively. The average of index of ageing for the developed countries in 2001 was 77.78.

[13] The index of ageing in 2001 for developing countries e.g. Singapore, Malaysia, Philippine and South Korea was 35.29, 12.12, 10.81 and 31.82 respectively. The average of the index of ageing for the developing countries was 15.15 in 2001.

in 1996, there was an increase of 2.8 per cent in the past five years. To facilitate the happy, healthy development of children, the government established the Children Bureau in the Ministry of Interior on the Day of International Children's Human Rights in November 1999. It is now the governmental agency in charge of child welfare services across the country.

The favour rating of women's welfare dropped slightly, by 2.9 per cent, from 11.4 per cent in 1996 to 8.5 per cent in 2000. The reason behind this is the government took a positive approach to the protection of women's rights and interests as well as the enhancement of women's status, for example, the Executive Yuan established the Foundation of Promotion and Development of Women's Rights and Interests in 1997, this Ministry established the Domestic Violence Prevention Committee in April 1999, and established the Foundation of Promotion and Development of Women's Rights and Interests in March 1999.

The favour rating of National Health Insurance (NHI), Medical Care, Public Housing Unit and Community Welfare Service Network dropped substantially, because concrete effects of related measures have already been installed. In 2000, the favour ratings of NHI and Medical Care were 17.2 and 16.4 per cent respectively.

Although public expenditure for social welfare has been growing as indicated in figure 6.2, Taiwanese are by and large in favour of government provided welfare services, especially for those that do not require individual contribution. This scenario is probably the same elsewhere in the world. However, since the welfare budget is limited and is unlikely to ever grow, the best that the DPP government could do is probably to lie out the priority of each pressing issue. It seems that implementing a pension programme and reducing the unemployment rate are at the centre of attention. Facing economic downturn and a growing rate of unemployment, President Chen once said 'economic development first and social welfare postponed'[14] which caused great controversy. Many people disagree

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[14] United Daily News, September 18, 2000 & September 19, 2000.

with Chen arguing that economic development and welfare spending do not have a direct cause and effect relationship meaning that spending money on social welfare may not slow down economic development. Others also argue that current economic recession is not the result of government welfare spending. In contrast, a healthy and comprehensive social security measure can act as a cushion during an economic depression. The premier and ministers had to publicly explain that Chen did not mean to place less importance on welfare programmes relating to disabled, women, unemployed, children and elderly, but to postpone implementing his campaign promise of an elderly stipend programme. However, facing the weight of re-election, the DPP administration was anxiously impatient about implementing the elder stipend programme regardless of the government's financial short comings. This not only is contradictory to the DPP government's catch phrase of creating a welfare society, but also disorganises the corporate planning of Taiwan's social welfare system.

6.5 The financially strapped National Health Insurance

An overview

The National Health Insurance Act was passed by the Legislative Yuan on July 19,1994, an amendment was made on the 3rd of October of the same year to make participation in NHI mandatory. The Bureau of National Health Insurance Statute was passed on the 30th of December 1994, and the Bureau of National Health Insurance was established on the 1st of January 1995, to prepare and handle NHI operations. The NHI program was officially implemented on the 1st of March 1995 by the KMT government to provide universal coverage of health care. Prior to March 1995, only 59 per cent of the population in Taiwan had health insurance. This meant that there were still more than 8 million people who were not insured. Among them, the majority of the uninsured were the most vulnerable including elderly and young children. Those who had the privilege of being covered by insurance were covered under a variety of more than 10 public health insurance plans. These 13 schemes of health insurance were all organised according to an individual insurant's professional affiliation. After 1995, the NHI incorporated all

medical insurance schemes, mainly including the Labour Insurance Programme, Government Employee and School Staff Insurance, Farmer's Health Insurance Programme, and further extended coverage to Taiwanese people who were formerly uninsured and the most needy i.e. elderly, disabled, children, students and housewives. By the end of 1999, over 96 per cent of the total population was covered by NHI. Under the National Health Insurance Act, participation in the NHI programme is mandatory for all nationals who have resided in Taiwan for more than four months, with the exception of servicemen, women and prison inmates. However, since February 2001, the NHI programme has further expanded its coverage to include military men and women into the scheme. Presently, the NHI is nearly reaching its objective of universal coverage. Foreign nationals who possess Alien Resident Certificates are also required to participate in the NHI, along with their dependants. The NHI Act requires an evaluation of the health insurance programme within two years of its implementation, especially regarding the source of its finances. Due to excessive medical costs and an ageing population, medical spending has increased at an average rate of 10.6 per cent annually since NHI was implemented. The total expenditure increased from US$5.95 billion in 1995 to US$8.79 billion in 1999. The NHI programme started to experience a budget deficit of US$600 million by the end of fiscal year 1999. Insured individuals consulted doctors an average of 15.4 visits in 2000. About US$2.48 billion, or 28 per cent of medication expenses, were pharmaceutical expenses. A waste of medical resources has led to a huge financial deficit in the NHI programme. In order to rescue the financial burden of NHI, to encourage the conscientious and effective usages of medical resources and thus to prevent waste and misuse, co-payment schemes for hospitalization and out-patient care were introduced in March 1995 and May 1997 respectively.

While the NHI Law was being reviewed by the Legislative Yuan in 1994, legislators were unable to reach a consensus on issues, including whether the system should be public or private and how to manage its finances. In the end, in order to get the system up and running on schedule, legislators affixed two 'sunset clauses' onto the bill and passed it. These provisions, articles 85 and 89 of the NHI Law, state that within two years of the

institution of the NHI system, the government body responsible for overseeing the system must propose comprehensive reforms to its funding, its organisation and to the financial responsibilities of those insured under it. In addition, the law states that within two and a half years of the system's implementation, the Executive Yuan must revise the NHI Law. The Department of Health (DOH) made proposals to reform the system in 1997, in order to reflect on the two NHI Law articles. The DOH recommended changing the system from one that is publicly established and publicly run into one that is publicly established but privately run. In early 1998, the DOH revised its proposal, suggesting that the nation's health insurance market could be thrown open to competition between two or three private insurance companies. Thus, the questions raised here are far more complicated. The dilemmas between 'insurance' or 'welfare', 'competition' or 'monopoly' and 'public' or 'private' funded for the NHI appear to be unsettled.

'Insurance' or 'Welfare'?

People who are in favour of an 'insurance' system for the NHI stress that 'insurance' and 'welfare' are different. Although both provide medical care, the concepts between them should not be the same. If it is an insurance system, not everyone should be treated in the same manner. With privatisation, fixed rates will pressure insurers to improve their operational efficiency and offer attractive packages to win new customers. On the other hand, people who support a 'welfare' system of NHI argue that health care should not be a product that allows market competition. Let us take the U.S.A., which values a free market competition, for instance. The U.S. government has medical care for the elderly, medical aid for the disabled and children in low-income families, students and pregnant women. The rest of the population has to pay for private health insurance. An almost oligarchic situation exists because large hospitals monopolise the health care market and medical costs soar to extreme heights. Therefore, these groups of people believe that privatisation for health care would eventually cause them to lose the universal coverage and equal access to health services, and instead, become based on economic class.

The idea behind the privatisation proposal is to reorganise the Bureau of NHI's

responsibilities into two divisions– administration and management. To expand enrollment and to collect premiums would remain unified and be handled by a public foundation. Management of medical care and payment of expenses would open to private sector competition among several companies. However, a government run insurance would still be retained in order to avoid privatisation, which might become the granting of monopoly. If we take a look at the administration of the NHI at the time when it began to manifest a deficit in 1998, the administrative costs accounted for only 2.3 per cent of its medical expenditures.[15] The figure is not only below the required level by law of 3.5 per cent, but also appears to be the lowest of any national health insurance in the world. Therefore, the administrative efficiency did not contribute to the increasing deficit of the NHI.

NHI's waste and abuse of resources appears to be the major problem. Take the average number of visits to physicians as an example. Since the NHI was implemented, the average number of visits to a doctor has grown from 10 to 14.7 per year, the highest in the world. Legislator Shen Fu-hsiung argued that 'Unless every person is *the sick man of Asia*, there is no reason for the visiting figure to be so high'. Shen continued to say that before the implementation of the NHI, Labour Insurance had become a virtual public feeding trough with annual visits to the doctor of 15 times. The overuse and abuse of medical resources now being seen under NHI represents the same problem. This problem has been realised even before the programme was implemented and some attempts, which were to control the waste and abuse of medical resources due to the flaw in human character, had not been accepted in the Legislature. Moreover, it is argued that not only the insurants are responsible for the problem; the medical professionals also carry their share of the blame, to which I now turn.

Any health insurance may account for medical expenses in the following three arenas. The first one is based on the health of each insured person and on the person's risk factors.

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[15] Chang, C.F., '*National Health Insurance At a Crossroads*', Sinorama, August 1998, p.110-18.

The data used to estimate annual health care expenses and payment is distributed to health care providers in advance. The second option is to establish rates schedule for illnesses, i.e. setting a standard rate which pays the treatment expense of each instance of a particular sickness. The third method is to pay on the basis of actual treatment delivered, i.e. payment is spent according to the kind and quantity of treatment actually given to the patient. There are pros and cons of each payment system illustrated above. Although the third method is commonly agreed to have the most dubious effect on controlling costs, NHI in Taiwan has employed this option from its inception. It has been argued that using this service-based payment system is similar to giving medical professionals a blank check. Under such a system, medical professionals have no incentive to safeguard spending on patients. Instead, the more examinations and medicines a doctor gives or prescribes, the higher his/her profits would be.

Table 6.2: NHI Premiums and Health Expenditures   Unit: 100 million NTD

	Cash Basis			Accrual Basis		
Fiscal Year	Premium Revenues	Health Expenditures	Surplus/Deficits	Premium	Health Expenditures	Surplus/Deficits
1995	1358.42	1343.86	14.56	1939.91	1568.47	371.44
1996	2486.33	2196.83	289.50	2405.30	2229.38	175.92
1997	2501.18	2360.01	141.17	2444.36	2376.13	68.23
1998	2543.68	2584.14	-40.46	2604.80	2629.40	-15.59
1999	2609.81	2870.10	-260.29	2649.05	2859.09	-210.03
2000	2675.81	2752.49	-70.68	2853.41	2849.37	3.84
Total	14175.23	14107.43	67.80	14896.84	14503.04	393.81

Note: 1. March to December for 1995 and January to December for the remaining years.
2. Allowance for bad debt is already deducted from accrued premium for Year 2000. Medical expense subsidies for 921 Earthquake Relief amounting to NTD 4.523 billion have already deducted from health expenditures.
Source: Bureau of NHI, DOH, R.O.C.

Managing financial difficulties

While the financial situation of NHI was deteriorating, additional co-payments were again introduced on pharmaceutical expenses, frequent users, and rehabilitation therapy in July 2001in order to further remind the public to become cost conscious, to increase their health awareness and to indirectly control wastes regarding medical resources. A number of studies and investigations have revealed that for outpatient services, about a quarter of the patients only took half of the drugs prescribed and 5 per cent of the patients did not use the drugs that were prescribed.[16] Therefore, tightening up the abuse and waste of medical resources is critical for the financial stability of NHI. However, under article 36 of the NHI Act, for those involving major illness or injury, childbirth, and preventive health services, the exemption from co-payment is granted to reduce the NHI beneficiaries' financial burden who really need a large amount of health care and those who are less privileged to be included.

During the early stages of the NHI programme, the amount of premium revenues was greater than the amount of healthcare expenditures as shown in Table 6.2. The reserve surplus increased over the first few years. However, starting in 1998, healthcare expenditures increasingly surpassed the amount of premium revenues, causing the NHI financial imbalance. Several cost saving measures have been introduced by the Bureau of NHI in order to delay the time for premium rate adjustment at the same time not to jeopardise the quality of healthcare services. Since May 2000, premium rate adjustment for NHI has been suggested as a solution to its financial deficient. The DPP government appeared to be rather reluctant to make any changes in the first two years in office due to political concerns. However, the voice for increasing the NHI premium rate has never stopped generating in the last few years since NHI's financial situation became deficit. According to news reports[17], in the near future the rate adjustment would be an estimated 15 per cent increase of the current premium rate for the following two reasons: the unbearable financial deficit that the NHI programme accumulated during the past few

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[16] See '2001 National Health Insurance Profile', Bureau of NHI,
http://www.nhi.gov.tw/English/2001edited.htm

years and the lack of a premium rate adjustment since the implementation of the NHI seven years ago.

Despite its financial deficit, the government established and managed NHI system has demonstrated valuable capabilities and earned high remarks over the past seven years. According to the 2001 NHI Profile published by the Bureau of NHI, public satisfaction levels have reached 75 per cent. This concrete performance is a full indication of the government's efforts in alleviating the public's financial burden, providing better quality health care and upholding the rights of the public to equal-access medical care.

The claim that the DPP government's health policy represents a new middle way must be treated with suspicion. According to the Core Health Policies 2001 published by the DOH[18], to strengthen care of the less privileged groups, to promote medical care for the physically and mentally handicapped and retarded children and to continuously expand its enrollment among all the other objectives give virtually no indication of changing directions of health care policies between the KMT and DPP governments. However, to implement insurance financial responsibilities in order to ensure financial balance of the insurance and to prevent abuse of medical care resources are measures that should not be regarded as having 'new middle way' implications. However, one of the core health policies– 'to promote international exchange in health and medical care and to strive to be admitted to the World Health Organisation' (DOH 2001) should be consider as a significant external influence that motivation to join various international organisations in order to become a member of the international society has nevertheless promoted health care in Taiwan to a certain extent.

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[17] See United Daily News, Feb. 7, 2002 and Economic Daily News, Feb. 20, 2002.
[18] Core Health Policies, 2001 Taiwan government, available from http://www.doh.gov.tw/english/ [accessed 12 February 2002]

6.6 Various Social Welfare Programmes

Extended families were once the fundamental source of welfare services in Taiwan when it was an agricultural based society. Rapid industrialisation and urbanisation have challenged the traditional concept of family supported welfare practice. The transformation from extended farming families to nuclear urban families has resulted in growing numbers of children, women, handicapped, and senior citizens who require assistance from non-familial sources. Coinciding with the need for outside assistance are two new phenomena: increased demand for government services and the proliferation of private organisations that provide welfare services.

In the later half of fiscal year 1999 and fiscal year 2000, Taiwan's central government spent US$11.4 billion, or 16.4 per cent of its total expenditures, on what is broadly defined as 'social welfare' including social insurance expenses (8.8%), social relief expenses (0.9%), welfare services (5.8%), national employment expenses (0.1%) and medical care expenses (0.9%). The government does not intend to be the sole source of welfare services in Taiwan despite its large allocated budget. Instead, the government sees its role as a facilitator and coordinator of welfare activities in local communities.

Communication between various government agencies, academic institutions, private charities, and care recipients is of crucial importance. In a typical scenario, Department of Social Affairs (DSA) under the Ministry of Interior formulates welfare policies and drafts related legislation. The DSA then briefs local welfare offices on the latest policies. These offices commission universities or individual scholars to survey the actual demand for specific services within local communities. Once community demand has been assessed, local welfare officials invite representatives from private charities active in the area to attend seminars in which the new government guidelines are explained, community needs discussed, and responsibilities and priorities set. Special interest groups, charities, the media, and the nearly 900 professional social workers in Taiwan provide feedback to policymakers at the highest levels of government. (Yearbook Taiwan 2001)

Welfare for the elderly, children, youth, disabled, and women

Elderly Welfare

According to the first Elderly Welfare Law promulgated in Taiwan in 1980, the definition of elderly people was those aged 70 and above, it was amended in 1997 to those aged 65 and above in accordance with the rapidly ageing society in Taiwan and the international trend. The Elderly Welfare Law and its practice in Taiwan was heavily inspired by the 'United Nations Principles for Older Persons' adopted by the UN Assembly in 1991.[19]

Welfare for the elderly is defined by the Ministry of Interior as providing basic subsistence aid and health care to poor and helpless senior citizens. The government encourages elderly people to live with or near their children. In-home care is provided for senior citizens who live by themselves and have difficulties in performing daily activities. Elderly residents of Taipei City and County, Ilan County, Hsinchu County, Tainan County, Chiayi City, Kaohsiung County, and Penghu County benefit from organised pension systems. Residents of these areas who are 65 years of age or older and do not receive other forms of pension or subsidy from the government are entitled to a pension ranging from US$88 to US$176 per month, depending on the county or city of residence. It is budgeted separately by each county or city government and is not universal throughout Taiwan.

Welfare for the disabled

The Physically and Mentally Disabled Citizens Protection Law was first promulgated in 1980. It stipulates that welfare services must be provided for people with disabilities. The law was amended several times between 1990 and 2001. In 1976, the UN General Assembly proclaimed 1981 as the International Year of Disabled Persons; in 1982, the UN adopted the 'World Program of Action Concerning Disabled Persons'; in 1993, the UN adopted twenty-two 'Standard Rules on the Equalisation of Opportunities for People with

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[19] See Department of Social Affairs, MIO, available from http://vol.moi.gov.tw/sowf3w/04/new04.asp (in Chinese) [accessed 1 March 2002]; Ageing, Division for Social Policy and Development, United Nations, available from http://www.un.org/esa/socdev/ageing/index.html [accessed 1 March 2002]

Disabilities'.[20] The law also requests that all private enterprises with more than 100 employees must hire at least one disabled worker. Government posts, public schools, and firms with 50 or more employees must lease 2 per cent of their employees for the disabled. Education of the disabled is either integrated into regular schools with special classes provided or special education schools exclusively for handicapped students. Vocational training is also provided for the disabled to learn practical skills in order to lead independent lives.

Welfare for Women and Children

Measures to protect women's welfare by the Taiwanese government have been adopted. Under the Executive Yuan, a women's protection hotline, Women's Rights Promotion Committee and Sexual Violation Prevention Committee were set up for disadvantaged women. Book IV of the Civil Code which concerns family matters including divorce-related issues such as child custody, child support and alimony, and the division of property has been amended to provide women a better environment.

The Children's Welfare Law was first promulgated in 1973, and revised in 1993 in the light of the 1989 UN Convention on the Rights of the Child. In May 2003, Children and Youth Welfare Law[21], which merged both 'Children Welfare Law' and 'Youth Welfare Law', was promulgated. Children (under 12 years of age) and youth (under 18), as defined by law, are to be protected in the following areas and many others.

- A pregnant woman may not smoke, drink, take drugs, chew betel nuts, or engage in any other activity that would endanger her unborn child.
- Subsidies for the medical care of premature babies and seriously ill children are provided.
- Cases of children and youth abuse are required to be reported.
- Parents leaving children who are under the age of six is prohibited.

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[20] See Persons with Disabilities, Division for Social Policy and Development, United Nations, available from http://www.un.org/esa/socdev/enable/ [accessed 3 March 2002]

[21] Available from http://www.cbi.gov.tw/english/all-e_law.php?id=13&t_type=dis Children Bureau, Ministry of Interior, R.O.C. [accessed 7 August 2003]

- Courts are able to assign children and youth to another guardian if both parents are deemed incompetent.

The Cross-Century Women Policy Blueprint[22] (跨世紀婦女政策藍圖) established by the committee of women's rights promotion under Executive Yuan (行政院婦女權益促進委員會) in 1999 for improving the welfare of Taiwan women is in line with the concepts set forth during the United Nations Fourth World Conference on Women[23] concerning women's rights in 12 different themes including human rights, safety, education, economics, poverty, health, environment, media, war and so forth. Taiwan's blueprint adheres to these major concerns stressed in the 1995 conference (Cross-Century Women Policy Blueprint 1999). In relation to women's welfare, article 7 of the ROC Constitution stipulates that all citizens of the Republic of China, irrespective of sex, shall be equal before the law, and article 156 stipulates that motherhood and women's welfare shall be protected and promoted. Seemingly, the Constitution promulgated more than 50 years ago was merely of lip-serving importance. However, two years after the conference was held in 1995, the committee of women's rights promotion was founded in 1997, and four years later in 1999 the first blueprint on women's policy was launched. It is evident that the international diffusion and political learning, especially for Taiwan has a particular motive to be a member of the international society because of its lack of international status, has become one of the major driving forces in the social welfare spheres.

The definition of child varies among the laws in Taiwan. However, in terms of the major laws, i.e. the Constitution, the Child Welfare Law, the Juvenile Law, the Law Governing the Disposition of Juvenile Cases, the Law to Suppress Sexual Transactions Involving Children and Juveniles and the Law to Prevent Family Violence, concerning child welfare, according to the Department of Social Affairs and Children's Bureau, they include children (under 12) and juveniles (above 12 but under 18). The laws regarding child

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[22] Available from http://vol.moi.gov.tw/sowf3w/03/doc/08_7d_1.htm (in Chinese) [accessed 6 March 2002]
[23] Women Watch: UN Conferences and Events, available from http://www.un.org/womenwatch/confer/

welfare and protection have been announced according to the Constitution and inspired by the spirit of the 1989 United Nations Convention on the Rights of the Child[24]. Young people have increasingly been charged with drug violations, burglary and violent crimes. To combat drug abuse and drug-related crimes, the government has deployed law enforcement agencies, customs authorities, and judiciary agencies working in diverse areas such as health, education, finance, and agriculture to attack the problem. The Law Governing the Disposition of Juvenile Cases strengthens welfare of adolescents by providing protective and counselling functions in the judicial system for juveniles. The Child and Youth Sexual Transaction Prevention Act targets teenage prostitution, supplementing the Penal Code, for its inadequacy with respect to sexual exploitation of adolescents.

One of the most eye-catching campaign pledges President Chen made while running his candidacy for the president was commonly known as '3-3-3 family welfare programme'. Under this attractive programme, infants under three-years-old would be provided with free medical care; first time homebuyers between the ages of 20-40 would be able to apply for a three per cent government subsidised loan; and a monthly stipend of NT$3000 for senior citizens 65 and over who were not in receipt of other welfare payments. The ambitious 3-3-3 projects raised public interests, received some criticism, and many people doubted its feasibility. It might have helped Chen to win the presidential election. However, a number of academics and government officials were pessimistic as to whether the welfare plans were financially feasible because the fiscal reality perhaps would not allow Chen to fulfil his campaign promises. The government's budget deficit increased to about NT$2.5 trillion by the time Chen became President. In light of the financial deficit, any extra welfare programmes could easily bring an unbearable burden to the government. Budget concerns have forced Chen's administration to delay the 3-3-3 projects for now. It is understandable that Chen was eager to make himself popular and gather voter support.

[accessed 8 March 2002]
[24] The 1989 UN Convention on the Rights of the Child, UNICEF, available from http://www.unicef.org/uwwide/index.html [accessed 9 March 2002]

He may not have vigilantly calculated the costs of the welfare projects when making his campaign promises. For politicians, it should be more realistic to try to achieve that end.

Having lacked membership in many major international organisations despite the recent breakthrough with the World Trade Organisation (WTO), Taiwan has been adopting many policies and regulations advocated by those international organisations in order to demonstrate friendly gestures towards them. By so doing, Taiwan hopes to increase the possibility that these international organisations would open a door for Taiwan to join international society without constant refusal for some unreasonable, unacceptable and outrageous political concerns. The main objective for the Department of Economic and Social Affairs under the United Nations is to 'promote broad-based and sustainable development through a multidimensional and integrated approach to economic, social, environmental, population and gender related aspects of development'.[25] Since the 1970s, Taiwan has been excluded from becoming a member of the United Nations, and has not been approved to participate in any convention or summit held by the UN. However, by positively adopting these external influences such as the UN, it has not only served as channels for Taiwan to be included in the international society to a certain extent as opposed to being excluded from the international arena, but also helped to promote the social welfare development in Taiwan by complying with the UN's principles.

6.7 The Decade-long Delayed National Pension Programme

During the 1993 county and city chiefs election campaign, DPP candidates competed with their KMT counterparts through welfare issues especially with the old-age allowance.[26] It is interesting to note that in the same year Taiwan's elderly population exceeded 7 per cent

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[25] Department of Economics and Social Affairs, United Nations, available from http://www.un.org/esa/desa.htm [accessed 11 March 2002]

[26] For more details, see Ku, Y.W. (2001), '*Is it safe enough? The planning of National Pension Insurance in Taiwan*' in C. J. Finer (ed.), Comparing the Social Policy Experience of Britain and Taiwan; Kwon, H. J. (1998), '*Democracy and the politics of social welfare: a comparative analysis of welfare systems in East Asia*' in R. Goodman, G. White and H. J. Kwon (eds.), The East Asian Welfare Model; Aspalter, C. (2002), *Democratisation and Welfare State Development in Taiwan*, p. 85.

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of its total population and became an aged society. The DPP proposed that citizens aged 65 and older would receive an allowance of NT$5,000 per month. At first, this proposal was severely criticised by the KMT government as tantamount to a collective bribe of elderly constituents by illegitimate welfare policies. However, the KMT quickly responded and launched its own welfare measures for the elderly. This indicates that the KMT government's attitude towards social welfare issues can be regarded as pragmatic in nature. The KMT was able to adopt welfare policies challenged by the opposition parties in order to remain in office.

The KMT government, pressured by the DPP's pension initiative, began to plan the National Pension Programme for the first time in November 1993. The ex-Premier Lien Chan ordered the Council for Economic Planning and Development (CEPD) to set up a special task force to design a comprehensive pension policy that would incorporate all existing pension policies, such as labour insurance, farmer insurance, civil servants and military personnel insurance. By May 1995, the CEPD had completed a preliminary proposal, but due to the first-year implementation of NHI and to avoid further demand on public and private financing that might have caused side effects to the health insurance programme, the pension plan was temporarily postponed. [27] In 1996, the KMT government took up the pension plan again and set up a goal to launch the National Pension Programme by the year 2000. Unfortunately, the earthquake that happened on September 21st, 1999 struck Taiwan hard, destroying and damaging many parts of public infrastructures and private buildings all over the island. The government was then pre-occupied with the aftermath of this natural catastrophe, and decided to prioritise the budget for disaster and emergency relief, which led to a further setback for the National Pension Programme.

The outcome of the 2000 presidential election resulted in a change in the central

[27] See Chen, H. H. Nancy (2000), '*Searching for Social Insurance Model(s): Taiwan's National Pension System in the Making*', research paper; Government Report on the National Pension System (in Chinese), available from http://www.dnt.gov.tw/main/paper/year-pay/ch2.htm [accessed 27 February 2002].

government and the DPP was swayed into power for the first time. One of President Chen's '3-3-3' campaign promises to give elderly citizens a monthly allowance of NT$3000 was blocked by the legislature. Having reached the consensus by the ruling and opposition parties, the elderly allowance promised by President Chen's '3-3-3' policy might be replaced by a National Pension Programme. The CEPD has prepared and submitted two different pension proposals for the Legislature for consideration.

The first proposal drafted by the CEPD is called 'National Pension Insurance' implying that each citizen make a monthly contribution of NT$750 to their individual retirement account, 20 per cent of which is paid by the government in the form of a subsidy. For low-income families, the government will subsidise 40 per cent. Those who pay their monthly due, according to the policy, will be entitled to a NT$7500 monthly pension when they reach the age of 65. The basic spirit of the 'National Pension Insurance' is that one will be able to recover the amount of savings during his/her working life. This corresponds to the principles of justice and fairness that incorporate both rights and responsibilities. If this model were put into practice, it is bound to correct the current social trend in Taiwan that people tend to stress 'rights' and overlook their responsibilities. This model requires all citizens to contribute to their own savings from their own pocket, which could be regarded as 'politically incorrect' to Taiwan's populist politics.

The second model is named as 'Centrally Funded National Pension', which implies beneficiaries and contributors may not be one and the same. The policy proposes that the monthly contribution will be paid in full from government budgets, and workers will not be required to make contributions to their own retirement. The government will make up any shortfall through lottery proceeds and increasing sales taxes. Under this model, senior citizens aged 65 and above will be entitled to NT$3000 on top of their existing retirement schemes. The character of this model is to keep all citizens from making any additional payments for their pensions, which makes it likely to be warmly welcomed by most of the Taiwanese electorate. However, the potential disadvantage of such a model is its far-reaching impact towards Taiwan's ever-increasing government deficit. Therefore, this

model shows an imbalance between rights and responsibilities.

In May 2002, the Temporary Provisions for Elderly Welfare Subsidy (敬老福利生活津貼
暫行條例) finally passed its third reading in the legislature.[28] This temporary bill can be
regarded as the tool to legalise and fulfil Chen's '3-3-3' campaign promise which was to
give senior citizens a NT$ 3000 monthly stipend. The DPP administration has been trying
to realise Chen's campaign promise through various means such as to purposely amend
the Elders' Welfare Law (老人福利法) that would enable the government to have access
to funds for the elder stipend programme. Although there were some twists and turns in
the push for the bill, most legislators did not dare block it for fear of alienating the senior
electorate.

The temporary provisions are basically means-tested. Senior citizens aged 65 and above
(55 for aborigines due to their shorter life expectancy) are entitled to the stipend except for
those with annual income more than NT$500,000, those with real estate worth more than
NT$5 million and those covered by other pension programmes. More than 440,000 senior
citizens are qualified for the stipend starting June 2002, but retroactive to January 2002.
Nevertheless, the Taiwan Solidarity Union (TSU) legislators proposed expanding the
provision programme to cover those who already receive a pension from labour insurance
due to the complaints brought up by their constituents.[29] This proposal has received
support from more than 70 legislators across party lines. Under Taiwan's populist political
environment, it is not surprising that the priority for politicians is to gain votes by
broadening the number of beneficiaries and disregard everything else e.g. how the
programme should be financed and its effect to senior citizens economic security.

It is argued that the programme of temporary provisions for elderly stipend would add

[28] United Daily News, May 11, 2002 (in Chinese).
[29] 'TSU Lawmakers to expand stipend program', Taipei Times, June 7, 2002.; United Daily News, June 7,
2002 (in Chinese).

further financial deficit to the already cash-strapped government.[30] The cost of the elderly stipend programme is estimated at NT$16 billion annually. If the programme is expanded to include the recipients of Labour Insurance, it would cost an additional NT$5.6 billion a year.[31] Due to the financial constraint, the DPP government submitted a proposal to use lottery proceeds to finance the possible extension of the elder stipend to Labour Insurance recipients. However, many other welfare campaign groups, including welfare for the disabled, women and children, are up against the proposal for fear that it would have a knockout effect on the already tight-fisted government budget for their respective allocation.[32]

Another issue is how far would the NT$3000 stipend benefit the elderly. The poverty line for Taiwan province is approximately NT$8000. As the figures suggest, the stipend is by far below an adequate living standard. Without other sources of income, elderly people are bound to live in poverty, especially those who live in Taipei and Kaohsiung where living expenses are much higher. The stipend programme by no means safeguards and guarantees economic security of the elderly may have somehow lost its credibility.

Despite some repeated attempts to implement its pension programme in almost a decade long struggle since a special task force was set up in 1993, Taiwan has actually made little progress to national pension development. Pension drafts are still scrutinised, chosen and passed by the legislature before the policy can be realised. As we approach the next presidential election in the spring of 2004, there is no guarantee what the final pension scheme will look like. However, the DPP government has geared up to implement the programme no later than 2004 before the ending of President Chen's four-year term. From the process of implementing the Temporary Provisions for Elderly Welfare Subsidy, it is not difficult to notice that the DPP administration's anxiety to have Chen's campaign

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[30] 'Critics oppose subsidies', Taipei Times, August 26, 2002; Hsueh, J., 'Social welfare needs more thought', Taipei Times, May 20, 2002.
[31] 'Yu hints stipends will be given to retired workers', Taipei Times, August 25, 2002; United Daily News, June 16, 2002 and August 25, 2002 (in Chinese).
[32] 'Fight over stipend funding grows', Taipei Times, October 12, 2002; United Daily News, August 30, 2002 (in Chinese).

promise realised. For politicians, making 'hand-out' policy such as this non-contributory stipend, is regarded as much a matter of making the right decision as getting the right number of votes. Any pension model that requires citizens to make contributions or pay in the form of taxation are likely to upset the electorate, which further discourages the birth of a comprehensive social security system in Taiwan.

6.8 A Third Way in Social Welfare?

In terms of social welfare, substantial distinctions exist among the Old Left, New Right and the Third Way, according to Giddens. For the Old Left, it offers *handouts* to particular individuals disregard whether they deserve or not. The New Right only provides a safety net for welfare. The Third Way, by contrast, offers *hand-ups* to assist deserving individuals to raise their living standard, claimed Giddens. Instead of a conventional welfare state, he argues a social investment state for the Third Way. Likewise, in this section we would like to examine in what ways the policies described above might constitute a distinctive 'Third Way' for Taiwan's welfare development that differs from the previous KMT government during the post-war decades and the DPP rhetoric during its yesteryears as the major opposition party.

Table 6.3: The social welfare stances of the DPP and the KMT: a typology

	DPP in opposition	DPP in office	Previous KMT government
Normative emphasis	Incorporating social welfare into national development plans. Resources redistribution across the nation.	Economic development first, social welfare postponed. Residual state welfare (?)	Economic first oriented welfare residualism. Family as the center of welfare policy.
Proposed pension levels relate to	Universal entitlement	Proposal I: Paid contributions. Proposal II: non-contributory system which relies on Central Pension Fund and sales tax.	Paid contributions
Governance of national pension system	State-run universal social insurance system	State-run for both proposals: National Pension Insurance and Centrally Funded National Pension.	State-run social insurance in the short term, can be privatised in the long term.
Citizenship	Rights to benefits	Rights to benefits come with duties (?)	Duties come with minimum rights to benefits
Ideological configuration	Liberal/ Social democracy	The Third Way (?)/ Pragmatism	Confucianism/ Conservatism

Despite their many overlapping characteristics in welfare policy, the most indicative stances for the DPP (in opposition and in office) and the KMT can be best distinguished by the following characteristics (see Table 6.3): normative emphasis, proposed pension levels, governance of pension system, citizenship and ideological configuration.

First, on normative emphasis, the KMT, from 1950 to 1980, focused more on economic development. Taiwan's economy achieved a certain standard after 1980; the KMT began to pay more attention to social welfare issues. It was even more so in the late 1980s upward because of the gradual democratisation in Taiwan and the pressing competition from the DPP opposition. Therefore, it can be argued that economic concerns had been the priority for the KMT government during post-war decades. By contrast, social welfare ranked the top of the national development agenda for the DPP as the major

opposition party in the 1990s. As indicated in its 1993 White Paper on social welfare[33], the DPP stressed that the state should play a significant role in social welfare to safeguard its people, encourage redistributive social policy and develop Taiwan into a welfare state. However, after the DPP obtained office in 2000, the conventional pro-welfare stance seemed to erode. President Chen once openly announced that 'economic first and welfare postponed' in September 2000, only a few months after his inauguration. Such a statement indicates a significant departure from the conventional DPP in its opposition era. However, an all-out effort has been directed by the DPP government to realise President Chen's campaign promises i.e. '3-3-3' and '5-5-5' welfare programmes. This politically motivated welfare development, which is no more than a piece-meal deal, may not be a blessing to Taiwanese people. To summarise, it can be argued that the DPP government's Third Way resembles the 'economic first' stance of its predecessor– the KMT government, which is withering away from the steadfast commitment of building Taiwan into a welfare state during its opposition years.

The second characteristic concerns pension entitlement. In the KMT proposal[34], the pension levels relate to paid contributions. For the full level of pension, pensioners must have paid contributions for 40 years. However, for those whose ages are over 26 at the start of the pension programme, the contribution years can be reduced to 25 years for the full pension entitlement since it will be impossible for them to contribute 40 years by the retirement age. Additionally, to claim any pension, pensioners must have paid contributions for at least 10 years. As for the DPP during its opposition years, a universal entitlement for the old-age allowance of NT$5,000 per month during the 1993 election for county and city chiefs was advocated for the first time. The programme may not have been successfully implemented in those DPP governed counties or cities. However, the principle of universal entitlement has become the common ground for DPP's social welfare platform. Conversely, the DPP government's Temporary Provisions for Elderly

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[33] For more details, see Democratic Progressive Party (1993), *A Just Welfare State: White Paper of the DPP's Social Policy*, Taipei (in Chinese).

[34] Council for Economic Planning and Development (CEPD) (1995), *A Planning Report on the integrated System of the National Pension Insurance*, Taipei (in Chinese).

Welfare Subsidy is a means-tested programme. From opposition to power, the DPP has changed, for example, its elderly allowance from the platform of universal entitlement to a means-tested system. Whether it is because the DPP has changed its platform on social welfare, or an unavoidable collective bargaining of the legislation process, or a realisation of the government's financial hardship, we do not know. Nevertheless, from the submission of the different principled pension proposals, one of them closely resembles the plan of the previous KMT government, and the other remains the conventional principle of the DPP i.e. flat rate, non-means-tested and universal entitlement.

The third characteristic is the governance of pension system. According to the government planning report on a national pension system published in 1995, the KMT advocated the system should be of compulsory social insurance, which ruled out the possibility of a non-contributory one. The system is to be run by the state in the short term. However, it can be privatised in the long term. It is to be financially independent, so the government would not be responsible for prohibitive costs that may incur in the future. As for the DPP, according to its White Paper on social welfare, a universal social insurance system is established to cover pensions, health, unemployment benefits, etc. However, during the 1993 local election campaign, the DPP promised the electorate a universal non-contributory elderly allowance if their candidates were elected. Therefore, this shows that the social welfare principles proposed in DPP's White Paper was by and large for decoration. The rhetoric of establishing a universal social insurance system was tactically changed into a non-contributory one for electoral and pragmatic purposes.

Citizenship is another characteristic that may define the differences between the DPP and the KMT. By citizenship, we refer to the status of being a citizen, usually determined by law. The qualifications for citizenship are often associated with rights and responsibilities of citizens. In Europe, the Old Left, for example, believes that the basic needs of all citizens are met and particularly contributory and non-contributory social security protect all from want. The moral obligations to one another indicates that all members of society share at least a certain degree of basic needs and entitlement to universal rights to State

welfare, stands as a fundamental belief. By contrast, Margaret Thatcher is often quoted as saying 'There is no such thing as society, but only individuals'. The New Right possesses a more individualist concept of human nature, which argues that it is by and large the responsibility of individuals to earn and meet their livelihood and needs in the marketplace. The State should only provide welfare for its citizens' basic needs in extreme circumstances. Citizenship is mainly perceived as the duties and responsibilities of individuals. The rights of individuals is overlooked and often confined to residual forms of social welfare.

The KMT possessed a similar perception on citizenship to the European New Right— duties come with minimum rights to welfare. In the Taiwanese context, its ideological configuration can be argued as Confucianism/Conservatism. The characteristics of the KMT's principles to welfare is partly rooted in traditional culture and partly reflected on the influences of internal and external socio-political and economic conditions. The KMT stressed more on individual responsibilities, non-statutory provisions of social welfare, and welfare obligation of families, workplaces and society. Confucian welfare usually incurs a low level of social welfare expenditure that would be compensated by private/informal sectors. This partly explains why the satisfaction level of social welfare in Confucian Asia appears to be higher than indicated by its social welfare expenditure.

The conventional DPP, on the other hand, traditionally rallied with and supported by labour unions, carried a certain extent left-wing banner. It resembled more closely to the Old Left in Europe that citizens should have the universal rights to welfare. However, whether the Third Way for the DPP government has meant articulating a middle road that conjoins the notions of both the conventional DPP and the KMT remains ambiguous.

I have now reviewed and discussed the social policy development in Taiwan for both the KMT and DPP governments during the post-war decades. The final issue I would like to address is the question proposed at the beginning of chapter6 (p. 179) regarding whether the policy development made by the KMT government has resulted in difficulties for

Chen Shui-bian to develop a distinctive third way approach. One trend of academic interpretation of the KMT's social policies is that they were a response to political crises, usually related to cross-strait relations. Midgley argues that 'The use of social policy as an explicit political instrument would also appear to be highly likely in the case of Korea and Taiwan where political elites are obsessed with the threat of communism'.[35] Nine years later, in the same journal, Ku's argument[36] echoes the one of Midgley's. In Taiwan, he asserts, '...political crises are often accompanied by a significant growth in social expenditure.'[37] He elaborates further to suggest that '...the purpose of state welfare is to maintain the stability of the Taiwanese state rather than to protect the well-being of Taiwanese people.'[38] Ku uses a number of instances to validate his proposition. For example, the Military Personnel Insurance Law promulgated in 1953 was the first legislation that dealt with social insurance due to the first crisis of Taiwan Strait in 1950. The second crisis of Taiwan Strait in 1958 resulted in the KMT government passing the legislation of Labour Insurance Law and Government Employees Insurance Law during the same year. In 1972, Shao-kang[39] (小康) Project to combat poverty was introduced. The following year, Children's Welfare Law was enacted whilst Labour Insurance Law was revised. The reason for these welfare legislations, due to Ku's argument, was Taiwan's departure from the United Nations in 1971. It appears to be plausible that the timing of political crises in Taiwan, as argued by Ku, helped welfare legislation to materialise between the 1950s and 1970s.

After the death of Chiang Kai-shek in 1975, Chiang Ching-kuo came into power. In 1978, the U.S. ended formal diplomatic relations with Taiwan. Yet again, Ku regards this political crisis for the KMT government as the reason to promote welfare legislation. In 1979, Labour Insurance Law was again revised. For a second time, in the following year,

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[35] op. cit., Midgley, J. (1986), '*Industrialisation and Welfare: The Case of the Four Little Tigers*', Social Policy & Administration, Vol. 20, No. 3, p. 233.
[36] Ku, Yeun-wen (1995), '*The Development of State Welfare in the Asian NICs with Special Reference to Taiwan*', Social Policy & Administration, Vol. 29, No. 4, pp.345-364.
[37] ibid., p. 345, op. cit.
[38] ibid., p. 345, op. cit.
[39] 'Shao-kang' means *well-to-do* in Chinese.

a number of social welfare laws were made, including Elderly Welfare Law, Public Assistance Act and Act of Protecting Physical and Mentally Disabled People.

The first opposition party to the KMT, the DPP, was founded in 1986 whilst a growing number of social movements during the late 1980s were seen by Ku as the drive to push the materialisation of welfare legislation. Ku's theory is to build a correlation between political crises and welfare legislation in Taiwan. The logic here is that political crises in Taiwan brought about the very existence of welfare legislation. In other words, without political crises, there would have been no welfare legislation or at least would have prolonged the making of welfare legislation in Taiwan. Ku's theory seems to explain the development of social welfare in Taiwan during the post-war era of the KMT governance up to the death of Chiang Ching-kuo in 1988. However, there is no information given in his article published in 1995 regarding the time period after Lee Teng-hui began his presidency in 1988. It is apparent that either Ku did not apply his theory in this period for some reason or his theory does not apply to this phase. Ku's own theory would suggest that if there were no political crises after Lee Teng-hui got into power, therefore, there would have been no welfare legislation at all during his presidency or at least there would have been no welfare legislation which came into existence because of political crises. However, we realise that the period from the late 1980s onwards is the phase that Taiwan experienced the fastest and foremost transformation, from an authoritarian state to a democratic one, from a Third World regime to a NIC (Newly Industrialised Country). Although Lee Teng-hui is native Taiwanese unlike his predecessors, the issue of the KMT's legitimacy to rule Taiwan, at least for some people, had never disappeared after he came into office. Indeed, Lee Teng-hui as both the KMT Chairperson and the President of R.O.C. devoted efforts to have the KMT Taiwanised. Moreover, additional pressure for the KMT came from the DPP's competition after 1986 was no less than the Communist party across the Taiwan Strait. The KMT had to secure its majority in the legislature to rule the country. This pressure and competitiveness from the DPP had driven new welfare legislation in the 1990s.

The pragmatic approach as to 'what works is the best' is the essence of the Third Way. The KMT rule of Taiwan, especially in the development of social welfare, within the last few decades can be seen as having a third way practice. The argument– '...the purpose of state welfare is to maintain the stability of the Taiwanese state', presented by Ku[40], does implicitly suggest a third way nature of the KMT's pragmatic approach in social policy development disregarding who held the presidency. In other words, the KMT exploited welfare resources to legitimise the regime as well as to stabilise the threat of Communist China. Hence, it would be plausible to suggest that the policies already practised by the KMT government has made it difficult for Chen Shui-bian to develop a distinctive third way scheme for Taiwan's social policy advancement.

6.9 Conclusion

A party with truly leftist thinking and tradition appears to be non-existent in Taiwan. The KMT was a capitalist stronghold party, which may have practiced political-business cronyism in the past. The DPP, which claimed to sympathise with and voice for the underprivileged people, is now seemingly leaning towards the right in almost every direction. In Britain, Tony Blair's Third Way did not silence the voice of the Labour's leftist thinking, as represented, for example, by Ken Livingstone. Similarly, the left-wing members of the German Social Democratic Party who supported the former finance minister Oscar Lafontaine have remained faithful to their stance after Chancellor Gerhard Schröder adopted 'Die Neue Mitte'. The continuing existence and struggle of the left in these developed countries have contributed to safeguard their highly praised welfare states.

It is probably too early to tell whether the DPP government's welfare development is leading Taiwan to a welfare state, although a new interaction between citizens and the welfare state seems to be emerging. This concern is due to a number of reasons. First, the

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[40] op. cit., p. 345.

economy of Taiwan has been in recession since President Chen took office in 2000. Whether it is just bad timing for Chen regardless of his governing skills remains unclear. However, due to the downturn of the economy, the government coffers are restricted, especially for the money spent on social welfare development. Even President Chen painfully said that economic development is the priority for the government and planned social welfare programmes would be postponed.[41] Second, the campaign promises made by President Chen have taken much longer to implement than anticipated because of two main constraints– the economic downturn, and the disagreement from the opposition parties in the legislature. The '3-3-3' and '5-5-5' welfare programmes may have finally been implemented but it took three quarter of his presidency term trying to fulfil his campaign promises. The economic depression and the opposition parties opposing his policies in the Legislative Yuan may have been the main reasons responsible for the delay of the implementation of his campaign promises. Third, the power to lead its own policy directives is still far from reality for the DPP government because Taiwan's economy does not show any promising sign to get better anytime soon, and though after the December 2001 legislative election, the DPP became the largest party in legislature occupying a little more than one third of the totally seats. Thus, this problem, which is likely to remain until the end of his term, has already created a lot pressure and tension on Chen because his next election is only months away. He will probably need to cash his remaining campaign checks in a timely manner in order to be fit for the next presidential election.

There are few easy answers to the questions raised at the beginning of this chapter. This is probably because of the provisional nature of the early assessment given and the attempt to remain neutral in policy analysis. However, whether the DPP government has a distinctive policy approach from the previous KMT government and the traditional DPP before it came into office in 2000 remains uncertain. The DPP government inherited a welfare landscape where it had limited influence as the opposition party. It maybe more accurate to say that some clear trends of the KMT policy adoption or adaptation by the

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[41] See Taipei Times 17 September 2000; United Daily News 19 September 2000 (in Chinese); The China Post 23 September 2000.

DPP administration are inevitable. It is possible to argue that President Chen's administration has different paces within social policy sectors, particularly those areas related to Chen's campaign promises such as health care, housing, pension, women's policy, etc.

In general, Taiwan's social welfare development in the last few decades appears to have external diffusion and flow with the international tide. For example, some evidence and implications were indicated in various places of earlier sections. Nevertheless, regarding Chen's New Middle Way approach for Taiwan, little evidence was found to distinguish the differences among the conventional DPP, the DPP government under Chen and the previous KMT government in terms of their social policy development. Therefore, in this Third Way case, it is only tentative to suggest that the evidence for actual policy learning or diffusion seems to be less welcomed than the ideological or rhetorical adaptation or diffusion.

Chapter 7: Conclusion

7.1 New Taiwan Middle Way Re-visited

Through out the chapters, I have discussed the global Third Way debate and how Taiwan was involved with this concept/idea. In Chapter 2, I reviewed the Third Way debate in Western democracies. I discover that the Third Way/New Middle Way is not defined conclusively. In Chapter 3, theoretical frameworks on diffusion, policy learning and/or lesson drawing were examined. I find out that issues such as cultural settings, political traditions, and social conditions should not be overlooked. Indeed, these issues are rather important because they have decisive impacts on how a concept/idea/policy learned is received. At the dawn of the twentieth century, when modern China emerged, we found the predecessors of the New Taiwan Middle Way, ancient East-West syntheses in both Sun Yat-sen and Chiang Kai-shek's political philosophies. The common thread for all is the ambition to extract the best of both East and West.

In Chapter 5, by analysing the Third Way discourse in Taiwan, we were able to disclose the real meaning of the Third Way in the Taiwanese context. It became apparent that the New Taiwan Middle Way had little to do with left and right, unlike its predecessor, the Third Way, being prescribed in the West. The New Taiwan Middle Way started by adopting the popular Anglo-American idea, pursued by the progressive politicians in Europe and North America for a period of time during the late 1990s. For the 2000 presidential campaign, candidate Chen Shui-bian craved a popular and powerful political ideology that could effectively boost public support. The Third Way was therefore introduced to Taiwan under the name of 'New Taiwan Middle Way' with minimum modification. In many ways, the New Taiwan Middle Way and the Third Way have common ideals. They both realise the impact of globalisation, the importance of modernity, promoting a knowledge-based economy, emphasising personal responsibility over rights, the values of community and civil society, and so forth. However, whilst the

Third Way brought forward a new sphere for politics since the post-war left and right wing divisions, the New Taiwan Middle Way seemingly envisaged ending the deadlock between independence and unification. As it is hard to find a third way in practice shown in the West, evidence on cross-strait relations has suggested that Chen's New Taiwan Middle Way is no more than lip service. Recent announcements[1] by Chen Shui-bian regarding cross-strait relations and the R.O.C. constitution have again confirmed my analysis that Chen's Third Way discourse was full of empty rhetoric.

Having analysed and discussed the potential policy implications of the New Taiwan Middle Way, we found little evidence suggesting that it has had relatively significant impacts on Taiwan's social policy. There is no distinctive policy design for the DPP government after the Third Way was adopted in 2000. The DPP government, as their predecessor- the KMT government did in the past, has used social policies as a means to boost the electorate's support while running their election campaigns. Social policies are as a means to an end to attract voters. One of the main reasons for Taiwan's malfunction and mal-development of social welfare can be attributed to this.

One thing is clear from any examination of Taiwan's modernisation: its rapid development has not purely attributed to economic prospects; political and social factors have also been highly influential. Apparently, economic explanations must underlie economic success and, in this context, one of the essential elements has been the ability of the state to mobilise and attract resources and capital investment. Another equally important feature has been that of cultural traits, such as diligence, thrift or deference to authority, which relate to mutual obligations and duties of Confucianism, has also been influential in

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[1] Chen divulged details about his plan to construct a new constitution for Taiwan when he met with participants of an international conference on Democracy and Security in the Asia-Pacific Region. He said that a national consensus for a self-determination plebiscite would be achieved through the next presidential election in 2004. The newly created constitution would be put to a referendum on International Human Rights Day on December 10, 2006. Moreover, if the new constitution is approved by the referendum, it will be enacted on May 20, 2008, the inauguration date for the twelfth president of Taiwan. Many argue that by establishing a new constitution for Taiwan, Chen makes no difference to declare the birth of the 'Republic of Taiwan'. For more details about Chen's recent new constitution campaign trail, see China Times, 12 November 2003 (in Chinese), United Daily News, 12 November 2003 (in Chinese), The China Post, 12

maintaining social stability and including a strong work ethic into society. These characteristics operate not only within a single household, but also across all other social levels, creating loyalties and solidarity towards the company and the state. For an over populated island without significant natural resources plus military threat from the other side of the Strait, one crucial element for Taiwan to accomplish its economic miracle arguably has been that of Confucian traits which reinforce high productivity, harmonisation of society and have set government budget aside for economic development. Economic issues have always been ranked as the priority of the Taiwanese government regardless of whether the KMT or the DPP is in power. It has often been criticised that this 'economic first and welfare later' mentality is responsible for the backwardness of Taiwan's welfare development. However, according to Kwon, 'This economic first mentality is not contradictory to overall project of modernisation which defines the nature of other sub-projects including the social policy agenda.'[2] Creating a favourable economic environment can be seen as a progressive welfare instead of a regressive one, because people can find a job rather than simply receive handouts from the government. This is one of the core values of the Third Way approach– the idea of 'workfare' or 'welfare to work' for example.

As mentioned in an earlier chapter, there were a few attempts to initiate political reform and modernisation in the quest for national strength at the end of the Ching dynasty such as the one in 1898[3]. These were, however, unsuccessful to stop and avoid China's danger

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November 2003 and Taipei Times, 12 November 2003.

[2] Kwon, H. (1997), 'Beyond European Welfare Regimes: Comparative Perspectives on East Asian Welfare Systems', Jnl Soc. Pol. Vol. 26, No. 4, p. 480; along the similar line, in her article called 'The Pacific Challenge: Confucian welfare states', Jones (1993) argues that 'The acknowledged bottom line for all welfare state is, at least, economic performance', in C. Jones (ed.) New Perspectives on the Welfare State in Europe.

[3] In 1898, the Ching Dynasty Emperor Guang Shiuh was finally convinced that a radical reform of the national government was necessary to save the monarchy. It is called the 'The Coup of Wu Hsu'. The Emperor took in his confidence men including Kang Yu-wei and other progressives attempted in vain to introduce political economic, military and cultural reforms in China. But the reactionaries were greatly alarmed and they rallied around the Empress Dowager Tzu His who dominated the Manchu court for 40 odd years towards the end of the Ching Dynasty. Although some reform movement leaders managed to escape China in excile, the Empress Dowager eventually imprisoned the Emperor and put to death six major leaders.

for international partition. Soon after, Sun Yat-sen, having failed in no less than ten attempts of revolutionary works, eventually succeeded in founding the Republic of China in 1911. As the R.O.C.'s Founding Father and the most influential figure in the KMT, Sun's political and social ideas have significantly permeated the KMT members and a vast number of Taiwanese people.[4] His writings, including the *Three Principles of the People, Five-power Constitution, Outline of National Reconstruction* and his other teachings very much resemble drawing lessons from abroad and simultaneously preserving the ancient Chinese heritage, as have been discussed in Chapter 4. Hence, it can be argued that Sun's written legacy was an 'ancient' third way, which coordinated the best of both Eastern and Western ideas, values and practices. Having examined the post-war history, the unprecedented case of Taiwan has shown some attraction of 'being in the middle' and 'learning from abroad'. Politically, to cope with the demands of diversified ethnic groups and international pressures for either unifying with or being independent from China, the attraction for Taiwan to search for a middle course and remain peaceful with China has always been there. It has been at times pro unification during the KMT era, and pro independence for the DPP regime, but none of the major political parties has been radical on the issue. They all realise that being radical on cross-strait relations is tantamount to electorate suicide. Moreover, a number of initiatives of economic and social policies are lessons of international learning for resolving the problems of both domestic and international challenges. Thus, many policies, which are exciting blends of traditional and modern, East and West values and practices, resemble a third way or a middle course.

The great complexity and diversity among welfare states, on the one hand, has made it difficult, if not impossible, to distinguish different types of welfare clusters for analytical convenience. On the other hand, it is not at all an easy task to label a welfare state with any existing typology either. There is no surprise that the welfare models classified by Titmuss[5], Mishra[6], Esping-Andersen[7] and other welfare scholars are not by any means

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[4] Sun Yat-sen's political and social ideas have been studied as one of the courses in high school and been tested in the Entrance Examination for universities. Civil Service Examinations also include Sun's political and social thoughts as one of the subjects. Thus, the intelligentsia are rather familiar with Sun's thoughts.
[5] Titmuss argues that there are three contrasting models or functions of social policy, i.e. the residual model

all-inclusive or satisfactory. Esping-Andersen, for example, has been rather reluctant to identify Japan and other newly industrialised East Asian nations, such as Taiwan, South Korea, Singapore and Hong Kong, to a distinct welfare-regime model, although the above-mentioned nations remain ill-equipped with his typology. A number of attempts searching for a distinctive cluster for East Asian nations have been made by other scholars, such as Goodman, White and Kwon have co-edited a book entitled *'The East Asian Welfare Model'* and Jones[8] argues for the Confucian welfare state model. Nevertheless, the possible existence of a 'Confucianism model'[9] or even a 'fourth regime'[10] was raised by Esping-Andersen with indefinite and mixed conclusions. Given the relatively short history of the welfare states in Japan and other East Asian nations, he suggests, the hardship of clustering these countries may be attributed to their immaturity of welfare development, especially in terms of their 'institutional framework'. He argues that some measures of Japanese welfare policies e.g. pension insurance and health were borrowed from the German tradition, and social assistance was adopted during the American occupation, have profound influence from abroad. Nevertheless, the Japanese welfare state still has its native elements in existence. Among them, the most noticeable one, according to Esping-Andersen, is the 'strong familialism'. Japan has a strong tradition of familial and private company welfare provisions. However, these welfare provisions have been in decline during the past few decades. Industrialisation, urbanisation and the rising demand and participation of women in labour market have contributed to the decline of extended families. In addition, with the increasing competitive economy and more

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of welfare, the handmaiden model and the institutional redistributive model. (1974), p. 30.

[6] Mishra introduces two clusters of welfare states, i.e. differentiated (pluralist) welfare state and integrated (corporatist) welfare state.

[7] In his renowned work The Third Worlds of Welfare Capitalism which signifies the labelling of welfare clusters, Esping-Andersen (1990) argues that 'three highly diverse regime-types, each organised around its own discrete logic of organisation, stratification, and social integration' can be identified: 'the conservative, liberal and social democratic', p.3.

[8] In her article entitled 'The Pacific Challenge: Confucian welfare state', in terms of welfare typology Jones (1993) argues that '...it seems appropriate...to add another composite category: that of Confucian welfare state', in C. Jones (ed.) New Perspectives on the Welfare State in Europe, p.214.

[9] Esping-Andersen, G. (1996) (ed.), Welfare States in Transition: national adaptations in global economies, p.23-24.

[10] Esping-Andersen, G. (1997), 'Hybrid or Unique?: The Japanese Welfare State Between Europe and America', Journal of European Social Policy, Vol. 7, No. 3, pp. 179-189.

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flexibility in the labour market, lifelong job guarantee and company welfare packages are less viable. These situations will accelerate over the next few decades. Therefore, Esping-Andersen suggests that there might be a shift of welfare typology for Japan. Only through the 'passage of time', he argues, we will be able to define the typology(ies) of Japan and other East Asia welfare states.

In terms of welfare development, Taiwan shares a similar pattern with the case of Japan. A number of welfare policies e.g. National Health Insurance, pension draft, etc. in Taiwan were either drawn or adopted from other welfare states. It is also worth noting that another important source of policy learning for Taiwan is from the United Nations. Many welfare provisions are significantly influenced by U.N. conventions. To name a few, these are welfare policies in relation to the young, elderly, disabled and women, which have been discussed in the previous chapter. However, it is important to emphasise that by adopting the U.N. conventions into its welfare policies, Taiwan hopes to 'win the affection of two beauties at the same time'. In other words, by doing so, Taiwan can not only promote its welfare development, but also make a friendly gesture in the hope that the United Nations would accept Taiwan as a member state. It is the above-mentioned dual reasons that many of Taiwan's welfare provisions are examples of policy learning/lesson-drawing from the U.N.

Moreover, both familialism and private company welfare have been strong during the past few decades, as we have discussed in an earlier chapter. The only significant contrast with Japan is Japan began the adoption and lesson-drawing processes from Europe and North America much earlier than Taiwan. In the early 1970s, Japan already had a basic social safety net. Presently in Taiwan, there is still no universal pension plan in operation despite a number of programmes for prestigious groups e.g. civil servants, military men and women, and some labour forces. However, facing the challenges of global social and economic changes, these conditions are likely to decline. Therefore, to search for a balance between policy learning/lesson drawing from abroad and one's traditions is the core of the New Taiwan Middle Way. Any wholesale idea of the welfare system,

including 'a regime shift'– the suggestion made by Esping-Andersen, would not fit due to different social, political, economic and cultural settings. Whilst Japan, Taiwan and other East Asia nations are developing their welfare states in accordance with their national characteristics, the wholesale idea seems less relevant and meaningful.

A touch of Confucian: cultural interpretations of welfare development

In regards to policy learning/lesson drawing from abroad as have been discussed in the earlier parts of the thesis, there is no doubt that many Taiwanese welfare policies are of foreign origin. However, whilst the current social policy studies concentrate on the political economy of the welfare states, it would be misleading to undermine the cultural influences on the welfare development in Taiwan. It is equally misleading to argue that the DPP is committed to the welfare state, but the KMT opposes the idea of welfare development. It may be realistic to argue that the welfare advancement under the KMT government seems more residual and selective over the past fifty years. In contrast, the DPP, despite its first relative short period in office, has a tendency to be in favour of welfare universalism. In other words, the KMT appears to be committed to the preservation of the Confucian traditions– familialism, mutual solidarities and personal responsibility and obligations over rights and entitlement. That is to stress the importance of family and local community in delivering welfare services, and thus it advocated the extended family system (three or more generations living under the same roof). The KMT has been supportive in providing welfare to those who really need it, i.e. the elderly, young, women, disabled and poor. This somehow left the KMT with the impression of disapproving of making Taiwan into a 'welfare state'. The DPP, on the other hand, has appeared to be more 'welfare state' friendly. The campaign of old age allowances initiated by the DPP during the 1993 local county and city mayoral election generated great public interests and earnest debate. In the following years, the DPP has employed the 'welfare state' slogan as the major theme of its election campaigns. This has brought immense popularity and electoral advantage to the DPP. At the beginning, the KMT criticised the DPP's old age allowance policy as a form of bribing the electorate. But soon, the KMT also increased the benefit standards to its constituencies trying to match the DPP.

Overall, the increasingly competitive political environment has somehow helped the political parties to realise and accept public demands. However, it needs to be highlighted that the political parties in Taiwan have intensively used welfare issues for their own electoral advantages. This may not be uncommon among western democracies, but the scale and level of utilising welfare issues as a political weapon is far greater than most of the cases in other nations.

In the Confucian cultural regimes of East Asia, it is apparent that welfare spending in these nations appears to be much lower than those of western democracies. However, the social stability and solidarity among members of the East Asian societies do not seem to be less solid. Evidence has suggested that it is important to reconcile Western advantages with one's own tradition for the development of social welfare system. In other words, policy learning/lesson drawing from abroad is beneficial, but it is equally important to preserve one's traditional social and cultural norms. To strive for a balance between Western/foreign advantages and one's own socio-political and cultural traditions is the beauty of policy learning/lesson-drawing. Any wholesale policy learning/transfer from abroad without paying due attention and respect to one's own tradition which is rooted profoundly in the society could produce a 'culture shock', and would certainly not result in good practices of policy learning/lesson drawing. It is because every society has its own way of offering some form of welfare service, regardless whether it is done by the formal (e.g. government) or informal (e.g. family and community) sectors of the society. One has to be aware that welfare policies are not only political and economic measures, but also social and cultural activities. Simply adopting a foreign welfare policy would only cope with the symptoms, but would be unable to cure a matter at the source. There is no doubt that policy learning/lesson drawing from abroad can be advantageous. However, if it is done by a wholesale style dismissing of one's own cultural, social and political elements for short-term political gains, this can become a liability. This point has been emphasised throughout the thesis. Taiwan's welfare development should configure the lessons drawn from foreign countries with its social and cultural inheritance– Confucianism. According to Esping-Andersen, '[the three types] owe their origins to

different historical forces, and they follow qualitatively different developmental trajectories'.[11] What he argues here echoes one of the main themes of this thesis: the importance of cultural heritage should never be overlooked in terms of one regime's welfare development. Therefore, the progress and the output among countries could be unique, but the idea and outcome should be alike.

Confucian values have served as a rather positive role in Taiwan's economic development over the past few decades. According to White and Goodman, Confucianism was once generally perceived as a negative element immediately after the post-war period because East Asian economies that happen to be all Confucian societies had poor performance economically. The syllogism, which postulates a link between weak economic performance and Confucian societies, was accepted. White and Goodman point out that the inferior status of the Orient as opposed to the Occident stated to change due to the remarkable growth in the East Asian economies, including Taiwan, Japan and South Korean. In their words, 'As their [East Asian] economies grew, so indigenous perceptions and interpretations of the relationship between Confucianism and economic growth were re-evaluated'[12]. Confucian traditions, the common heritage among the homogenized East Asian societies, were then given a positive value. However, in terms of social welfare development, an important question is whether the role of Confucianism is positive, negative or is contingent upon circumstances. Taiwan has a strong cultural heritage of Confucianism. In the past, the government has taken advantage of the Confucianism inheritance, such as the affectionate relationship between rulers and people as well as between employees and employers, diligence at work, thrift in life, the virtue of filial piety, and emphasis on education, alongside their piecemeal welfare policies to accomplish social solidarity and managed to boost the economy significantly. Welfare issues, like care for children, elderly and disabled, unemployed and other social problems, were mostly managed by family members with limited help from the government. Because of

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[11] Esping-Andersen, G. (1990), The Three Worlds of Welfare Capitalism, p. 3.
[12] White, G. and Goodman, R. (1998), 'Welfare Orientalism and the search for an East Asian welfare model', in R. Goodman, G. White and H. Kwon (eds), The East Asian Welfare Model: welfare Orientalism and the state, pp.6-7.

Confucian qualities, the government had not only economised the costs of welfare spending, but also extensively increased the wealth of society.

Since it has been argued that Confucianism is a double-edged sword that can cut both ways, what really matters here is that other elements, such as political, economic systems and policy perspectives, accommodate and determine its role. To be more precise, this is to say that Confucianism can be determined by other factors mentioned above, which accompany it at the time whilst transformation takes place. Therefore, there is no simple answer as to whether many Confucian values are detrimental or favourable to welfare development in East Asia. However, Kwon claims that the influence of Confucianism tradition in East Asian welfare systems is rather negative for opposing introductions of welfare programmes.[13] Kwon's viewpoint could have failed to foresee that Confucianism itself could be transformed and shaped by social needs and modernisation, and whilst co-existing with other socio-economic factors which amounts to what it counts. His assessment of Confucianism appears to be an unsophisticated and unhistorical approach.

A more helpful view is that, modern Confucianism, loosely defined, seems to encompass respect for education, a strong bureaucratic tradition, moral confidence, and the subordination of individual needs to the social good. Taiwan's social system as its development under the KMT rule was in keeping with Chinese tradition, and attempted to encourage less dependence on the state in welfare services. If policy design can be in favour of restoring a healthy society with Confucian tradition and modernity, it would be possible for Taiwan to create a welfare state with characteristics of Confucianism. In a parliamentary section, former Prime Minister Hao Bor-tsuen (郝柏村) expressed the welfare principle of the KMT government that Taiwan would not follow the footstep of becoming an 'European' welfare state due to the faulty constructions of social policies in a number of Western democracies, particularly those of European nations.[14] His speech has

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[13] See Kwon H. J. (1996), '*Beyond European Welfare Regimes: Comparative Perspective on East Asian Welfare System*', Journal of Social Policy, Vol. 26, No. 4, p. 477.
[14] See United Daily News, 26 September, 1992 and 2 October, 1992.

invited numerous attacks from many politicians, welfare scholars and many others. It may not have been popular to speak in a 'hostile' manner towards welfare state during a parliamentary section. In the later part of his speech Premier Hao stressed that every capable person should be responsible for his/her own living; only those vulnerable groups of society such as the physically and mentally disabled, elderly, children, and some occupational groups who cannot take care of themselves, the government should take the full responsibility of caring. However, this part of Hao's talk has been ignored. Most of the vicious attacks were from the opposition party− DPP and its affiliates. Some even attacked Premier Hao for enjoying all kinds of privileges, no wonder why a welfare state did not seem important to him.[15] Such an opinionated and deceiving account shows how accusations among politicians can be groundless at times.

Most of the social welfare scholars in Taiwan are in favour of expanding the welfare state through policy learning/lesson drawing from abroad. They refuse to agree with the idea that welfare state would bring laziness to people, increase the financial burden of the state and have negative impacts to economic growth. Most of them believe that the state must increase public spending of social welfare programmes. They use figures of international community, particularly those of Europe and North America, to show that Taiwan's public spending towards social welfare has been far less than those nations. Taiwan's relatively less public spending on welfare has become the most mentioned attack from them. They choose to ignore that public spending is only one of the many ways of measuring the welfare state development and, it is often an inaccurate indication. It is evident that most of Taiwanese social welfare scholars have studied and resided in either Europe or the North America. Their concept and perception of social policy has been heavily influenced by those Western nations. Thus, it would not be difficult to understand why most of the Taiwanese welfare scholars are strongly advocating heavy public spending on welfare. The common belief they possess is that the more spending on welfare, the better welfare people will get. However, they do not realise Western democracies have been trying to economise their welfare states by all sorts of progressive measures, including

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[15] Lin Wan-I (1995), Fwu Lih Gwo (Welfare State), pp.4-5.

reintroduction of mutual responsibility for individuals and institutions, and to build a flourishing civil society comprising active communities and effective voluntary sectors. Whilst in the West, governments are fiercely promoting the seemingly Confucian values, advocating wholesale of welfare Westernisation by dismantling core Confucian traditions in Taiwan is a misconception disregarding its social and cultural origin.

It may be plausible that future social welfare policies will be based on pragmatic changes in terms of political and economic circumstances, and the gap between the demand and supply side of Taiwan's welfare state may therefore be reduced. The dynamic of change in recent years has not been philosophical or economical, but it is subjected to competition among political parties. According to past records, this often leads to unsustainable promises of welfare policies. Atkinson and Hills reveal that political interests and public pressure would seem to have either a positive or a negative influence on welfare development depending on circumstances, and this also applies in developing countries.[16] During the last presidential election, for example, Chen Shui-bian started with the political ideology of the New Taiwan Middle Way and won the campaign. However, two years down the road his '3-3-3' and '5-5-5' family welfare policies have struggled to be fully implemented for political and financial reasons. First, in terms of politics, Taiwan's welfare development remains in a piecemeal stage. Due to severe party competition both at central and local levels, politicians advocate or promote the welfare campaigns as a means to advance or prolong their political careers. Candidates for county and city mayors and legislators are alike; there are even no exceptions for the presidential candidates. For example, President Chen has been fiercely trying to fulfil his campaign promises, the '3-3-3 Family Welfare Programme', seemingly for the purpose of being re-elected in 2004, disregarding the current financial burden of the government and a long-term developmental plan for Taiwan's welfare policy. Having given an all-out effort, the government announced that the last '3' family welfare programme, which was to give 3000 NTD to those who are aged 65 and above, was to be implemented in the summer of

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[16] See Atkinson A. B. and Hills, J. (1989), Social Security in Developed Countries: Are there lessons for developing countries, p. 38.

2002. Without a comprehensive plan for national pension scheme, Chen's administration has again acted the 'old' way, and while the next presidential election is less than a few months away, the intention to pave the road for electoral advantages seems evident. High expectation has been given to the unprecedented DPP government in hopes that they could modernise Taiwan in a rapidly changing world i.e. the nature of the global economy and politics, advanced technology, transitions in family structures and many others. However, very little has been addressed to accommodate the changes. Welfare policies are still manipulated by shortsighted and seemingly irresponsible politicians for personal political gain. Meanwhile, we should not be pessimistic about the piecemeal deals because during the short term, they do to some extent improve the general well being of the Taiwanese people. However, the lack of an overall plan for Taiwan's welfare system i.e. a basic social safety net, continues to be a major concern for Taiwan. This would now lead us to the future challenge. Although the Third Way may well acknowledge a rapidly changing world in terms of economic, political, social and cultural changes, the New Taiwan Middle Way appears to be a little more than a campaign slogan borrowed from Britain and the U.S. In the '*The Third Way for Taiwan: A new political perspective*', Chen argues that 'to meet the challenges of globalisation, we believe the government must invest in improving education, labour and professional training, and life-long learning. To prevent social welfare spending from becoming an excessive public burden, the government must initiate joint projects with private enterprises in basic infrastructure and promoting employment'.[17] Today, social and cultural changes have somehow eroded the Confucian traditions of Taiwan's society. However, it would not be an unattainable or rhetorical task to design measures of welfare development that unite Confucian traditions with modernity if the substance of the New Taiwan Middle Way is pursued. It can be argued that at the junction of its welfare development, a sophisticated combination of Confucianism and Western advantages would promote Taiwan into a developed country with economic prosperity and welfare advancement.

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[17] Chen Shui-bian (1999), *The Third Way for Taiwan: A new political perspective*, http://www.president.gov.tw/1_president/e_subject-041.html.

7.2 The Challenges for the Future

This study on the New Taiwan Middle Way attempts to bring to light the significance of policy learning/lesson drawing from abroad and diffusion of political ideology for Taiwan. However, it should be realised that the elements, which affect Taiwan's welfare development, are diversified. They include both internal and external elements of social, political and cultural perspectives as have been discussed throughout the thesis. As one of the newly industrialised nations, Taiwan has experienced the social impacts to which urbanisation, industrialisation and globalisation bring. The traditional family pattern has been challenged and this family-centred welfare provision has gradually been in decline. The competitiveness of the global market has also changed the nature of employment and private company welfare provision. The public welfare provision has been under pressure because the above-mentioned welfare provisions have not been able to cope with the welfare needs. Thus the demands from all corners of society have not yet been met. Meanwhile, the Taiwanese government is expanding its public welfare provision but struggling to find the financial support to upkeep these policies. In this concluding section, I would like to raise some foreseeable and crucial challenges ahead for Taiwan's welfare state development.

First, from an institutional point of view, it has been argued that without a ministerial agency in the central government is partly responsible for the backwardness of Taiwan's welfare development. The insufficient cooperation and coordination between a number of sub-ministerial agencies, including the Department of Social Affairs, the department of health, Council of Labour Affairs, Veterans Affairs Commissions, etc., has slowed down welfare development. The Department of Social Affairs under the Ministry of Interior has been the main government agency to initiate, implement, direct and monitor welfare policies. The administrative apparatus is perhaps a crucial weakness on the supply side that facilitates the slow development of Taiwan's welfare services. The following points explain the reasons.

- Structural weakness of the government welfare organisations

There is no direct ministry to organise and supervise welfare services. Instead, the Department of Social Affairs under the Ministry of the Interior, which usually takes charge of social welfare of various kinds, is not powerful and influential enough to promote welfare services in Taiwan because of its relatively low status and small size. Since the late 1980s, the government has been discussing the idea of setting up a ministry to be in charge of the overall social welfare development. Insofar as many proposals have been submitted to the legislature during the last decade, it has not been successful. Thus the structural weakness of welfare agencies in Taiwan's government not only indicates that the difficulties for obtaining a sufficient budget each fiscal year to promote welfare services, but it also shows that the government has been less willing to put capital towards social welfare investment. The priority of governmental spending has always been focused on the infrastructure projects of economic development rather than welfare advancement.

- High transaction cost and non-cooperation among agencies

Since there is no single specialised mechanism for welfare services, a certain degree of collaboration and coordination among Ministries and Councils are expected and needed for the effectiveness of the entire system. However, it appears that each department acts individually rather than working in close collaboration. Consequently, whist some welfare programmes related to more than one agency, high administrative spending is unavoidable. Applications for cash benefits or licenses of child and elderly homes for private organisations can be stuck in red tape indefinitely due to inefficient official rules and processes.

- Fragmentation of agencies

The ill designed government agencies worsen the competence of delivery of social welfare provision. Taiwan's fragmented and multilateral social welfare administrative agencies appear neither efficient nor effective. In order to advance Taiwan's social welfare provision, it seems necessary to re-design and re-organise the government agencies intellectually to promote the delivering capacity of welfare provision.

- Without a legal mechanism for local government to take action

Due to drastic competition between parties in Taiwan, there have been some welfare policies (e.g. cash benefits for the elderly) being implemented first by the DPP county and city mayors, and soon followed by a number of counties and cities headed by KMT members. However, the ruling party KMT did not permit these measures. These welfare policies' legal status remained unclear. These programmes were only delivered locally without being comprehensively considered for a nationwide level. Thus, they remain piecemeal and problematic.

The recent proposal from Government Reform Committee (政府改造委員會)[18] has again suggested creating a 'health and social security ministry' (衛生及社會福利部)[19] that would be the central government agency to co-ordinate and administrate the government's overall social policies. There is no guarantee that the proposal will be passed by the legislature this time. However, the need for the welfare policies to be dealt with simultaneously by a single government agency seems necessary to promote Taiwan's welfare policies.

Second, in terms of cultural and social changes, Taiwanese society has been transformed dramatically over the past few decades. The pace of transformation has not at all slowed down but accelerated in the last few years. In the academic year 2001, the number of female students exceeded the males in higher education, accounting for 50.5 per cent and 49.5 per cent respectively[20]. The percentage of labour participation for Taiwanese women has not changed significantly in the last decade, from 44.4% in 1991 to 46.1% in 2001. The biggest concern for women not to opt for the labour market has been that of household affairs, although the percentage has been reduced from 65.1% in 1991 to 57.3%

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[18] Government Reform Committee is a consultative body to President Chen. Established in October 25, 2001, it was organised by the President's Office to implement the resolutions of government agencies in order to achieve and realise Chen's campaign promise– to build a lean but efficient government.

[19] The draft was released by the Government Reform Committee on March 30, 2002.

[20] Source: Directorate General of Budget, Accounting and Statistics, 2002.

in 2001. By raising the educational standard, more and more women in Taiwan are facing the dilemma of having to choose between career and family. The conventional female role of being the homemaker is severely challenged. The impact would certainly raise the demands for those families who have young children, elderly or disabled relatives.

Table 7.1: The population ratio of aged 65 and above in Taiwan

Year	1971	1981	1991	1993	2002
%	2.9	4.4	6.5	7.1	9.0

Source: Dept. of Population, MOI, ROC.

The demographic structure of Taiwan has undergone noticeable changes over the past few decades. With a declining fertility rate and an increasing life expectancy, Taiwan has become an aged society. Longevity, an important cultural element of happiness in life, has arrived as a reality. Although the old age population in Taiwan, as shown in Table 7.1, is relatively small in comparison with other industrialised nations[21], the pace of ageing appears to be much more significant than that of Europe and the U.S. Consequently, elderly people become an important electorate. Recent welfare policies for the elderly, including one of Chen's '3-3-3' welfare programmes– the old aged allowance, are the outcome of elderly voters influence. In Japan[22], for example, the percentage of old-age population is among the highest, accounting for approximately 18 per cent in 2002. A number of reactions were introduced, including special condominiums for three-generational family in public housing projects.[23] The Japanese not only believe that elders can 'hand down former culture in more generational family', but also 'create a Japanese style welfare society'.[24]

A survey conducted in 2002 on Taiwanese women's attitudes towards family was released by the National Federation of Taiwan Women's Organisation, which indicated significant

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[21] The population ratios of aged 65 and above in 2002 for the UK, USA, Germany and France are 16%, 13%, 16% and 16% respectively.

[22] Japan became an aged society in 1970, accounted for 7.1 per cent approximately.

[23] Haruhiko Hamaguchi (1998), Aspects of care in aging Japan, in H. S. Chan (ed.), 迎接高齡社會的挑戰, p. 65.

social and cultural changes. It found that an estimated 82 per cent of women support a legislative proposal to offer regular pay for housewives or homemakers, which means that husbands should delegate a certain portion of their incomes to their wives.[25] Moreover, due to the recent joint efforts by women's rights groups across Taiwan to draw up and codify payments for housewives/homemakers, the legislature's Justice Committee has adopted amendments to family codes stating that husband and wife may negotiate a certain amount of money for the homemaker's disposal. The bill says that the money would be in addition to funds needed to support the family, adding that spouses may ask the court to intervene when husband and wife fail to agree on a sum. Its proponents argue that the legislation aims to recognise the contributions of housewives/homemakers and ease their financial predicaments. The new amendment has been passed by the legislature, which ensures that the notion of 'compensation for housework' is abided by law.[26] This controversial bill, on the one hand, has good intentions of promoting respect and economic freedom for the spouse. On the other hand, attaching pecuniary value to housework seems to be an insult to the spouse who does the majority of the housework and dedicates his/her life to the family. It seems to push the already declining family values, based on mutual love, commitment and respect, even further.

Table 7.2: Comparison among international tax burdens in 2002

Countries	ROC	Japan	Korea	UK	Germany	France	USA
% of total tax to GNP (excluding social security contributions)[1]	12.2	17.2	21.8	31.2	23.1	29.0	22.7
% of total tax to GNP (including social security contributions)[1]	16.3	27.1	26.1	37.4	37.9	45.3	29.6

Note: The data for OECD countries are % of total tax to GDP.

Source: Directorate General of Budget, Accounting and Statistics, ROC.

[24] Ibid.

[25] China Times Evening News, 10 May 2002 (in Chinese); Taipei Times, 11 May 2002.

[26] United Evening News, 4 June 2002 (in Chinese); Chine Times 5 June 2002.

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Owing to modern technology and powerful media, people can get access to news around the world. Taiwanese people possess the mental image that their counterparts receive better public welfare services in Western democracies without relating to a number of other factors. The public does not seem to realise that these nations not only have longer historical backgrounds of the 'modern welfare state', but also impose a much higher percentage of general taxation in comparison with Taiwan. As shown in Table 7.2, the tax burden in Taiwan is relatively low in comparison with other nations, accounting for 12.2 per cent in the financial year 2002. It seems that Taiwanese people have demanded more welfare services from the government during the last ten years, but they seem less willing to pay. This welfare paradox of public attitude and mentality is wide spread amongst Taiwanese, although there is some stigma attached to certain social policies e.g. unemployment benefits. Unlike the Nordic welfare states where people are generally satisfied with high public spending and taxation, Taiwanese people, overall, have high demand for welfare services but low consent to taxation.

The unemployment issue is a relatively contemporary yet pressing problem facing Taiwan. The estimation of unemployment rate in 2002 peaked 5.2 per cent, with the number of unemployed workforce approaching half a million and the total figure of the population affected exceeding two million. The lament of unemployed has become a heavy burden the Taiwanese society can no longer abide. Observing the global situation, the European Union is struggling with an unemployment rate in the region of 10 per cent. Even the economically robust United States has an unemployment rate of around 6 per cent. Taiwan has no special vantage in avoiding the unemployment issue, which would likely follow the footsteps of more advanced economies. The cause of this wave of unemployment is the large number of traditional labour intensive industries that have closed factories to move to those regions where cheaper labour is provided. This phenomenon results in the so-called 'structural unemployment'. Even as the economy improves, there is little hope that those unemployed can resume their manufacturing jobs. The most commonly practiced solution for many countries is to assist the unemployed in learning new skills, e.g. increasing computing literacy, word processing and software

operating capacity, in the hope that this would boost their competitiveness. However, for the past few years, the hi-tech industries have also experienced severe recession and suffered excessive fluctuations that lead to poor employment stability.

During the last few decades, Taiwan maintained an impressive figure of less than 3 per cent unemployment rate. Such a low figure can be regarded in the West as achieving a 'full' employment status. However, the Taiwan unemployment figure began to increase during the late 1990s for a number of reasons. The increasingly globalising world has placed Taiwan's economy in a close relationship with the world economy. If the world economy prospers, Taiwan's economy would too flourish. However, if the world economy meets recession, the economy in Taiwan to a great extent would be affected. The 1997-8 East Asian financial crisis was an example. Although Taiwan's economy was not affected as badly as some of its East Asian counterparts, the unemployment rate in Taiwan started to soar since.

The rising unemployment rate should not be viewed simply as an economic issue. It can have effects on a number of other areas, e.g. raise demands on social welfare, cause social unrest and increase crime rate, and many others. All these problems caused by the unemployment issue are interrelated and should be tackled together. Therefore, how to effectively and timely reduce the soaring unemployment rate has become one of the most pressing challenges that deserve Taiwanese government's immediate attention.

Overall, the above-mentioned challenges will have to be resolved in the future development of a Taiwanese welfare state. These alarming challenges entail the opportunity of a turning point for Taiwan. While policy learning/lesson-drawing is constantly taking place in the modern policy making process, it is important to examine the institutional and cultural settings to ensure a desired and satisfied outcome. Without comprehensive insights of the source country(ies), e.g. their political and cultural systems in order to integrate with the receiving country's system, the outcome of foreign learning will not be desirable. Therefore, if the modernised political ideology for a changing

world–the New Taiwan Middle Way can extract the best experiences from the industrialised nations to coordinate with Taiwan's Confucian values and be implemented with a full set of pragmatic approaches, it would be a great blessing for the Taiwanese people.

Finally, I would like to add that this research generates as many issues that need to be considered as it does about that which have been examined. The major fieldwork of this research was conducted during summer 2001. The Third Way movement then was strong which attracted much attention from both the academic and political worlds. However, it seems apparent that Third Way political leaders have been gradually losing their political stage. In Taiwan, the New Middle Way was first introduced to Taiwan by Chen in 1999 when he started his presidential campaign. After Chen assumed the presidency, it was then frequently mentioned by Chen, his administration and allies between 1999 and 2001. Subsequently, the Third Way became less heard in Taiwan. Little evidence found in terms of policy implication for the Third Way in Taiwan. President Chen, having adopted the Third Way, has found himself very much in the same position as his predecessor– Lee Tung-hui, while dealing with cross-strait relations and other political issues. The thought that the Third Way might have been able to open up a new dimension and dialogue for Taiwan seems to have faded away.

Appendixes

Appendix 1: A list of potential interviewees in Taiwan

Name	Position	Reason(s) to be interviewed
Chen, Chi-mai	DPP legislator	Regarded as one of Chen's allies; one of the translators of Blair's three books.
Chen, Chu	Chairperson, Council of Labour Affair, Executive Yuan	Ex-president, Taiwan Association for Human Rights; seen as an active advocate of labour movement.
Hsieh, Frank Chang Ting	Mayor, Kaohsiung Municipal City and Chairman of DPP (1999-2002)	DPP heavyweight; being a legislator in 1992, proposed notion of 'Taiwan as a welfare'.
Kuo, Jenq-lianq	Associate professor, Soochow University, Taiwan; elected as a DPP legislator in December 2001	Key policy advisor to President Chen; Taiwan politics specialist.
Ma, Yong-cheng	Secretary in the Presidential Office	Special assistant and strategist of President Chen; one of the translators of Blair's books.
Shen Fu-hsiung	DPP Legislator	DPP heavyweight; major legislative initiatives including National Health Insurance, Unemployment insurance, Labour's Insurance, Old-age Pension Plan.
Tien, Hung-mao	Minister of Foreign Affairs, Executive Yuan (2000-2002); R.O.C. Representative to the UK	Ex-director of Institute of National Policy Research, Taiwan; advisor to previous Taiwan government (1998-2000).

A list of potential organisations for interview
- Asian-Pacific Public Affairs Forum
- Health, Welfare & Environmental Foundation
- Taiwan Studies Institute
- National Policy Foundation

Appendix 2: Academics who agreed to an interview

Name	Position and interests
Caleb Clark	Department of Political Science, Auburn University. Professor Clark has taught in Taiwan. His interests include Taiwan, East Asian politics, etc. He is the author/co-author and editor/co-editor of more than 10 books and reviews.
John F. Copper	Stanley J. Buckman Distinguished Professor of International Studies at Rhodes College in Memphis, Tennessee. He is the author of more than 20 books on Asian and International affairs. He has contributed to more than 40 books and published over 70 articles in academic journals and magazines, and more than 150 reviews and newspaper articles. Many of his publications are related to Taiwan. He was a member of Board of Governors of the East West Center from 1983 to 1989, and a member of the advisory Board of the Asian Studies Center at the Heritage Foundation from 1983 to 1988. He is currently on the Board of Directors of the American Association for Chinese Studies. He has spent a great deal of time of more than 13 years teaching and doing research in Asia. Professor Copper speaks Chinese.
John Fun-sheng Hsieh	Department of Government and International Studies and director of the Center of Asian Studies. Professor Hsieh taught at National Chengchi University in Taipei, and served as chief secretary of the Institute of International Relations, acting director of the Election Study Center. He has published a number of books in both Chinese and English. His works also appear in many books and scholarly journals. His research interests include electoral behaviour, political parties, electoral systems, East Asian politics, etc.
Wei-chin Lee	Department of Political Science, Wake Forest University. Professor Lee has published 2 books and a number of articles on Taiwan. He has a broad research interests, including Taiwanese and Chinese politics, intellectuals and democracy, political economy, etc.
Emerson Niou	Department of Political Science, Duke University. His research interests include East Asian politics, political economy, etc. He has published a number of articles in the field of East Asian politics, including Taiwan.
Shelley Rigger	Political Science department, Davidson College. Professor Rigger heads the American Political Science Association conference group on Taiwan Studies, and is a leading scholar of Taiwan's domestic politics in the US. She has published numerous articles in academic journals and books. Her most recent book is entitled From Opposition to Power: Taiwan's Democratic Progressive Party (2001). Professor Rigger speaks fluent Chinese and some Taiwanese.
Wei-Ming Tu	Director, Harvard-Yenching Institute. Professor Tu is one of the most prominent figures in Confucian Studies, and is the author of a number of books in Confucianism.

Appendix 3: Questions for interviews:

Sample Questions for Taiwan experts:
- Did the New Taiwan Middle Way contribute to the victory of Chen's presidential campaign? If so, how?
- Is the New Taiwan Middle Way a 'real' political ideology? If yes, why?
- Does the New Taiwan Middle Way offer an alternative approach to cross-strait relations? If yes, how?
- What substantial offerings does the New Middle Way bring to Taiwan's political arena?
- How did Chen adopt the Third Way and change it into the New Taiwan Middle Way?

Sample Questions for policy-makers:
- Are you familiar with the New Taiwan Middle Way? If so, what do you know about it?
- Do you think the DPP or Taiwan would benefit from the New Middle Way? If so, why?
- What is your experience with the exchange of social policy ideas and practices between Taiwan and Western democracies?
- What is the impact of such external influences to Taiwan's social policy development?
- How did you learn about Western welfare practices and developments?
- Are the 'external sources' being modified to meet Taiwan's needs? If so, what are the considerations behind this modification?

Appendix 4:

Extracts of interviews in Taiwan

Legislator I :
Q: Do you think that the Third Way ideology can open up a new dimension for Taiwan politics?
A: …there probably exists no ideological pattern in Taiwan politics. Politics should follow the concept that attracts most electorates…in Taiwan, people change all the time… no political concept can last for a long time without to be challenged…

Q: What was your involvement in this Third way learning?
A: I was one of the first few people that were actually involved with the New Taiwan Middle Way politics…[the interviewee showed me one book given to him by Giddens. I had a look at the book and saw Giddens' signature inside.] I can give you a person to contact who assisted Chen with links in Great Britain…you can tell him that I give you his contact information…

Q: Do you think that left vs. right issues are important in Taiwan politics?
A: …we generally believe that the KMT is a right wing party and the DPP is a left wing one in the political spectrum in terms of social policy…however, this would probably be untrue…take Nation Health Insurance for example…the DPP government has actually risen the premium for individuals…political parties can be on the right or left depending on which issues they face…

Q: what do you think the Third Way impact would be towards the welfare development in Taiwan?
A:… it would probably be hard and surprising to find that Taiwan's social policy has New Taiwan Middle Way's implications…

Legislator II :
Q: What do you know about the Third Way?
A: …according to my understanding…it originated from an aide to Clinton– Dick Morris…he believed that Clinton should search for a third political stance beyond traditional Democratic and Republican parties…the most debated issue around the New Taiwan Middle Way is its neither independence nor re-unification stand…the problem for Chen is that he could not offer a creative strategy that would be able to keep peace between the two sides of the strait and also do not violate the DPP's 'one Taiwan, one China' policy…

Q: Do you think the New Taiwan Middle Way advocated by Chen has the potential of opening up a new political dialogue?
A: …Taiwan politics is not accustomed to the divisions of left and right…but it has values

on issues between Taiwan and China...and had implications on issues of public policy, I think...any kind of political language or concept should contain certain political ideas together with feasible policy design...otherwise, it would become a mere hollow, impractical thought...

Legislator III:
Q: What do you know about the New Taiwan Middle Way?
A: ...the New Middle Way was based on four hypotheses...first...prevent the US leaning towards pro-China stance...second...avoid China taking abrupt actions because of Chen's pro-independence character...third...by easing external tensions, the DPP would have more time and resources to deal with the domestic issues...

Q: Do you think the DPP has benefited from the New Middle Way?
A: ...this middle course ideology did not give the DPP much advantage on domestic issues...instead, it encouraged the pro-independence and pro-unification groups to more radically towards two extremes...

Legislator IV
Q: What do you know about the Third Way?
A: ...British Labour Party successfully transform the party into New Labour and gained public confidence after 18 years of election defeat...and again won the 2001 election...this has proven the Third Way survived...

Q: Do you think that learning from the Third Way would benefit Taiwan? If so, why?
A: ...it serves as a solution that best represents the middle course...go beyond the traditional left and right wings' thinking...it should not be limited to either independence or unification issues...it should also ease the conflicts between ethnic groups in Taiwan and localise its implementation...although Chen got into office because of the Middle Way...he did not seem to implement it faithfully...

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