

Maryland Series in Contemporary Asian Studies

Number 2 – 2010 (201)



TAIWAN'S ANTI-CORRUPTION
STRATEGY: SUGGESTIONS FOR
REFORM

Jon S.T. Quah

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Subscription is US \$40.00 per year for 4 issues (regardless of the price of individual issues) in the United States and \$45.00 for Canada or overseas. Checks should be addressed to MSCAS.

Tel.: (410) 706-3870
Fax: (410) 706-1516

Price for single copy of this issue: US \$18.00

ISSN 0730-0107
ISBN 1-932330-31-3

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Jon S.T. Quah*

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I. INTRODUCTION

In April 2009, the Hong Kong-based Political Economic Risk Consultancy (PERC) reported in its annual survey of corruption in Asian countries that Taiwan was ranked for the first time below China.¹ President MA Ying-jeou rejected this finding and ordered the anti-corruption agencies (ACAs) in Taiwan to “produce a review report on major corruption cases and work out a plan to im-

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1. Taiwan was ranked 9th with a score of 6.47, behind China, which was ranked 8th with a score of 6.16. The PERC score ranges from 0 (least corrupt) to 10 (most corrupt). See “RP ranking improves in Asian corruption survey,” *ABS-CBN News Online*, April 8, 2009, available at <http://www.abs-cbnnews.com/print/49430>.

prove the situation within three months.”² On the other hand, according to Transparency International’s 2009 Corruption Perceptions Index (CPI), Taiwan was ranked 37th with a score of 5.6 while China was ranked 79th with a score of 3.6.³ Similarly, PERC’s 2010 survey ranked Taiwan 8th with a score of 6.28, ahead of China, which was ranked 10th with a score of 6.52.⁴

Is Taiwan more corrupt than China? How serious is the problem of corruption in Taiwan? What are the causes of corruption in Taiwan? How does Taiwan combat corruption? How effective is Taiwan’s anti-corruption strategy? What can be done to improve Taiwan’s anti-corruption strategy? This monograph addresses these questions by providing a comprehensive analysis of the anti-corruption strategy adopted by the various governments in Taiwan since the relocation of the Kuomintang (KMT) government in December 1949 from mainland China to Taiwan after its defeat by the Chinese Communist Party (CCP). While some research has been done on corruption in Taiwan as shown in the Selected Bibliography, there is still a significant research gap on the causes of corruption in Taiwan and how it combats corruption.

Apart from redressing this knowledge gap, the purpose of this monograph is to provide some suggestions to Taiwanese policy-makers for reforming and improving the existing ACAs in Taiwan. Unlike Singapore, Hong Kong, South Korea and Thailand, Taiwan relies on multiple ACAs to curb corruption.⁵ The main thesis of this monograph is that Taiwan can only improve the effectiveness of its anti-corruption strategy by addressing the five causes of corruption and replacing its reliance on multiple ACAs with the creation of a single, independent, and adequately funded and staffed ACA like the Corrupt Practices Investigation Bureau (CPIB) in Singapore or the Independent Commission Against Corruption (ICAC) in Hong Kong. The CPIB and ICAC are highlighted as two role models for

2. Y.F. Low, “President reaffirms resolve to fight corruption,” *Central News Agency*, April 8, 2009, available at <http://www.etaiwannews.com/etn/print.php>.

3. See Table 18 in Section VI of this monograph. Unlike the PERC score, the CPI score ranges from 0 (most corrupt) to 10 (least corrupt).

4. “S’pore least corrupt nation,” *Straits Times*, March 9, 2010.

5. For a comparative analysis of the effectiveness of the ACAs in Singapore, Hong Kong, South Korea and Thailand, see Jon S.T. Quah, “Defying Institutional Failure: Learning from the Experiences of Anti-Corruption Agencies in Four Asian Countries,” *Crime, Law and Social Change*, Vol. 53, No. 1 (February 2010): 23-54.

Taiwan to emulate because of their effectiveness in curbing corruption in Singapore and Hong Kong respectively.⁶

This monograph is divided into seven sections. The purpose of this monograph has been specified in this introductory section. Section II describes the policy context in Taiwan in terms of its geography, history, economy, demography, and political system as these factors influence the formulation and implementation of Taiwan's anti-corruption strategy. Section III diagnoses the perceived extent of corruption in Taiwan by documenting the incidence of bureaucratic corruption, vote-buying in elections, and political corruption namely, *heijin* or "black gold" politics. Section IV analyzes the major causes of corruption in Taiwan. Section V provides an analysis of the anti-corruption measures employed in Taiwan. Section VI evaluates the effectiveness of these anti-corruption measures. Finally, Section VII concludes the monograph by providing four suggestions for improving Taiwan's anti-corruption strategy.

II. TAIWAN'S POLICY CONTEXT

Geography

Taiwan is an island separated from the southeastern coast of mainland China by the narrow Taiwan Strait.⁷ It is 394 kilometers long and 144 kilometers wide, and has a land area of 36,179 sq km and a coastline of 1,566.3 km.⁸ Eastern Taiwan is mountainous and consequently, 90 percent of the population lives in the flat plains in the west. Taiwan has a marine climate in the northern part and mountainous areas but the south has a tropical climate and is warm and humid throughout the year. The rainy season lasts from May to June and from July to October, and Taiwan is vulnerable to typhoons, with an average of four typhoons per year.

Although 55 percent of the island is forest, only 24 percent of the total land is arable. The natural resources in Taiwan include

6. Jon S.T. Quah, "Benchmarking the Performance of Anti-Corruption Agencies in the Asia-Pacific Countries," in Anuradha K. Rajivan and Ramesh Gampat (eds.), *Perspectives on Corruption and Human Development*, Volume 2 (Delhi: Macmillan Publishers India, 2009), p. 796.

7. In addition to the main island of Taiwan, there are many islands under Taiwan's control namely: the 64 Pescadore or Penghu Islands, Orchid Island (Lan Tao), Green Island (Lu Tao), the Offshore Islands of Quemoy and Matsu, and some islands in the South China Sea. See John F. Cooper, *Taiwan: Nation-State or Province?* 5th edition (Boulder: Westview Press, 2009), p. 2.

8. These geographical data are obtained from *The Republic of China Yearbook 2009* (Taipei: Government Information Office, 2010), Chapter 1, "Geography."

small deposits of asbestos, coal, copper, gold, natural gas, and marble. In addition to typhoons, Taiwan is also vulnerable to earthquakes because of its location along the seismic belt and its mountainous nature. With 42 active faults on the island, it is not surprising that Taiwan experienced about 20,000 earthquakes during 1994-2008.

Taiwan has a well-developed transportation network of 40,000 kilometers of roads and a public railway system that provides services between more than 200 stations and covering 1,100 kilometers in length⁹ in addition to an advanced telecommunications services. Taiwan's advanced transportation and telecommunications infrastructure is an important asset in fighting corruption as the various ACAs would have no difficulty in enforcing the anti-corruption laws throughout the country.

However, Taiwan's susceptibility to natural disasters like earthquakes and typhoons means that there will be opportunities for corruption during the post-crisis periods when government agencies and international relief agencies provide humanitarian assistance to those affected by the disasters. This means that the ACAs in Taiwan must be vigilant during such periods to detect and take action against corrupt behavior.

History

There are two important historical experiences which have influenced Taiwan's anti-corruption strategy today. The first is the five decades of Japanese colonial rule from 1895, when the First Sino-Japanese War resulted in the ceding of Taiwan to Japan, until the surrender of the Japanese forces in Nanjing on September 9, 1945. The second important historical experience is the conflict between the KMT government and the CCP, which resulted in the formation of the People's Republic of China on the mainland and the relocation of the KMT government in Taiwan in December 1949 after its defeat by the CCP.

Japanese colonial rule has influenced Taiwan's anti-corruption strategy in two ways. First, as a Japanese colony, Taiwan adopted Japan's voting system where "local factions are in fact connected to

9. Taiwan's transportation infrastructure was upgraded during the Japanese colonial period as the length of railroads increased from 30 miles in 1895 to 300 miles in 1905. Roads and harbors were also built, and communications facilities were constructed or improved. See Copper, *Taiwan*, p. 39.

national factions.”¹⁰ During the Japanese colonial period, the landlords and peasants were involved in a landlord patronage system where the peasants were dependent on the landlords for physical protection and economic aid. The landlords had special access to the Japanese state and they used their personal resources to maintain patron-client ties. The pre-war landlord patronage system has been replaced today by faction machine patronage, where “faction leaders offer a channel to state resources” but “do not generally offer goods and services of their own.”¹¹ Second, as a consequence of adopting the Japanese voting system, Taiwan like Japan, is also vulnerable to vote-buying, which will be discussed in Sections III and IV.

The CCP's defeat of the KMT forces under the leadership of Generalissimo CHIANG Kai-shek is also significant because the rampant corruption in China under KMT rule was a major cause of the CCP's victory and the KMT's defeat. According to Keith Maguire, there were significant differences between the CCP controlled and KMT controlled areas:

In the red base areas, the communists paid for the food that they took and were strictly indoctrinated into being polite and friendly to the peasants. Education and health care were encouraged and there was a sound control of public finance. The administration of the KMT areas was a very different story. Looting was widespread and the troops were often poorly paid and low morale was the norm. Corruption was endemic with the result that the population had no particular sympathy for the KMT.¹²

When the US Marines reached north China in late September 1945, they were appalled by the “filthy, poverty stricken, [and] unhealthy sanitary conditions.”¹³ After the surrender of the Japanese troops in Tientsin on October 6, 1945, the officials of the Chungking government reasserted control over areas held by the Japanese by taking over the property and assets of the Japanese and their collaborators. However, this takeover process became “a racket with official position treated as an opportunity rather than a responsibil-

10. Joseph Bosco, “Taiwan Factions: *Guanxi*, Patronage, and the State in Local Politics,” *Ethnology*, Vol. 31, No. 2 (April 1992): 164.

11. *Ibid.*, 167.

12. Keith Maguire, *The Rise of Modern Taiwan* (Aldershot: Ashgate, 1998), p. 29.

13. Ronald H. Spector, *In the Ruins of Empire: The Japanese Surrender and the Battle for Postwar Asia* (New York: Random House, 2007), p. 56.

ity” as the supervisors were “favorites, relatives, or close political allies of the Generalissimo.”¹⁴

According to Ronald H. Spector, graft and corruption prevailed in China and “it was common for individuals to take advantage of their official position first to occupy a building and then to manipulate things in such a way as to have the building sold to them.”¹⁵ An investigating committee found that “officials down to the soldiers [were] using the resources of the country as their personal property.”¹⁶ The KMT officials believed that “as public functionaries they had suffered so much hardship and privation in the interior during the seven years of war that they had a right to indulge themselves.”¹⁷ An Office of Strategic Services (OSS) officer lamented that “graft and corruption prevail and the only winners are the Communists.”¹⁸ Hence, it was not surprising that “the web of corruption that had spread through Nationalist China eroded the regime’s ability to defend itself.”¹⁹

In short, the prevalence of corruption in Taiwan during the Japanese colonial period and after the Japanese surrender in September 1945 means that corruption is a problem that cannot be easily resolved overnight.

Economy

Taiwan’s transformation from a poor country after the Second World War to its economic affluence today is the result of its success in promoting economic growth and the effectiveness and stability of its financial sector. John Minns has described Taiwan as a “Midas State” which succeeded in making the transition from an agricultural economy to an industrialized one.²⁰ In 2008, Taiwan was the 18th largest trading nation in the world, the 26th largest economy, and fourth in terms of foreign exchange reserves held. Its Gross Domestic Product (GDP) was US\$391.28 billion and its GDP per capita was US\$17,083 in 2008. The services sector accounted for

14. *Ibid.*, pp. 58-59.

15. *Ibid.*, p. 59.

16. *Ibid.*, p. 60.

17. *Ibid.*, p. 60.

18. Quoted in *ibid.*, p. 61.

19. Keith Maguire, “Modernization and Clean Government: Tackling Crime, Corruption and Organized Crime in Modern Taiwan,” *Crime, Law and Social Change*, Vol. 28, No. 1 (1997): 76.

20. John Minns, *The Politics of Developmentalism: The Midas States of Mexico, South Korea and Taiwan* (Basingstoke: Palgrave Macmillan, 2006), p. 1.

73.3 percent of the GDP and employed 58 percent of the labor force. The goods-producing industries constituted 25 percent of the GDP and employed 37 percent of the work force. In contrast, agriculture contributed only 1.7 percent of the GDP and provided employment for 5.1 percent of the population.²¹

Taiwan's economic affluence is also reflected in these communications data: there are 99.6 color television sets per 100 households; 62.3 telephone lines per 100 population; 106.1 mobile telephone subscribers per 100 population; and 238.6 internet hosts per 1,000 populations.²² More importantly, Taiwan's economic affluence means that the government should have no difficulty in allocating sufficient personnel and financial resources to the various ACAs to enable them to perform their anti-corruption functions effectively. In other words, unlike other poorer developing countries, the Taiwanese government can afford to provide the multiple ACAs with adequate budgets and personnel to enforce the anti-corruption laws impartially if it is committed to fighting corruption.

Demography

Taiwan has a homogeneous population consisting of over 95 percent of Han Chinese and the remainder consisting of Austronesian (Malayo-Polynesian) peoples and recent immigrants. Its population in June 2009 was 23,069,000, with the 14 indigenous groups constituting 499,500. With the declining birth rate in the 1970s, Taiwan is now an aging society as the proportion of those aged 65 and older has increased from 2.5 percent in 1949 to 10.4 percent in 2008.²³

As a predominantly Chinese society, Taiwan's major religions are Buddhism and Taoism.²⁴ More importantly, there are two important aspects of Chinese culture which have important implications for Taiwan's efforts in curbing corruption. First, as will be discussed in Section IV, the concept of *guanxi* or "relationships between people"²⁵ influences vote-buying and encourages corrupt behavior among the population. Second, gift-giving, which is an important social tradition among the Taiwanese, combined with the importance of *guanxi* not only encourages corruption but also

21. *The Republic of China Yearbook 2009*, Chapter 9, "Economy."

22. *Pocket World in Figures 2010 Edition* (London: Profile Books, 2009), p. 225.

23. *The Republic of China Yearbook 2009*, Chapter 2, "People and Language."

24. *Ibid.*, Chapter 21, "Religion."

25. Ying Lun So and Anthony Walker, *Explaining Guanxi: The Chinese Business Network* (London: Routledge, 2006), p. 3.

makes it difficult for the ACAs to distinguish between gifts and bribes.

In other words, the social importance of *guanxi* and gift-giving for the Taiwanese not only makes them vulnerable to corruption and vote-buying but also makes it difficult for the ACAs to enforce the anti-corruption laws impartially.

Political System

Taiwan's political system has been transformed from an authoritarian system into a democracy in 2000, with the election of President CHEN Shui-bian of the opposition Democratic Progressive Party (DPP). The KMT's defeat by the CCP in 1949 led to the relocation two months later of the KMT government under CHIANG Kai-shek's leadership to Taiwan, which came under martial law and *de facto* one-party rule until July 1987, when President CHIANG Ching-kuo ended nearly four decades of martial law. To maintain its power in mainland China, the KMT made alliances with the Shanghai Triad societies and some warlord cliques. The alliance with the Triad societies resulted in "an ethos of corruption in Chinese society that became endemic and entrenched over time."²⁶ Furthermore, the KMT leaders retained the allegiance of the regional warlords through bribery because it lacked the military resources to defeat them.²⁷ The corrupt and repressive nature of the state resulted in "little popular loyalty to the state or the KMT" which "in turn became associated with corruption and repression."²⁸ Indeed, the KMT had alienated the local population through its corruption and brutality.²⁹

Taiwan's democratization was accompanied by the development of a semi-presidential or "dual leadership" system as a result of the constitutional reforms adopted in the 1990s.³⁰ The constitution adopted by the Constituent National Assembly in December 1946 provided for a parliamentary system, with the Executive Yuan responsible to the Legislative Yuan, and the president indirectly elected by the National Assembly. In May 1948, the Temporary Provisions Effective during the Period of Communist Rebellion was

26. Maguire, *The Rise of Modern Taiwan*, p. 5.

27. Maguire, "Modernization and Clean Government," 74.

28. *Ibid.*, 74-75.

29. Maguire, *The Rise of Modern Taiwan*, p. 32.

30. Yu-shan Wu, "Semi-Presidentialism – Easy to Choose, Difficult to Operate: The Case of Taiwan," in Robert Elgie and Sophia Moestrup (eds.), *Semi-Presidentialism outside Europe: A Comparative Study* (London: Routledge, 2007), p. 201.

enacted and concentrated all powers in the president. Taiwan was a presidential dictatorship from May 1948 until May 1991, when the Temporary Provisions were annulled. Semi-presidentialism in Taiwan evolved in two stages: it emerged during 1991-1997; and was fully installed during 1997-2000, with congruent presidential-parliamentary relations. However, the semi-presidential system became incongruent after CHEN Shui-bian won the 2000 presidential election as the Legislative Yuan was dominated by the KMT.³¹

The transformation of Taiwan's political system from authoritarianism to democracy after 51 years has two important implications for its anti-corruption strategy.³² First, Taiwan's democratization is an important asset in the country's fight against corruption as it ensures that the political leaders are accountable for their actions. On the other hand, after four decades of authoritarian rule, the KMT had "accumulated problematic baggage: self-complacency, corruption, abuse of power, and arrogance."³³ Apart from being "entrapped by its own historical baggage," the KMT had to deal with "the new problems of factionalism, money politics, and gangster influence" which accompanied the process of democratization.³⁴ Indeed, according to Bruce J. Dickson, a "hard lesson" to be learnt from Taiwan's democratization is that: "Democratization itself does not cure corruption, though it can make it more visible and easier to address."³⁵

III. PERCEIVED EXTENT OF CORRUPTION IN TAIWAN

Bureaucratic Corruption

During the Japanese colonial period, the Japanese newspapers and weeklies or periodicals in Taiwan exposed and satirized corruption in the colonial government in political cartoons.³⁶ For example, the *Nichinichi Shinpo*, which was printed in Taiwan and circulated

31. *Ibid.*, pp. 202-207

32. For an excellent analysis of Taiwan's evolution from martial law to democracy, see Hung-mao Tien, "Taiwan's Evolution toward Democracy: A Historical Perspective," in Denis Fred Simon and Michael Y.M. Kau (eds.), *Taiwan: Beyond the Economic Miracle* (Armonk: M.E. Sharpe, 1992), pp. 3-23.

33. Michael Ying-mao Kao, "The Power Structure in Taiwan's Political Economy," *Asian Survey*, Vol. 36, No. 3 (March 1996): 292.

34. *Ibid.*, 301.

35. Bruce J. Dickson, "Taiwan's Democratization: What Lessons for China?" in Muthiah Alagappa (ed.), *Taiwan's Presidential Politics: Democratization and Cross-Strait Relations in the Twenty-first Century* (Armonk: M.E. Sharpe, 2001), p. 128.

36. Liao Ping-Hui, "Print Culture and the Emergent Public Sphere in Colonial Taiwan, 1895-1945," in Liao Ping-Hui and David Der-Wei Wang (eds.), *Taiwan under Japa-*

in Taiwan and Japan, criticized the Japanese colonial government by using two political cartoons to satirize “the colonial officials’ grand narratives of their accomplishments in the colony, and laid bare the corrupt official strategies of containment by using a pretty-looking jar to store rotten fish.”³⁷ In October 1919, the Japanese Prime Minister Hara Kei appointed Den Kenjiro as Taiwan’s first civilian governor-general to implement his reforms in the colony. The exposure of corruption and violence in Taiwan by the Taiwanese news media was responsible for Prime Minister Hara Kei’s rise to power.³⁸

In December 1925, CHIANG Kai-shek announced that a major goal in preparing for the Northern Expedition was to curb corruption in the military. Accordingly, he ordered the military supply bureau to provide funds directly to the divisions and did not allow any military unit to manage its money.³⁹ However, most of his army commanders “simply rejected his proposal to centralize military financial matters” and Chiang was forced to “give the fight against corruption much lower priority” in order to maintain cohesion and loyalty among his civilian and military allies.⁴⁰

The Republic of China was formed in 1911 but the civil service system was re-established in 1927 when the new central government assumed office in Nanking.⁴¹ The KMT initiated the reorganization of the civil service and conducted examinations from 1929 for the recruitment of civil servants. However, these examinations were ineffective in recruiting qualified candidates.⁴² Consequently, the civil service failed to meet the demand for competent officials as “the overwhelming majority of public servants gained their positions through other means that were less objective and impartial.”⁴³ The

nese Colonial Rule 1895-1945: History, Culture, Memory (New York: Columbia University Press, 2006), p. 83.

37. *Ibid.*, p. 88.

38. *Ibid.*, p. 92.

39. Jay Taylor, *The Generalissimo: Chiang Kai-shek and the Struggle for Modern China* (Cambridge: Belknap Press of Harvard University Press, 2009), p. 50.

40. *Ibid.*, p. 51.

41. Lee-Jinn Hwa, “The Public Administration of the Republic of China on Taiwan,” in Ali Farazmand (ed.), *Handbook of Comparative and Development Public Administration*, 2nd edition (New York: Marcel Dekker, 2001), p. 399.

42. Hsi-Sheng Ch’i, *Nationalist China at War: Military Defeats and Political Collapse, 1937-45* (Ann Arbor: University of Michigan Press, 1982), p. 136.

43. *Ibid.*, p. 137.

civil service was ineffective as the low salaries of the junior civil servants made them vulnerable to corruption.⁴⁴

In 1934, CHIANG Kai-shek launched the New Life Movement to encourage the promotion of more traditional moral virtues “to fight against entrenched attitudes of graft and corruption.”⁴⁵ In June 1945, the KMT was plagued by factional struggles, corruption and low morale. The Central Club faction (C.C. clique) became very powerful by “pitting the KMT party against the government bureaucracy and the military.”⁴⁶ The KMT’s reorganization began with the purging of the C.C. clique, which was led by the two brothers, CHEN Guo-fu and CHEN Li-fu, because they were blamed for the KMT’s endemic corruption.⁴⁷

Corruption was a serious problem during the KMT’s rule on mainland China. The KMT government’s ability to collect taxes was hindered not only by the war, but also by “poor laws and improper management.” Businessmen evaded the payment of taxes by concealing or falsifying their income records and the tax administrators were corrupt and inexperienced. Consequently, the proportion of direct taxes decreased from 12 percent of the government’s cash budgetary receipts in 1943 to 5 percent in 1944.⁴⁸ Furthermore, the budgetary procedure was plagued by these weaknesses: haphazard preparation of budget requests by lower agencies; there was no system of priorities; faulty or non-existent screening process; allocations were not based on merit but on personal and factional grounds; and, most important of all, “a very ineffective and often corrupt system of accounting to check on performance.”⁴⁹

After the surrender of Japanese troops to the Allied command in Taiwan on October 25, 1945, Taiwan was transferred from Japan to the sovereignty of the Republic of China. CHIANG Kai-shek appointed CHEN Yi, the former governor of Fujian province, to head the executive team to administer Taiwan. Chen was not corrupt himself but his subordinates were “opportunists and carpet-baggers who polluted the administrative core of the transitional

44. Maguire, *The Rise of Modern Taiwan*, p. 23.

45. *Ibid.*, p. 23.

46. Ramon H. Myers and Hsiao-ting Lin, *Breaking with the Past: The Kuomintang Central Reform Committee on Taiwan, 1950-52* (Stanford: Hoover Institution Press, 2007), p. 2.

47. Maguire, *The Rise of Modern Taiwan*, p. 32.

48. Ch’i, *Nationalist China at War*, p. 167.

49. *Ibid.*, p. 169.

government.”⁵⁰ Indeed, he had replaced “the foreign, but efficient, Japanese colonial government with a regime preoccupied with mainland affairs and riddled with corruption.”⁵¹ Consequently, “bureaucratic corruption was rife, with payoffs to most KMT officials expected, expensive permits required for virtually every transaction, and mountains of time-consuming and expensive government red tape.”⁵² In other words, the KMT had “brought with it to Taiwan the epidemic of corruption that was sapping its strength on the mainland” as the *Min Pao* newspaper had reported six incidents of corruption over a ten-day period in early 1946.⁵³

Some senior KMT members were corrupt and corruption was also rampant in the army. Most of the senior generals in the Central Army “took advantage of their power in ways that involved unethical or illegal misuse of funds.”⁵⁴ Apart from abuses of power by the senior officers, the Central Army was also afflicted by graft and nepotism.⁵⁵ Corruption was also prevalent in the civil service because of the low salaries of the civil servants.⁵⁶ CHIANG Kai-shek acknowledged the problem of corruption in the KMT in his speech at the KMT’s Party Congress in 1952 and initiated reforms in the KMT by excluding some senior leaders.⁵⁷ He ordered banks to provide all individual and company account statements to the tax authorities and increased the salaries of the police and common soldiers but not for military officers.⁵⁸ The KMT and the army were purged and reorganized. To curb corruption in the civil service, the salaries and working conditions of civil servants were improved, the disciplinary code for corruption offences was enhanced, and the “best of Taiwan’s academic elite” were recruited.⁵⁹ However, in 1964, corruption “began creeping into what had been a comparatively honest bureaucracy” because civil service salaries had not

50. Gerald A. McBeath, *Wealth and Freedom: Taiwan’s New Political Economy* (Aldershot: Ashgate, 1998), p. 23.

51. Shelley Rigger, *Politics in Taiwan: Voting for Democracy* (London: Routledge, 1999), p. 56.

52. McBeath, *Wealth and Freedom*, p. 23.

53. Rigger, *Politics in Taiwan*, p. 57.

54. Taylor, *The Generalissimo*, p. 221.

55. *Ibid.*, p. 163.

56. Maguire, “Modernization and Clean Government,” 81.

57. *Ibid.*, 77.

58. Taylor, *The Generalissimo*, pp. 487-488.

59. Maguire, “Modernization and Clean Government,” 81-82.

kept up with inflation, thus forcing teachers and military officers to accept bribes to maintain their standards of living.⁶⁰

Perhaps the best way to gauge the extent of bureaucratic corruption in Taiwan is to analyze the data on corruption cases provided in the *Anti-Corruption Yearbooks* published by the Ministry of Justice Investigation Bureau (MJIB) from 1993 to 2008. Table 1 indicates that there were 6,043 corruption cases and 28,537 suspects during 1989-2008. Table 2 identifies the six common forms of corrupt practices in Taiwan during 1989-2002 with illicit gains (33.6 percent) being the most common practice, followed by malfeasance and other types (19.3 percent), bribery (17.7 percent), misappropriation of public funds (16.4 percent), and graft (13 percent). Table 3 shows that civil servants constitute 48.5 percent of the 28,537 suspects from 1989-2008. It should be noted that during this 19-year period, civil servants constitute the majority during 11 years: from 1989-1998 and 2001. In contrast, the majority of the suspects are non-civil servants from 1999-2000 and from 2002-2008. Table 4 indicates that the four major types of corruption investigated by MJIB from 1992-2002 were: public office election bribery (938 cases); public works construction (739 cases); judicial fraud (376 cases); and 195 cases of police corruption from 1995-2002 as data from 1992-1994 were not available.

Police corruption was the fourth most common type of corruption in Taiwan from 1995-2002 as Table 4 shows that there were 195 cases during this period. The police force in Taiwan is "marred by corruption, incompetence, and low morale."⁶¹ Indeed, police corruption is a serious problem in Taiwan because many local police officers are "closely affiliated with, and take bribes from, gangsters, politicians, and business owners within their jurisdictions."⁶² Apart from disciplinary problems, the police in Taiwan are plagued by many scandals. For example, in July 2006, the promotion of a corrupt police officer in Kaohsiung undermined police morale until a whistleblower revealed that the officer had received bribes. Three months later, four immigration police officers were arrested for accepting NT\$5 million in bribes from a human smuggling syndicate that arranged the fraudulent marriages of 80 mainland Chinese women with Taiwanese men. In November 2006, nine police officers

60. Taylor, *The Generalissimo*, p. 525.

61. Ko-lin Chin, *Heijin: Organized Crime, Business, and Politics in Taiwan* (Armonk: M.E. Sharpe, 2003), p. 185.

62. *Ibid.*, p. 185.

TABLE 1. CORRUPTION CASES AND SUSPECTS IN TAIWAN, 1989-2008

Year	No. of Cases	No. of Suspects
1989	315	1,187
1990	480	1,586
1991	413	1,241
1992	272	703
1993	276	878
1994	299	913
1995	269	908
1996	272	1,022
1997	260	977
1998	239	752
1999	256	931
2000	247	946
2001	315	1,544
2002	264	932
2003	334	2,142
2004	309	2,233
2005	273	1,643
2006	254	2,056
2007	395	3,190
2008	301	2,753
Total	6,043	28,537

Sources: Republic of China, *Anti-Corruption Yearbook 1993-2002* (Taipei: Ministry of Justice Investigation Bureau, 1995-2003), various pages; and Republic of China, *Anti-Corruption Yearbook 2008* (Taipei: Ministry of Justice Investigation Bureau, 2009), pp. 219 and 244, available at <http://www.mjib.gov.tw/newworkitem/crime/event/97event/fscommand/english.pdf>.

were prosecuted for accepting bribes from vice establishments, and illegal casinos and mahjong parlors.⁶³

The police force in Taiwan is closely linked with the underworld as more than 70 percent of its officers are from the counties of Changhua, Yunlin, Chiayi, and Pingtung, where most gangsters come from. This explains why the police and criminals “get along so well” since they originate from the same counties.⁶⁴ Hence, it is not

63. These cases of police corruption are taken from Sonny Shiu-Hing Lo, “The Politics of Controlling *Heidao* and Corruption in Taiwan,” *Asian Affairs: An American Review*, Vol. 35, No. 2 (Summer 2008): 72-73

64. Chin, *Heijin*, p. 185.

**TABLE 2. TYPES OF CORRUPT PRACTICES
IN TAIWAN, 1989-2002**

Year	Illicit Gains	Malfeasance and other types	Bribery	Misappropriation of public funds	Graft	Total no. of cases
1989	149	7	73	56	30	315
1990	176	61	108	81	54	480
1991	157	52	74	82	48	413
1992	100	27	37	74	34	272
1993	112	33	56	41	34	276
1994	128	39	38	51	43	299
1995	85	54	47	46	37	269
1996	89	38	66	37	42	272
1997	70	65	46	36	43	260
1998	80	47	41	44	27	239
1999	79	72	31	35	39	256
2000	58	99	28	35	27	247
2001	70	114	52	36	43	315
2002	50	98	44	32	40	264
Total	1403 (33.6%)	806 (19.3%)	741 (17.7%)	686 (16.4%)	541 (13%)	4177 (100%)

Sources: Republic of China, *Anti-Corruption Yearbook 1993-2002* (Taipei: Ministry of Justice Investigation Bureau, 1995-2003), various pages.

surprising that the police in Taiwan are “corruptible and act in ways that are not in the public interest but designed to protect their public image.”⁶⁵

Vote-buying in Elections

Vote-buying is defined as “the exchange of money or gifts for a vote” between candidates or their agents (vote brokers) and voters during an election campaign with the aim of winning the election.⁶⁶ Joseph Bosco has identified two types of vote-buying in Taiwan. First, in most cases of vote-buying, the gift is usually money. In addition to money, many candidates give soap, towels, or china and the KMT gives such gifts as pens, paperweights, and watches.⁶⁷ Other gifts provided by candidates to influence voting include election banquets, transfer of loans, increasing employees’ salaries, and

65. *Ibid.*, p. 185.

66. Chung-li Wu and Chi Huang, “Politics and Judiciary Verdicts on Vote-Buying Litigation in Taiwan,” *Asian Survey*, Vol. 44, No. 5 (September/October 2004): 757.

67. Bosco, “Taiwan Factions,” 169.

**TABLE 3. CORRUPTION SUSPECTS IN
TAIWAN BY TYPE, 1989-2008**

Year	Civil Servants	Non-Civil Servants	Total Suspects
1989	678 (57.1%)	509 (42.9%)	1,187 (100%)
1990	1,027 (64.8%)	559 (35.2%)	1,586 (100%)
1991	817 (65.8%)	424 (34.2%)	1,241 (100%)
1992	465 (66.1%)	238 (33.9%)	703 (100%)
1993	531 (60.5%)	347 (39.5%)	878 (100%)
1994	574 (62.9%)	339 (37.1%)	913 (100%)
1995	599 (66.0%)	309 (34.0%)	908 (100%)
1996	657 (64.3%)	365 (35.7%)	1,022 (100%)
1997	513 (52.5%)	464 (47.5%)	977 (100%)
1998	449 (59.7%)	303 (40.3%)	752 (100%)
1999	431 (46.3%)	500 (53.7%)	931 (100%)
2000	378 (40.0%)	568 (60.0%)	946 (100%)
2001	874 (56.6%)	670 (43.4%)	1,544 (100%)
2002	428 (46.0%)	504 (54.0%)	932 (100%)
2003	746 (34.8%)	1,396 (65.2%)	2,142 (100%)
2004	955 (42.8%)	1,278 (57.2%)	2,233 (100%)
2005	689 (41.9%)	954 (58.1%)	1,643 (100%)
2006	733 (35.7%)	1,323 (64.3%)	2,056 (100%)
2007	1,234 (38.7%)	1,956 (61.3%)	3,190 (100%)
2008	1,058 (38.4%)	1,695 (61.6%)	2,753 (100%)
Total	13,836 (48.5%)	14,701 (51.5%)	28,537 (100%)

Source: As in Table 1.

payment of voters' tax bills.⁶⁸ For example, of the 91 cases of electoral corruption in 2007, 46 cases were vote-buying with money, 16 cases involved vote-buying with gifts, and 11 cases concerned vote-buying with meals. The most common gifts in vote-buying were tea, imported liquor, cigarettes, clothing and pots. For vote-buying with meals, the candidates paid for fund raising parties, year-end parties, community parties, or company parties, and solicited votes from those attending these parties.⁶⁹

68. Wu and Huang, "Politics and Judiciary Verdicts on Vote-Buying Litigation in Taiwan," 757.

69. Republic of China, *Anti-Corruption Yearbook 2007* (Taipei: Ministry of Justice Investigation Bureau, 2008), pp. 31-32.

TABLE 4. CASES INVESTIGATED BY MAJOR TYPES OF CORRUPTION, 1992-2002

Year	Public Office Election Bribery	Public Works Construction	Judicial Fraud	Police Corruption
1992	21	47	62	NA
1993	13	49	51	NA
1994	128	46	43	NA
1995	70	42	35	31
1996	66	55	33	29
1997	10	106	40	29
1998	89	89	26	15
1999	39	56	25	20
2000	10	86	25	13
2001	67	88	23	23
2002	425	75	13	35
Total	938	739	376	195

Sources: Republic of China, *Anti-Corruption Yearbook 1995* (Taipei: Ministry of Justice Investigation Bureau, 1996), pp. 50-51; Republic of China, *Anti-Corruption Yearbook 1999* (Taipei: Ministry of Justice Investigation Bureau, 2000), p. 69; Republic of China, *Anti-Corruption Yearbook 2001* (Taipei: Ministry of Justice Investigation Bureau, 2002), p. 66; and Republic of China, *Anti-Corruption Yearbook 2002* (Taipei: Ministry of Justice Investigation Bureau, 2003), p. 37.

For vote-buying involving money, the amount was less than the value of a day's work. For example, voters in Wandan received between NT\$200 (US\$7.70) and NT\$300 (US\$11.50) for the township executive and NT\$200 for County Assembly representative in January 1990. It should be noted that for this first type of vote-buying, "money does not buy votes but firms up the loyalty of supporters."⁷⁰ Furthermore, the voters are obligated to accept the money offered because they know the donors and consider the money as a gift and not a purchase.⁷¹

Second, true vote-buying occurs when candidates have to spend more money per vote and to solicit in those areas where they would not receive support. In the January 1990 Xinyuan Township election, votes were sold for between NT\$500 to NT\$600 (US\$19 to US\$23) each.⁷² However, the amount has increased to between

70. Bosco, "Taiwan Factions," 169.

71. *Ibid.*, 170.

72. *Ibid.*, 170.

NT\$500 to NT\$1,000 per vote for legislators, county or city counselors, or neighborhood heads in 2007. For the election of chairperson and vice-chairperson of township or town representative assemblies, the cost of a vote has increased to NT\$500,000.⁷³

Faction leaders and candidates rely on *tiau-a-ka* or vote brokers to influence voters to vote for them. Accordingly, candidates reward *tiau-a-ka* with money and gifts and entertain them with banquets and trips during election campaigns.⁷⁴ Candidates in a Taipei City election paid these amounts to their vote brokers: NT\$10,000 to NT\$20,000 (US\$400 to US\$800) and such gifts as cassette recorders, calculators, tea pot sets etc. to ward leaders; NT\$10,000 (US\$400) to sub-district committee chairpersons; NT\$5,000 (US\$200) to sub-district committee secretariats and ward administrators; and NT\$2,000 (US\$80) to neighborhood leaders.⁷⁵

Furthermore, vote-buying also depends on the target. For the direct elections of the president, city mayor, county magistrate, township mayor, village chief and other elected public representatives, the target of vote-buying is a citizen who has the right to vote. However, for the election of speaker and deputy assembly speaker, those public representatives who can vote for these positions are the targets of vote-buying. Generally, the targets of vote-buying in local elections are easier to monitor and vote-buying is more effective in such elections because of the smaller electoral districts with fewer voters.⁷⁶

There are two functions of vote-buying. The first function of vote-buying is the redistribution of wealth where “the poor voter exchanges the political ‘power’ of his vote for money while the wealthy politician exchanges his wealth for power.”⁷⁷ In Taiwan, this function of vote-buying is secondary because “each vote is worth about one-third of a day’s wages” in contrast to the Philippines where each vote is equivalent to a month’s income.⁷⁸ However, in Taiwan, the second function of vote-buying is to make the voters aware of the candidates competing in the election. This func-

73. Republic of China, *Anti-Corruption Yearbook 2007*, p. 31.

74. Rigger, *Politics in Taiwan*, pp. 87 and 92.

75. Liu I-chou, “The Electoral Effect of Social Context Control on Voters: The Case of Taipei, Taiwan,” (Ph.D. dissertation, University of Michigan, 1990), p. 82, quoted in *ibid.*, p. 92.

76. Wu and Huang, “Politics and Judiciary Verdicts on Vote-Buying Litigation in Taiwan,” 757.

77. Jacobs, *Local Politics in Rural Taiwan under Dictatorship and Democracy* (Norwalk: EastBridge, 2008), pp. 176-177.

78. *Ibid.*, p. 177.

tion is more important because it makes the voters aware of the campaign and encourages them to vote. Thus, vote-buying increases popular participation and the voters' awareness of the political process.

J. Bruce Jacobs contends that vote-buying in Taiwan has an "ethic" or "morality" because:

A voter may take money from a candidate only if he will vote for the candidate. If he does not go to the polls or votes for another candidate, the money must be returned. Thus, a voter cannot take money from two competing candidates.⁷⁹

After observing elections in Taiwan, Jacobs found that the campaign managers enforced this ethic of vote-buying by asking those voters who did not follow this ethic to return the money they had accepted. However, WANG Chin-shou found that 45 percent of those voters who had received money did not vote for the KMT candidates in the 1993 elections.⁸⁰ As the competing candidates offered voters the same amount for their vote, voters usually sold their votes to the candidate or campaign aide with whom they had the closest *guanxi*.⁸¹

During the December 1989 Legislative Yuan election, the first election held after the lifting of martial law in July 1987, the wealthy candidates hosted lavish banquets or bought votes while most of the other candidates solicited money from businessmen to pay for their costly campaigns.⁸² A businessman said that he had to pay NT\$100,000 (US\$3,846) for a "small favor" from a legislator, and between NT\$500,000 (US\$19,230) and NT\$1 million (US\$38,461) for a "big favor."⁸³ The American observers of the election were shocked to learn that the candidates had spent between NT\$30 to NT\$80 million (US\$1.15 to US\$3.07 million) each to contest the election. During the first nine days of campaigning for the election

79. Ibid., p. 177.

80. Wang, Chin-shou. "The Dilemmas of Clientelism: Electoral Mobilization of Clientelism in Taiwan, 1993," (Chapel Hill: University of North Carolina Center for International Studies Carolina Papers on Democracy and Human Rights, No. 1, 2001), p. 54.

81. Jacobs, *Local Politics in Rural Taiwan under Dictatorship and Democracy*, p. 177.

82. Linda Chao and Ramon H. Myers, *The First Chinese Democracy: Political Life in the Republic of China on Taiwan* (Baltimore: John Hopkins University Press, 1998), p. 167.

83. Ibid., p. 167.

(November 17-26, 1989), 176 violations were reported but only 19 were prosecuted.⁸⁴

TABLE 5. NUMBER OF PROSECUTED VOTE-BUYING CASES INVESTIGATED BY THE MINISTRY OF JUSTICE INVESTIGATION BUREAU, 1993-2008

Year	No. of Vote-buying Cases Investigated
1993	13
1994	121
1995	35
1996	54
1997	52
1998	92
1999	39
2000	11
2001	155
2002	435
2003	81
2004	32
2005	369
2006	497
2007	91
2008	148
Total	2,225

Source: Republic of China, *Anti-Corruption Yearbook 2008* (Taipei: Ministry of Justice Investigation Bureau, 2009), p. 251, Table 2.21, available at <http://www.mjib.gov.tw/new/workitem/crime/event/97event/fscommand/English.pdf>.

During 1994-1995, seven local elections were held in Taiwan involving 14 million voters, who elected more than 13,000 people's representatives and heads of provincial, county, city, township and village governments. However, the emergence of money politics prompted the government to initiate large-scale investigations, searches, seizures and arrests on vote-buying in many parts of Taiwan during and after the elections in 1994. The government found that there was vote-buying in 18 out of 23 cities and counties, and 341 councilmen (or 39 percent of all the 883 councilmen) were in-

84. *Ibid.*, p. 167.

dicted.⁸⁵ On November 30, 2001, the Justice Minister CHEN Dingnan revealed that 3,509 vote captains were arrested for their involvement in bribery cases related to the December 2001 legislative election.⁸⁶ Table 5 shows that 2,225 prosecuted vote-buying cases were investigated by the MJIB from 1993-2008.

Heijin or "Black Gold" Politics

In Taiwan, the literal meaning of *heijin* is "black gold" as *hei* or black refers to gangsters or the underworld, and *jin* means money or rich businessmen.⁸⁷ More specifically, Ko-lin CHIN has defined "black gold" politics as "the penetration into politics of violent underworld figures and greedy business tycoons and the inevitable subsequent social ills such as vote buying, political violence, insider trading, bid rigging, and official (and unofficial) corruption."⁸⁸ A related term, *heidao*, means "the black way" and refers to the underworld in Taiwan.⁸⁹

The abolition of martial law in Taiwan had the unintended consequence of escalating gang violence because of the availability of handguns and the release of those criminals who were arrested during "Operation Cleansweep" in October 1984. Some of these criminals transformed themselves into businessmen and politicians and called themselves *dongshizhang* (chairmen of the board) and *mindai* (elected representatives) respectively. Consequently, "Operation Thunderbolt" was launched in 1990 to destroy the Celestial Alliance, which was formed in prisons by those crime bosses who were arrested in 1984.⁹⁰

As Taiwan became more democratic in the early 1990s with the emergence of many political parties, many gangsters realized that they had to become politicians to protect themselves from future crackdowns. The increased involvement of gangsters in politics and business resulted in "Operation Chih-ping" in 1996, which targeted

85. Ma Ying-jeou, "War on Election Bribery" (Taipei: Ministry of Justice, December 1, 1995), p. 1.

86. Jimmy Chuang, "Minister says the anti-vote-buying effort is successful," *Taipei Times*, December 1, 2001, p. 1.

87. Cal Clark, "Democratization and the evolving Nature of Parties, Issues, and Constituencies in the ROC," in Peter C.Y. Chow (ed.), *Taiwan's Modernization in Global Perspective* (Westport: Praeger Publishers, 2002), p. 148.

88. Chin, *Heijin*, p. 5.

89. *Ibid.*, p. 8.

90. *Ibid.*, p. 7.

gangsters who were local politicians.⁹¹ MA Ying-jeou, who was the Minister of Justice from 1993-1996, led "Operation Chih-ping," which resulted in the arrest of 100 gangsters, including some politicians.⁹² However, in spite of these crackdowns, the crime rate in Taiwan increased by nearly three times during 1961-1997.⁹³

The Taiwanese government classifies criminals and their organizations into organized gangs, *jiaotou* or local Taiwanese crime groups of between 20-50 members, and loosely knit groups with less than 20 members.⁹⁴ In 1998, there were, according to the National Police Administration (NPA) of Taiwan, 1,274 gangs, *jiaotou* groups, and loosely knit groups with the *jiaotou* groups constituting 47 percent, the loosely knit groups 41 percent, and the organized gangs 12 percent. However, since the implementation of the Organized Crime Prevention Law in 1996, few organized gangs have been indicted.⁹⁵

How serious is the problem of "black gold" politics in Taiwan? In 1994, the MJIB's Director-General, WU Tung-ming, revealed that 62 councilors had *heidao* (underworld) backgrounds. During the same year, the NPA's Hoodlum Division indicated that there were 28 hoodlums, 29 gangsters, and 150 individuals with *heidao* connections among 883 city and county councilors. Intelligence reports in 1995 estimated that 37.8 percent of town representatives had *heidao* backgrounds, followed by 26.5 percent of county and city councilors, and 3 percent of the national representatives. In his November 16, 1996 speech to the business community, the Minister of Justice, LIAO Cheng-hao, informed his audience that 286 councilors or one-third of the 858 city and county councilors had links to the underworld. He added that 25 percent of the Provincial Assembly members and 5 percent of the legislators and National Assembly deputies had *heidao* backgrounds. In 1997, the NPA Commissioner declared that almost all the chairpersons and members of the Law and Order Committees of the elected bodies had *heidao* affiliations. Finally, the President of Academia Sinica, LEE

91. Julian Baum, "Hard guys get hit: Public outrage spurs crackdown on gangs," *Far Eastern Economic Review*, February 19, 1996, 18-20.

92. Lynn T. White, *Political Booms: Local Money and Power in Taiwan, East China, Thailand, and the Philippines* (Singapore: World Scientific Publishing, 2009), p. 334.

93. Chin, *Heijin*, p. 8. Chin provides a detailed description of these three operations and their impact on pp. 168-179.

94. *Ibid.*, pp. 9 and 11.

95. *Ibid.*, p. 11.

Yuan-tseh, claimed that half of the elected deputies had *heidao* backgrounds.⁹⁶

In his 2001 assessment of democracy in Taiwan, Larry Diamond identified “black gold” politics as one of the five challenges undermining Taiwan’s democracy and hindering its consolidation.⁹⁷ While the three major political parties are affected by political corruption and vote-buying among their elected officials and candidates, the KMT is the “most burdened” with “black gold” politics as many of its bosses and vote brokers are criminals with links to organized crime. LIEN Chan’s association with notorious “black gold” personalities like LO Fu-chu and WU Tse-yuan during the 2000 presidential election campaign undermined his chances of winning the election.⁹⁸ As “criminal penetration of electoral politics is most pervasive at the lowest levels,” Diamond has recommended that city and county councilors should not be immune from prosecution and that election laws should be amended to prevent those with criminal records from standing for election for public office.⁹⁹

The term “black gold” evokes the nexus between bribery and gangsters and the Taiwanese people are aware that it is a serious problem through their knowledge of vote-buying in local and national elections and the collusion between civil servants, politicians and gangsters in bid rigging. In their view, *heijin* is “linked with the \$6 billion in assets on which the KMT reportedly draws to buy votes.”¹⁰⁰ Indeed, the KMT has been blamed for the development of “black-gold” politics because it has cultivated the support of gangsters and *jiaotou* figures to ensure that its candidates win elections.¹⁰¹

However, it is more accurate to attribute the development of “black gold” politics in Taiwan to the symbiosis or convergence of interests between the three stakeholders: businessmen, gangsters, and politicians. First, businessmen prefer to be associated with politicians because those enterprises that are closely related with pow-

96. *Ibid.*, p. 15, Table 1.1.

97. Larry Diamond, “How Democratic is Taiwan? Five Key Challenges for Democratic Development and Consolidation,” (Paper presented at the Symposium on “The Transition from One-Party Rule: Taiwan’s New Government and Cross-Straits Relations” at Columbia University, New York, USA, April 6-7, 2001), p. 4.

98. *Ibid.*, p. 5.

99. *Ibid.*, p. 7.

100. Allen T. Cheng, “The Curse of ‘Black Gold’: Lee Teng-hui’s darker legacy may be a political culture riddled with corruption and gangsters,” *Asiaweek*, Vol. 26, No. 10 (March 17, 2000): 24.

101. Chin, *Heijin*, pp. 14-15.

erful politicians are more likely to get government contracts and receive government aid when they are in financial distress and also "less likely to be targeted by law enforcement authorities for irregular business practices."¹⁰² Businessmen also like to be associated with gangsters to provide protection against gang victimization and help them settle business disputes in private. Businessmen who run for public office also rely on gangsters in their election campaigns.

Second, gangsters benefit from the protection provided by politicians from law enforcement authorities. Elected deputies usually visit police stations to ensure the quick release of their constituents if they are arrested. Politicians also help gang members from being harassed by police raids on their vice businesses. Similarly, businessmen provide gangsters with many opportunities for making money and help them by patronizing their gambling operations.¹⁰³

Third, politicians rely on businessmen to provide them with campaign funds. They also associate with gangsters because gang members are good vote captains. In other words, "money from businessmen can help politicians buy votes, and intimidation from the gangs can ensure the efficiency of vote buying."¹⁰⁴

Unlike the problem of mob penetration into business and politics in other countries, Ko-lin CHIN contends that "black gold" politics in Taiwan is "qualitatively different" because the integration of the underworld and underworld has contributed to the "development of a morally confusing society where politicians are talking and acting like gangsters and gangsters are talking and acting like politicians."¹⁰⁵

IV. CAUSES OF CORRUPTION IN TAIWAN

Having discussed the perceived extent of bureaucratic corruption, vote-buying, and *heijin* or "black gold" politics, it is necessary now to identify the five major causes of corruption in Taiwan. Leslie Palmier has identified three important causes of corruption from his comparative analysis of anti-corruption measures in Hong Kong, India and Indonesia. According to Palmier:

Bureaucratic corruption seems to depend not on any one of the [three] factors identified, but rather on the balance between them. At one extreme, with few opportunities,

102. *Ibid.*, p. 16.

103. *Ibid.*, pp. 17-18.

104. *Ibid.*, p. 16.

105. *Ibid.*, p. 19.

good salaries, and effective policing, corruption will be minimal; at the other, with many opportunities, poor salaries, and weak policing, it will be considerable.¹⁰⁶

In other words, corruption results from the combined effect of ample opportunities, low salaries, and the low probability of detection and punishment for corrupt behavior.

However, Palmier's analysis of the causes of corruption in Asian countries is incomplete as he has excluded two important factors namely: cultural influences like the tradition of gift-giving and the importance of patronage or *guanxi*; and the commitment of the incumbent government in curbing corruption.¹⁰⁷ Accordingly, the aim of this section is to analyze the contribution of these five factors to corruption in Taiwan.

Low Salaries

Surveys conducted in many Asian countries confirm the significance of low salaries as this has been identified as an important cause of corruption by the respondents. As civil service salaries in Taiwan have improved with the country's economic growth, the salary differential between the public and private sectors today is a more important cause of corruption than low salaries, which was a key factor in the past.

Historically, the best example of using high salaries to prevent corruption in Taiwan was reflected in the honesty of the Japanese judicial officials during the colonial period. While the judiciary was criticized by many Taiwanese anti-government political organizations during the Japanese colonial period, there was no doubt that the Japanese judges and procurators were honest because of their high rank, high salaries and high social status. On the other hand, the magistrates during Ch'ing imperial rule (1683-1895) were corrupt because their official salaries were "so low that they could neither support their families and private legal staff nor make 'presents' to their superiors. It was only natural that they accepted bribes from litigants."¹⁰⁸

106. Leslie Palmier, *The Control of Bureaucratic Corruption: Case Studies in Asia* (New Delhi: Allied Publishers, 1985), p. 272.

107. Jon S.T. Quah, "Curbing Asian Corruption: An Impossible Dream?" *Current History*, Vol. 105, No. 690 (April 2006): 177.

108. Tay-sheng Wang, *Legal Reform in Taiwan under Japanese Colonial Rule, 1895-1945: The Reception of Western Law* (Seattle: University of Washington Press, 2000), p. 86.

As discussed in Section III, low salaries constituted an important reason for the civil service's ineffectiveness in Taiwan during the 1930s. According to Keith Maguire, "the salary levels of the lower echelons of the bureaucracy were so bad that corruption became necessary in order for those officials to survive."¹⁰⁹ He had attributed the endemic corruption in the civil service to the "poor" salaries of civil servants.¹¹⁰

The KMT government's "irresponsible fiscal policy" resulted in inflation as the "incomes of salaried workers had increased only 31 times over the 1937 level, but the cost of living had increased 183 times" by December 1943.¹¹¹ Consequently, many qualified persons did not join the civil service because "they could not make ends meet with their official salaries." Some civil servants "had to hold several jobs at the same time in order to draw several salaries concurrently, or to pursue sideline businesses to supplement their official incomes." However, many civil servants "simply threw their scruples to the winds and indulged in reckless corruption."¹¹²

In July 1962, Fatsang LEY, the Taiwanese Minister of Personnel, admitted that "our existing salary situation leaves much room for improvement" because "we can hardly afford to pay our government employees really adequately nowadays" and consequently, they are forced by circumstances to live "on a bare subsistence salary."¹¹³ While not mentioning explicitly the need to prevent corruption, he stressed that "any salary reform" should address these three objectives:

1. The salary scale should be good enough for the purpose of recruiting and keeping well qualified personnel.
2. The salary should be adequate enough to make people willing to do their best.
3. The salary plan should be so designed as will tend to develop the team spirit among fellow-workers in an organization or agency and boost the group morale.¹¹⁴

109. Maguire, *The Rise of Modern Taiwan*, p. 23.

110. Maguire, "Modernization and Clean Government," 81.

111. Ch'i, *Nationalist China at War*, p. 175.

112. *Ibid.*, p. 175.

113. Fatsang Ley, "Chinese Civil Service: Past, Present and Future," (Address at the Summer Institute in Chinese Civilization for Professors of American Universities and Colleges at Tunghai University, Taichung, Taiwan on July 20, 1962), pp. 8 and 12.

114. *Ibid.*, p. 12.

Accordingly, salaries and working conditions in the civil service were improved to attract the “best and brightest” Taiwanese to become civil servants.¹¹⁵ However, by 1964, corruption was rearing its ugly head again because civil service salaries failed to keep up with the rising inflation and many teachers and army officers were forced to accept bribes to maintain their living standards.¹¹⁶

To prevent corruption in the Customs Department in the late 1950s and early 1960s, the customs officials were paid higher salaries which were double those of other civil servants. Furthermore, the harsh penalties imposed for corruption also discouraged customs staff from engaging in corrupt practices. Thus, apart from minimizing corruption, the higher salaries also enabled the Customs Department to attract many talented graduates.¹¹⁷

The salaries of the political leaders in Taiwan are lower than the salaries of their counterparts in Singapore, Hong Kong, Japan and South Korea.¹¹⁸ The president of Taiwan has an annual salary of US\$180,000, followed by the prime minister, who earns US\$121,500 yearly, and ministers with annual salaries of US\$72,000. These salaries are higher than the salaries of political leaders in Malaysia, Thailand, Philippines, Indonesia, Vietnam and Cambodia.¹¹⁹ Similarly, the salaries of Taiwanese civil servants are also lower than the salaries of their counterparts in Singapore, Hong Kong, Japan and South Korea, but higher than the salaries of civil servants in Malaysia, Thailand, Philippines, Indonesia, Vietnam and Cambodia. Tables 6 and 7 provide details of the monthly salaries of administrative officers and civil servants respectively in Taiwan.

115. Maguire, “Modernization and Clean Government,” 81-82.

116. Taylor, *The Generalissimo*, p. 525.

117. Glenn P. Jenkins, Chun-yan Kuo and Keh-nan Sun, *Taxation and Economic Development in Taiwan* (Cambridge: John F. Kennedy School of Government, Harvard University and Chung-Hua Institution for Economic Research, 2003), p. 186.

118. For details of the salaries of political leaders and senior civil servants in Japan, South Korea, Hong Kong and Singapore, see these four chapters in Christopher Hood and B. Guy Peters with Grace O.M. Lee (eds.), *Reward for High Public Office: Asian and Pacific Rim States* (London: Routledge, 2003): Chapter 6, “Japan’s Pattern of Rewards for High Public Office: A Cultural Perspective,” by Akira Nakamura and Kosaku Dairokuno (pp. 105-118); Chapter 7, “The Politics of Rewards for High Public Office in Korea,” by Pan-Suk Kim (pp. 119-129); Chapter 8, “Hong Kong – Institutional Inheritance from Colony to Special Administrative Region,” by Grace O.M. Lee (pp. 130-144); and Chapter 9, “Paying for the ‘Best and Brightest’: Rewards for High Public Office in Singapore,” by Jon S.T. Quah (pp. 145-162).

119. Michael Backman, *The Asian Insider: Unconventional Wisdom for Asian Business* (Basingstoke: Palgrave Macmillan, 2004), Chapter 4, “Paying Peanuts: Politicians’ Pay in Asia,” pp. 26-28.

TABLE 6. MONTHLY SALARIES OF ADMINISTRATIVE OFFICERS

Job Title	Monthly Salary
Five Academy Department Head, Office of the Premier	NT\$314,080 (US\$9724)
Five Academy Deputy Department Head, Office of Premier	NT\$208,080 (US\$6442)
Various Ministers	NT\$184,960 (US\$5726)
Various Deputy Ministers	NT\$161,020 (US\$4985)

N.B.: The exchange rate is US\$1 = NT\$32.3 in June 2010.

Source: Data provided by the Central Personnel Administration in Taipei.

TABLE 7. MONTHLY SALARIES OF CIVIL SERVANTS

Job Title	Monthly Salary
14th Grade Permanent Secretary	NT\$140,920 (US\$4363)
Director of the 13th Grade	NT\$113,490 (US\$3514)
Division Director of the 12th Grade	NT\$108,280 (US\$3352)
Deputy Division Director of the 11th Grade	NT\$92,725 (US\$2871)
Director of the 10th Grade	NT\$83,560 (US\$2587)
Chief of the 9th Grade	NT\$68,780 (US\$2129)
Section Chief of the 8th Grade	NT\$62,945 (US\$1949)
Chief of the 7th Grade	NT\$56,545 (US\$1751)
Section Officer of the 6th Grade	NT\$48,725 (US\$1509)
Section Officer of the 5th Grade	NT\$42,050 (US\$1302)
Office Worker of the 4th Grade	NT\$39,295 (US\$1217)
Office Worker of the 3rd Grade	NT\$37,780 (US\$1170)
Clerk of the 2nd Grade	NT\$34,490 (US\$1068)
Clerk of the 1st Grade	NT\$28,470 (US\$881)

N.B.: The exchange rate is US\$1 = NT\$32.3 in June 2010.

Source: Data provided by the Central Personnel Administration in Taipei.

While Taiwanese civil servants are not poorly paid when compared to their counterparts in such Asian countries as Malaysia, Thailand, Philippines, Indonesia, Vietnam or Cambodia, what is perhaps more important is the salary gap between the public and private sectors in Taiwan. This salary gap was first highlighted by Robert Wade two decades ago:

Salary differentials are large—commonly 30 to 50 percent lower in the government than in the large-scale private sector. For example, a thirty-seven year-old deputy division chief, in a division of about twenty people, with thirteen years' experience in IDB [Industrial Development

Bureau], gets NT\$30,000 a month plus an extra month's bonus, before tax. Private firms have offered her twice as much for starters. Her boss, forty-three years old, makes NT\$33,000, and could easily double his salary in the private sector. Yet they stay, and fairly happily.¹²⁰

Wade contends that the gap between civil service salaries and private sector salaries makes civil servants vulnerable to bribes from businessmen. He wrote:

Personal connections may be sweetened with money. . . . Taiwan businesspeople know the techniques of negotiating bribe money with officialdom as a fine art. They listen for what the official says about the cost of living, what he says about his hobbies. They may bring him a cookie box full of money, present it to him as a gift for his children, and wait to see if he returns the box and contents. Or they may simply leave him with a 'red envelope,' as it is called, full of 'gift' money. Such special persuasion is concentrated in the expected places: in offices of public works, taxes, urban planning, customs, duty rebates, and traffic police.¹²¹

While civil servants earn lower salaries than their private sector counterparts, it should be recognized that their salaries are also more stable and they enjoy more benefits including a generous retirement package.¹²² In February 2009, the President of the Examination Yuan, John Kuan, explained why Taiwan would not follow Singapore's decision to reduce the salaries of senior civil servants and ministers by 19 percent because of the economic recession:

Singapore's situation was different from Taiwan's, in that senior civil servants there are offered very high salaries and a percentage of their annual salary is linked to GDP growth, while Taiwan's civil servants are not particularly highly paid and their salaries are fixed. The financial crisis should not affect the salaries of civil servants in Taiwan

120. Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990), p. 219.

121. *Ibid.*, pp. 286-287.

122. Wang Fei-yun, "Civil Service, Uncivil Image?" *Taiwan Review*, March 1, 1995, pp. 6-7, available at <http://taiwanreview.nat.gov.tw/site/Tr/fp.asp?xItem=74&CtNode=128>.

because government expenditure for personnel is less than 1 percent of GDP.¹²³

Four months later, the Central Personnel Administration (CPA) confirmed that Taiwan would not follow what Hong Kong, Singapore and South Korea did because it was “evidently improper” to cut the salaries of senior civil servants in Taiwan, which have remained the same for four years after an increase of 3 percent in 2005. According to the CPA:

The new monthly salary for a ministerial-level official in Hong Kong would be NT\$1.3 million (US\$39,900), seven times higher than the monthly payment of NT\$185,000 for a ministerial-level in Taiwan, while a Singaporean minister’s annual income is NT\$20 million, much higher than the NT\$2.5 million of their counterparts in Taiwan.¹²⁴

Red Tape

Red tape refers to “bureaucratic procedures characterized by mechanical adherence to regulations, excessive formality and attention to routine, and the compilation of large amounts of extraneous information resulting in prolonged delay or inaction.”¹²⁵ Herbert Kaufman contends that civil servants are tempted “by opportunities to sell their official discretion and information” and “by the opportunities to extort payments” as “permits can be delayed, licenses held up, deliberations protracted, proceedings prolonged, unless rewards are offered.”¹²⁶ Red tape and cumbersome administrative procedures provide civil servants with the excuse to extort bribes from those members of the public who are prepared to pay “speed money” to “cut” red tape and reduce delay by expediting their applications for permits or licenses.¹²⁷ For example, red tape in South Korea (44 documents must be submitted for a permit to build a factory) resulted in delay and increased the costs in time and money

123. “Civil servant pay won’t be cut,” *Taipei Times*, February 21, 2009, p. 3.

124. “CPA dismisses salary cut proposal,” Executive Yuan, *Taiwan Headlines*, June 18, 2009, available at <http://www.ey.gov.tw/ct.asp?xItem=55437&ctNode=1335&mp=11>.

125. Ralph C. Chandler and Jack C. Plano, *The Public Administration Dictionary*, 2nd edition (Santa Barbara: ABC-Clio Inc., 1988), p. 233.

126. Herbert Kaufman, *Red Tape: Its Origins, Uses and Abuses* (Washington, D.C.: Brookings Institution, 1977), pp. 51-53.

127. Jon S.T. Quah, “Civil Service and Corruption,” in Rajivan and Gampat (eds.), *Perspectives on Corruption and Human Development*, pp. 820-821.

for business firms, which resorted to bribing civil servants to reduce delay by expediting their applications for permits or licenses.¹²⁸

Table 8 shows that, according to the World Bank's *Doing Business Surveys* from 2007 to 2010, red tape is still a problem in Taiwan as it was ranked 47th for the ease of doing business among the 175 economies surveyed in 2007. The problem deteriorated during the next two years as Taiwan's rank for the ease of doing business

**TABLE 8. RANKING OF ASIAN ECONOMIES ON
DOING BUSINESS SURVEYS, 2007-2010**

Economy	2007 Rank (1-175)	2008 Rank (1-181)	2009 Rank (1-181)	2010 Rank (1-183)
Singapore	1	1	1	1
Hong Kong, SAR	5	4	4	3
Japan	11	12	12	15
Thailand	18	19	13	12
South Korea	23	22	23	19
Malaysia	25	25	20	23
Mongolia	45	55	58	60
Taiwan	47	58	61	46
Pakistan	74	74	77	85
Brunei	NA	83	88	96
Bangladesh	88	104	110	119
Sri Lanka	89	103	102	105
China	93	90	83	89
Nepal	100	111	121	123
Vietnam	104	87	92	93
Philippines	126	136	140	144
India	134	120	122	133
Indonesia	135	127	129	122
Bhutan	138	122	124	126
Cambodia	143	150	135	145
Lao PDR	159	162	165	167
Afghanistan	162	161	162	160
Timor-Leste	174	170	170	164

Sources: Compiled from *Doing Business 2007* (Washington, D.C.: World Bank, 2006), p. 6; *Doing Business 2009* (Washington, D.C.: World Bank, 2008), p. 6; and *Doing Business 2010* (Washington, D.C.: World Bank, 2009), p. 4. The online versions of these reports are available at <http://www.doingbusiness.org/downloads/>.

128. Myoung-soo Kim, "Regulation and Corruption," in Yong Hyo Cho and H. George Frederickson (eds.), *The White House and the Blue House: Government Reform in the United States and Korea* (Lanham: University Press of America, 1997), pp. 261-262.

declined further to 58th position in 2008, and to 61st position in 2009 among the 181 economies in the two surveys. However, in 2010, the trend is reversed as Taiwan's rank has improved to 46th position among the 183 economies for the ease of doing business.

Table 9 confirms the prevalence of red tape in Taiwan as it is ranked 29th for starting per capita. Similarly, Taiwan is ranked 97th for dealing with construction permits, which requires 28 procedures, takes 142 days, and costs 96.2 percent of the GNI per capita. However, in terms of registering property, Taiwan's 30th ranking is better than those of Hong Kong, South Korea, Japan and China, except Singapore, which is ranked 16th. The linkage between corruption and red tape is also demonstrated in Table 9 as the ranking and scores of the six Asian countries on PERC's 2010 corruption survey is correlated with their ranking for the ease of doing business for the same year. Table 9 shows that those Asian countries like Singapore and Hong Kong which are not afflicted by red tape as reflected in the ease in doing business are seen to be less corrupt than Japan, South Korea, Taiwan and China, which suffer from more cumbersome administrative regulations and procedures.

TABLE 9. EASE OF DOING BUSINESS IN SIX ASIAN COUNTRIES AND PERC SURVEY, 2010

Indicator	Singapore	Hong Kong	Japan	South Korea	Taiwan	China
Ease of doing business (rank)	1	3	15	19	46	89
<i>Starting business</i>	4	18	91	53	29	151
Procedures (no.)	3	3	8	8	6	14
Time (days)	3	6	23	14	23	37
Cost (% GNI per capita)	0.7	1.8	7.5	14.7	3.9	4.9
<i>Construction permits</i>	2	1	45	23	97	180
Procedures (no.)	11	7	15	13	28	37
Time (days)	25	67	187	34	142	336
Cost (% GNI per capita)	19.9	18.7	19.3	135.6	96.2	579.2
<i>Registering property</i>	16	75	54	71	30	32
Procedures (no.)	3	5	6	7	3	4
Time (days)	5	45	14	11	3	29
Cost (% of property value)	2.8	5.0	5.0	5.1	6.2	3.1
PERC 2010 Rank and Score	1st (1.42)	3rd (2.67)	5th (3.49)	7th (5.98)	8th (6.28)	10th (6.52)

Sources: *Doing Business 2010* (Washington, D.C.: The World Bank, 2009), pp. 114, 126, 130, 131, 150 and 156; and "Singapore least corrupt nation," *Straits Times*, March 9, 2010.

In its editorial on “Corruption still rampant” on April 5, 2001, the *Taipei Times* had recommended the reduction of red tape to curb corruption in Taiwan because:

More muddled regulations mean more administration [*sic*] discretion, which in turn means more opportunities for corruption. Administrative regulations, such as business licensing rules, should be clear and transparent. They also need to be implemented efficiently. Taiwan's many bristling, muddled regulations allow for bribery between government officials and businesses. Simple, transparent rules and efficient administration are the most important tools for preventing corruption.¹²⁹

Low Probability of Detection and Punishment for Corrupt Offenders

Corruption thrives in those Asian countries where the public perceives it to be a “low risk, high reward” activity as corrupt offenders are unlikely to be detected and punished.¹³⁰ According to Palmier, corruption in Indonesia was rampant because it was tolerated and corrupt officials were seldom punished. He concluded that while there was strong policing against corruption in Hong Kong, “policing is very poor in Indonesia, and insufficient in India.”¹³¹

On the other hand, corruption is not a serious problem in those Asian countries where corruption is viewed as a “high risk, low reward” activity as corrupt offenders are likely to be caught and severely punished. In Singapore, the penalty for corruption is imprisonment for five years and/or a fine of S\$100,000 (US\$71,119).¹³² This penalty is impartially enforced on those found guilty of corruption in Singapore regardless of their position or status in society.¹³³ The anti-corruption laws are applied “strictly and consistently” in Singapore, and high-ranking corrupt officials are “dealt with in Singapore with a severity rarely seen elsewhere.”¹³⁴ Robert P. Beschel Jr.'s comparative analysis of the successful prose-

129. Editorial, “Corruption still rampant,” *Taipei Times*, April 5, 2001, p. 8.

130. Jon S.T. Quah, *Curbing Corruption in Asia: A Comparative Study of Six Countries* (Singapore: Eastern Universities Press, 2003), p. 13.

131. Palmier, *The Control of Bureaucratic Corruption*, p. 280.

132. The exchange rate in June 2010 is US\$1 = S\$1.40609

133. Jon S.T. Quah, *Combating Corruption Singapore-Style: Lessons for Other Asian Countries* (Baltimore: School of Law, University of Maryland, 2007), pp. 20 and 37.

134. *Straits Times*, April 9, 1996, p. 3.

ction of corrupt offenders in Hong Kong and the Philippines in 1997 confirms the critical role played by punishment in curbing corruption as he found that a person committing a corrupt offense in Hong Kong was 35 times more likely to be detected and punished than his Filipino counterpart.¹³⁵

What is the punishment for corrupt offenses in Taiwan? As will be discussed in Section V on Taiwan's anti-corruption measures, Article 4 of the Anti-Corruption Statute of 1963 states that those found guilty of the five corruption offenses will be imprisoned from 10 years to life and fined a maximum amount of NT\$100 million. The penalty for accepting donations from foreign groups or foreigners is five years imprisonment. However, the penalty for accepting other donations is reduced to one year of imprisonment, detention, or a fine of NT\$30,000. The penalty for election bribery is imprisonment of five years, detention, or a fine of NT\$150,000. Article 142 of the Criminal Code states that a person who interferes with another person's right to vote will be punished by a prison term of five years. Article 143 indicates that voters demanding or accepting bribes to vote for certain candidates in elections will be imprisoned for three years and fined NT\$5,000. Finally, according to Article 144, those persons who promise, offer, or give bribes to qualified voters to influence them to vote for particular candidates will be punished with imprisonment of five years and a fine of NT\$7,000.¹³⁶

Articles 89 and 90-1 of the Public Officials Election and Recall Law of 1980 have increased the penalty for election bribery. Article 89 indicates that the punishment for a person who bribes a candidate to withdraw from the election is imprisonment of five years and a fine of between NT\$600,000 to NT\$6 million. Article 90-1 states that a person who bribes a qualified voter "from exercising his/her right to vote" will be imprisoned for five years and fined between NT\$400,000 and NT\$4 million.¹³⁷

Having specified the punishment for corruption offenses, the next consideration is how likely are offenders in Taiwan punished if they are caught for committing corrupt acts or election bribery? Table 10 shows first that the proportion of corruption cases that were

135. Robert P. Beschel Jr., *Corruption, Transparency and Accountability in the Philippines* (Manila: Asian Development Bank, 1999), p. 8.

136. "Offenses of Interference of Voting of the Criminal Code," in Republic of China, *Anti-Corruption Yearbook 1993*, p. 314.

137. The Public Officials Election and Recall Law of 1980, pp. 24-25, available at <http://www.anfrel.org/resources/laws/ThePublicOfficialsElectionandRecallLaw3.pdf>.

TABLE 10. JUDICIAL RESULTS OF CORRUPTION CASES IN TAIWAN, 1991-2002

Year	Not Prosecuted	Not Guilty First Trial Verdict	Verdict upheld by Supreme Court	Total
1991	56 (60.2%)	29 (31.2%)	8 (8.6%)	93 (100%)
1992	26 (48.2%)	18 (33.3%)	10 (18.5%)	54 (100%)
1993	25 (67.6%)	4 (10.8%)	8 (21.6%)	37 (100%)
1994	15 (42.8%)	10 (28.6%)	10 (28.6%)	35 (100%)
1995	33 (36.3%)	26 (28.6%)	32 (35.1%)	91 (100%)
1996	47 (53.4%)	17 (19.3%)	24 (27.3%)	88 (100%)
1997	34 (36.2%)	26 (27.6%)	34 (36.2%)	94 (100%)
1998	59 (59.6%)	20 (20.2%)	20 (20.2%)	99 (100%)
1999	54 (62.8%)	15 (17.4%)	17 (19.8%)	86 (100%)
2000	35 (54.7%)	12 (18.7%)	17 (26.6%)	64 (100%)
2001	27 (56.2%)	6 (12.5%)	15 (31.3%)	48 (100%)
2002	34 (65.4%)	4 (7.7%)	14 (26.9%)	52 (100%)
Total	445 (52.9%)	187 (22.2%)	209 (24.9%)	841 (100%)

Sources: Republic of China, *Anti-Corruption Yearbook 1995* (Taipei: Ministry of Justice Investigation Bureau, 1996), p. 33; Republic of China, *Anti-Corruption Yearbook 1997* (Taipei: Ministry of Justice Investigation Bureau, 1998), pp. 44-46; Republic of China, *Anti-Corruption Yearbook 1999* (Taipei: Ministry of Justice Investigation Bureau, 2000), pp. 44-49; Republic of China, *Anti-Corruption Yearbook 2001* (Taipei: Ministry of Justice Investigation Bureau, 2002), pp. 44-47; and Republic of China, *Anti-Corruption Yearbook 2002* (Taipei: Ministry of Justice Investigation Bureau, 2003), pp. 91-94.

not prosecuted ranges from 36.2 percent in 1997 to 67.6 percent in 1993. Second, the proportion of corruption cases that were found not guilty varies from 10.8 percent in 1993 to 33.3 percent in 1992. Third, the proportion of those corruption cases found guilty ranges from 8.6 percent in 1991 to 36.2 percent in 1997. Fourth, and perhaps most importantly, more than half (52.9%) of the corruption cases from 1991-2002 were not prosecuted, almost one-quarter (24.9%) of the corruption cases were found guilty, with the remaining 22.2 percent of the corruption cases found not guilty. In short, the probability of being convicted for corruption cases in Taiwan is not high as only 209 or 24.9 percent of the 841 corruption cases investigated during 1991-2002 were found guilty.

Larry Diamond has identified an important reason for the low probability of punishment of corrupt public officials in Taiwan. According to him, while the Control Yuan can impeach corrupt public officials, their punishment is decided by a committee of the Judicial

Yuan. Consequently, “many impeached officials never get seriously punished, giving the Control Yuan the image of a toothless tiger.”¹³⁸

Cheng-tian KUO has criticized the judiciary system in Taiwan for not being politically neutral. He substantiated his argument by referring to the charging of 434 local representatives in 1994 by the state attorney’s office for their involvement in bribery cases involving the election of local assembly speakers and deputy-speakers. The lower courts found 381 of the representatives guilty but the higher courts, “famous for their institutional corruption,” upheld only 37 of the guilty verdicts and “sent the others free or imposed probation only.”¹³⁹ In other words, 87.8 per cent of the 434 local representatives arrested by the state attorney’s office were found guilty by the lower courts, but only 37 guilty verdicts (9.7 percent) were upheld by the higher courts. The judges exonerated the politicians because vote-buying was viewed as part of Taiwan’s electoral culture and “a pseudo norm for politicians”¹⁴⁰ Similarly, a 1997 Ministry of Justice (MOJ) survey found that from 1993-1996 the punishment for those found guilty of vote-buying was not severe as 82 percent were sentenced to imprisonment for less than a year, and 67 percent were sentenced to probation only.¹⁴¹

Another important reason for the low conviction rate for election bribery was the lack of sufficient evidence against the offenders. The probability of conviction is enhanced if the prosecutors can present more evidence to the courts. Consequently, many offenders charged with election bribery are acquitted because of insufficient evidence. A DPP legislator, CHIU Tai-san, who was a former prosecutor, has blamed the MOJ for the low conviction rate because:

The low conviction rate is expected as the prosecutors don’t do enough to collect the evidence. And the real irony to me is the ministry has been producing a sort of certificate by which these mafia can assert their “innocence.”¹⁴²

138. Diamond, “How Democratic is Taiwan?” p. 10.

139. Cheng-tian Kuo, “Taiwan’s Distorted Democracy in Comparative Perspective,” *Journal of Asian and African Studies*, Vol. 34, No. 1 (February 2000): 99.

140. *Ibid.*, 99-100.

141. *China Times*, December 8, 1997, p. 6, quoted in *ibid.*, 100.

142. Irene Lin, “Anti-corruption drive renewed,” *Taipei Times*, January 24, 2000, p. 4.

WENG Yu-jung, a judge with 25 years experience has given two reasons for the low conviction rate for corruption and malfeasance cases in Taiwan. First, if direct evidence is lacking in these cases, it is difficult to obtain an admission of guilt from the suspect "if there is any oversight in tracking down evidence, or during the trial, if an unethical lawyer makes trouble, the result is that some of the evidence gained through great difficulty falls a bit short of the mark and the case is not tried, or the suspect is found not guilty."¹⁴³ Secondly, according to Weng, "the gap between reasonable suspicion and compelling evidence is another primary reason that a not guilty verdict is handed down after charges are pressed."¹⁴⁴ Similarly, YEN Da-ho, the Director of the MOJ's Department of Prosecutorial Affairs, has observed that it is difficult to track the act of election bribery because "vote-buying often takes the form of oral agreements, without any written records" and "the bribe money can easily be disguised as personal loans."¹⁴⁵

In short, even though vote-buying is illegal in Taiwan, it is seldom reported. Furthermore, even when vote-buying is reported, it is rarely investigated, and such investigations usually do not lead to convictions because of insufficient evidence.¹⁴⁶

Guanxi, Gift-giving, and Vote-buying

Cultural factors like *guanxi*, and the tradition of gift-giving constitute a fourth important cause of corruption in Taiwan because these factors encourage vote-buying. Yadong LUO defines *guanxi* as "the concept of drawing on connections in order to secure favors in personal relations" and "includes reciprocal obligations to respond to requests for assistance."¹⁴⁷ According to J. Bruce Jacobs, three factors influence the "closeness" of a *guanxi*: the existence of a base; the extent of "closeness" or "distance"; and the affect or *ganqing*. The closeness of *guanxi* depends on the existence of its base, which depends on "two or more persons having a commonality of shared identification."¹⁴⁸ A person with a *guanxi* base usually

143. Weng Yu-jung, "An Exploration of Judicial and Prosecution Differences Regarding Corruption and Malfeasance Cases Ruled Not Guilty," in Republic of China, *Anti-Corruption Yearbook 1995*, pp. 388-389.

144. *Ibid.*, p. 389.

145. Lin, "Anti-corruption drive renewed," p. 4.

146. White, *Political Booms*, p. 325.

147. Yadong Luo, *Guanxi and Business*, 2nd ed. (Singapore: World Scientific Publishing, 2007), p. 2.

148. Jacobs, *Local Politics in Rural Taiwan under Dictatorship and Democracy*, p. 51.

shares an aspect of personal identification with another person such as family, hometown, school or place of work.¹⁴⁹ There are six possible bases for *guanxi* namely: locality or dialect; fictive kinship (persons with the same surname); kinship; work place; trade associations or social clubs; and friendship.¹⁵⁰

Gift-giving is a common tradition in many Asian countries, including Taiwan. In China, “*guanxi* arose as a way to defuse and subvert the elaborate regulations and restrictions that the state redistributive economy imposed on everyday life.”¹⁵¹ While the construction and maintenance of *guanxi* do not require gift-giving, nevertheless, “giving gifts is a Chinese tradition that can indicate goodwill or respect.”¹⁵² Indeed, “the Chinese emphasis on personal connections (*guanxi*) makes it hard to distinguish between business-as-usual and corruption.”¹⁵³ According to Luo, whether gift-giving is perceived as the cultivation of *guanxi* or bribery, depends on the motivation of the person who provides the gift:

If a government official takes money in exchange for providing help, it is a bribe. If one gives a person a birthday gift, however, it is relationship-building. If one spends money by taking someone out to tea, it is not bribery.¹⁵⁴

Vote-buying is important in local elections in Taiwan because it cements the connection between *guanxi* and gift-giving. On the one hand, most of the votes in rural elections in Taiwan are “bought, sold and cast on the basis of *guanxi*” as candidates cannot buy votes unless they have a close *guanxi* with the voters.¹⁵⁵ As gift-giving is an important social tradition in Taiwan, the voters do not object to vote-buying because they have a close *guanxi* with the candidates and therefore view the money offered as a gift and not as a bribe for their votes. According to Mr Lin, a campaign worker for a DPP candidate, “the money is only seen as ‘a basic gift’ while the interpersonal relationship is normally the major factor contributing to

149. Ibid., p. 51.

150. Luo, *Guanxi and Business*, pp. 5-6.

151. Ibid., p. 27.

152. Ibid., p. 28.

153. Schumpter, “The panda has two faces,” *Economist*, March 31, 2010.

154. Luo, *Guanxi and Business*, p. 29. See also, Mayfair Mei-hui Yang, *Gifts, Favors, and Banquets: The Art of Social Relationships in China* (Ithaca: Cornell University Press, 1994), pp. 62-63 and 202.

155. Jacobs, *Local Politics in Rural Taiwan under Dictatorship and Democracy*, p. 177.

the success of vote-buying.”¹⁵⁶ Indeed, vote-buying is acceptable to most voters because they consider it as “a form of gift-giving intended to demonstrate a candidate’s compassion, good will or respect.”¹⁵⁷ Nevertheless, the reality is that gifts reinforce the personal relationships between the candidates and voters, and cast “the shadow of corruption over elections” in Taiwan.¹⁵⁸

Elections have been held at the local level after the relocation of the KMT government from mainland China to Taiwan in December 1949.¹⁵⁹ However, elections at the national level have only been held since 1969. Two types of voting systems are used for both local and national elections in Taiwan: the single-member district (SMD) plurality system for the election of administrative officers such as county magistrates and city mayors; and the single non-transferable vote (SNTV) system for the election of the members of the legislative bodies at various levels.¹⁶⁰ The SNTV is “an electoral system in which each voter casts one nominal and nontransferable vote in a multi-seat district, and the winners are the M highest vote-getters, where M refers to the district magnitude.”¹⁶¹ The SNTV system, which was the Japanese colonial era’s “most significant political legacy,”¹⁶² was used to elect members to the legislatures in Taiwan from 1992 to 2004.¹⁶³

John Fuh-sheng Hsieh has highlighted two disadvantages of the SNTV system. First, politics may become more radical as candidates “may go to extremes to appeal to certain types of voters” because they do not need many votes to get elected.¹⁶⁴ The second

156. Quoted in Thomas J. Bellows, “Politics, Elections, and Political Change in Taiwan,” *Asian Journal of Political Science*, Vol. 2, No. 1 (June 1994): 121.

157. Frederic Charles Schaffer, “Vote buying in East Asia,” in Robin Hodess *et al.* (eds.), *Global Corruption Report 2004* (Berlin: Transparency International, 2004), p. 84.

158. Rigger, *Politics in Taiwan*, p. 88.

159. The first election of city and county council members was held on July 1, 1950. For details of the 11 elections held in Taiwan between July 1950 and February 1986, see Bellows, “Politics, Elections, and Political Change in Taiwan,” 128, Table 1.

160. John Fuh-sheng Hsieh, “The SNTV System and Its Political Implications,” in Hung-mao Tien (ed.), *Taiwan’s Electoral Politics and Democratic Transition: Riding the Third Wave* (Armonk: M.E. Sharpe, 1996), p. 195.

161. Matthew Soberg Shugart and Martin P. Wattenberg (eds.), *Mixed-Member Electoral Systems: The Best of Both Worlds?* (Oxford: Oxford University Press, 2001), p. 599.

162. Rigger, *Politics in Taiwan*, p. 39.

163. Willy Jou, “Electoral Reform and Party System Development in Japan and Taiwan,” *Asian Survey*, Vol. 49, No. 5 (September/October 2009): 761.

164. Hsieh, “The SNTV System and Its Political Implications,” pp. 208-209.

and more serious weakness is that the SNTV system encourages vote-buying and corruption. According to Hsieh:

. . . the fact that candidates under the SNTV system tend to rely heavily on personal connections, money, or physical force not only pollutes the electoral process but also causes damage to political life in general. Such irregularities as vote-buying and the use of brute force, although not a part of the SNTV system per se, may find ample opportunities to arise. After the election, candidates who have benefited from corrupt practices may have to do something to cover the costs or to return the favors, contaminating everyday political life. This has long been a problem in Taiwan, and it has worsened in recent years.¹⁶⁵

Larry Diamond recommended in March 2000 that “any alternative would be preferable” to the SNTV electoral system, which had contributed to factionalism, undermined party coherence, and increased campaign costs.¹⁶⁶ In April 2001, he recommended these feasible alternatives: “pure SMD [single-member districts], pure PR [proportional representation], a mixed system (in which 50 or 60 percent of the seats are chosen by SMD and the other portion by PR), or the German system (purely proportional in overall representation, but with half the seats elected from single-member districts).” According to Diamond, “Any one of these would be better than the current system.”¹⁶⁷

In his 2002 article on the KMT’s future, Hsieh argues that even though the KMT is responsible for the development of “black gold” politics in Taiwan, the SNTV system is also an important cause of political corruption because it encourages intra-party competition in election campaigns. Indeed, competition among KMT candidates provides opportunities for large business companies and gangsters to interfere in the electoral process.¹⁶⁸ He concludes that the “black gold” problem can only be solved if there is electoral reform.¹⁶⁹

165. *Ibid.*, p. 209. For a similar analysis, see Yeh-lih Wang, “The Political Consequences of the Electoral System: Single Nontransferable Voting in Taiwan,” *Issues and Studies*, Vol. 32, No. 8 (August 1996): 99.

166. Larry Diamond, “What the election signifies for democracy,” *Taipei Times*, March 15, 2000, p. 10.

167. Diamond, “How democratic is Taiwan?” p. 17.

168. John Fuh-sheng Hsieh, “Whither the Kuomintang?” in Bruce J. Dickson and Chien-min Chao (eds), *Assessing the Lee Teng-hui Legacy in Taiwan’s Politics: Democratic Consolidation and External Relations* (Armonk: M.E. Sharpe, 2002), pp. 124-125.

169. *Ibid.*, p. 125.

On August 23, 2004, the constitutional amendment bill on legislative reform and downsizing was passed in the National Assembly, which resulted in its abolition and the reduction of the number of legislative seats from 225 to 113.¹⁷⁰ More importantly, the electoral system for the Legislative Yuan was changed from the SNTV system to a mixed –member system based on the Japanese model and consisting of the SMD plurality rule and list-PR. The constitutional amendment was ratified by the National Assembly in June 2005 and the new mixed-member system was first used in the Legislative Yuan election of January 2008.¹⁷¹

In short, an important cause of corruption in Taiwan is the powerful combination of *guanxi*, gift-giving, and vote-buying, which has been sustained by the SNTV system for local elections and until 2005, for national elections. However, it remains to be seen whether the introduction of the mixed-member system has reduced vote-buying in the 2008 Legislative Yuan election. Jih-wen LIN contends that the new mixed-member system “should reduce the incentive of vote-buying, but the reduced district size can decrease the cost of vote-buying.”¹⁷² According to Caroline Gluck, a BBC reporter, prosecutors had investigated “a record number of reports of alleged vote-buying” in the 2008 Legislative Yuan election.¹⁷³ However, further empirical research needs to be done to ascertain whether vote-buying was reduced in the 2008 Legislative Yuan election.¹⁷⁴ If the incidence of vote-buying has actually declined as a result of the new electoral system, perhaps a similar change to replace the SNTV system should also be introduced at the local level to reduce vote-buying in all the local elections. At the same time, Thomas Bellows’

170. Debby Wu, “Constitutional amendment bill passes,” *Taipei Times*, August 24, 2004, p. 1.

171. John Fuh-sheng Hsieh, “The Political Consequences of Electoral Reform in Taiwan,” in I. Yuan (ed.), *Cross-Strait at the Turning Point: Institution, Identity and Democracy* (Taipei: Institute of International Relations, National Chengchi University, 2008), pp. 39 and 51.

172. E-mail correspondence with Dr Jih-wen Lin, Professor of Political Science, National Chengchi University, and Research Fellow, Institute of Political Science, Academia Sinica, on June 15, 2010.

173. Caroline Gluck, “Battle lines drawn in Taiwan vote,” *BBC News*, January 11, 2008, available at <http://news.bbc.co.uk/go/pr/fr/-/2/hi/asia-pacific/7181733.stm>.

174. For example, these two articles on the 2008 Legislative Yuan election have not focused on vote-buying: Vincent Wei-cheng Wang, “The Impact of Taiwan’s 2008 Elections on Cross-Strait Relations: A Game-Theoretical Analysis,” *Asian Perspectives*, Vol. 32, No. 2 (2008): 145-172; and Chung-li Wu, “A Simple Model for Predicting the Outcome of the 2008 Legislative Yuan Elections in Taiwan,” *Issues and Studies*, Vol. 44, No. 4 (December 2008): 1-28.

astute observation in 2003 that “based on the American experience, single member districts offer no assurance that corrupt practices are eliminated simply because there is an SMD in place” should be noted.¹⁷⁵

Lack of Political Will in Curbing Corruption

“Political will” can be defined as “the demonstrated credible intent of political actors (elected or appointed leaders, civil society watchdogs, stakeholder groups, etc.) to attack perceived causes or effects of corruption at a systemic level.”¹⁷⁶ Defined thus, the lack of political will is perhaps the most important reason for the extensive corruption in many Asian countries today.¹⁷⁷ A comparative study of anti-corruption strategies in Hong Kong, India, Mongolia, Philippines, Singapore and South Korea concluded that:

Political will is the most important prerequisite as a comprehensive anti-corruption strategy will fail if it is not supported by the political leadership in a country.¹⁷⁸

The best way to demonstrate the importance of political will in curbing corruption in Taiwan is to examine how CHIANG Kai-shek and his successors have dealt with the problem of corruption.

After re-locating his government to Taiwan, CHIANG Kai-shek served as president from March 1950 until his death in April 1975. According to Jay Taylor, Chiang had “privately agonized over the problem of venality and railed against it at meetings and conferences” after assuming command of the National Revolutionary Army in June 1926.¹⁷⁹ Indeed, Chiang set an example by maintaining a “notably modest or ascetic” lifestyle himself. He had urged the students at the Academy for the Study of Carrying out Revolution, which he had established in October 1949, to change by purging themselves of “selfishness, corruption, and bureaucracy.”¹⁸⁰ Even though he believed that KMT officers and officials should uphold high professional standards and private morals, he failed to

175. Thomas J. Bellows, *The Republic of China Legislative Yuan: A Study of Institutional Evolution* (Baltimore: School of Law, University of Maryland, 2003), p. 33.

176. Sahr J. Kpundeh, “Political will in fighting corruption,” in Sahr J. Kpundeh and Irene Hors (eds.), *Corruption and Integrity Improvement Initiatives in Developing Countries* (New York: UNDP, 1998), p. 92.

177. Quah, “Curbing Asian Corruption,” 177.

178. Quah, *Curbing Corruption in Asia*, p. 181.

179. Taylor, *The Generalissimo*, p. 221.

180. Myers and Lin, *Breaking with the Past*, p. 7.

centralize financial arrangements and curb corruption in the military. He was compelled to give lower priority to fighting corruption than promoting cohesion and loyalty among his civilian and military supporters. Thus, Chiang tolerated corruption, which was of secondary importance because it was not rampant, and he believed that it should only be dealt with after the restoration of peace and unity.¹⁸¹

Unlike his father, CHIANG Ching-kuo was concerned about curbing corruption in Shanghai in the late 1940s and was aware of the damage that corruption had caused to the KMT on the mainland.¹⁸² His success in transforming Kanan into a model economic area had earned him "a reputation as a competent, energetic, creative, and incorruptible leader with experience in administration and local development, including education, youth work, and internal security."¹⁸³ Indeed, many foreigners and Chinese viewed Ching-kuo as "incorruptible, energetic, determined, amiable, unassuming," and as an official who cared for the ordinary man's welfare.¹⁸⁴

After his appointment as vice premier in June 1969, Ching-kuo launched an anti-corruption drive which exposed the "pervasive graft in the banana business."¹⁸⁵ On June 10, 1972, he issued to all civil servants the "Ten Rules of Reform" and "Ten Taboos," which did not permit them to patronize "girlie restaurants," "black coffee shops," or karaoke bars, or to host large wedding and funeral banquets. These rules were enforced by police officers who visited the proscribed establishments and checked the identity cards of the customers. Consequently, some officials were fired for hosting extravagant weddings.¹⁸⁶

He also initiated a crackdown on bribe-taking and abuse of office which resulted in the arrests of 50 officers in the Garrison Command by the Investigation Bureau. The director-general of the Government Personnel Bureau, WANG Cheng-yi, was charged with taking a large bribe from a building contractor. Ching-kuo personally approved Wang's arrest and life sentence even though Wang

181. Taylor, *The Generalissimo*, pp. 222 and 330.

182. Maguire, "Modernization and Clean Government," 78.

183. Jay Taylor, *The Generalissimo's Son: Chiang Chin-kuo and the Revolutions in China and Taiwan* (Cambridge: Harvard University Press, 2000), pp. 100 and 114.

184. *Ibid.*, p. 210.

185. Taylor, *The Generalissimo*, p. 541.

186. *Ibid.*, p. 580 and Taylor, *The Generalissimo's Son*, p. 310.

was his cousin.¹⁸⁷ The vice director of the Tax Bureau, who was also found guilty of corruption, was sentenced to death.¹⁸⁸

The Tenth Credit Co-operative scandal of February 1985 indicated that some credit co-operatives managed by politicians were poorly managed as they gave preferential loans to their friends. As CHIANG Ching-kuo was concerned that this problem was only “the tip of the iceberg of corruption,” he began a program of political reform to introduce “greater democracy, openness and accountability.”¹⁸⁹ During his term of office, the government and provincial bureaucracy did not tolerate political corruption and punished those found guilty of such behavior. Consequently, his officials did not want to associate with prominent business persons.¹⁹⁰

CHIANG Chin-kuo died in January 1988 and was succeeded by the vice-president, LEE Teng-hui, who continued Chin-kuo’s program to democratize Taiwan’s political system. However, unlike his predecessor, Lee was not committed to curbing political and bureaucratic corruption during his term of office. Lee’s personal friendships with business tycoons encouraged them to use their friendship with him to obtain political favors. As Lee had cultivated them when he was governor of Taiwan, he asked them to finance his electoral campaigns during the democratic era.¹⁹¹ Consequently, with the broadening of elections after 1990, the scale and cost of vote-buying increased because many KMT candidates believed that they could only be elected if they resorted to vote-buying with local political factions. Furthermore, the Lee administration did not punish KMT candidates who had engaged in vote-buying.¹⁹²

The KMT has built a huge business empire in Taiwan after setting up the Qilu Enterprise in 1946, the Yutai Enterprise in 1951, the Fengyu Textile Company in 1955, and the Zhongxing Electric Company in 1956.¹⁹³ By the end of the 1990s, KMT, Inc. had grown

187. Taylor, *The Generalissimo’s Son*, pp. 310-311.

188. Taylor, *The Generalissimo*, p. 580.

189. Maguire, “Modernization and Clean Government,” 79.

190. Ramon H. Myers, Linda Chao, and Tai-chun Kuo, “Consolidating Democracy in the Republic of China on Taiwan, 1996-2000,” in Dickson and Chao (eds.), *Assessing the Lee Teng-hui Legacy in Taiwan’s Politics*, p. 81.

191. Peter R. Moody, Jr., “Some Problems in Taiwan’s Democratic Consolidation,” in Dickson and Chao (eds.), *Assessing the Lee Teng-hui Legacy in Taiwan’s Politics*, p. 35.

192. Myers, Chao and Kuo, “Consolidating Democracy in the Republic of China on Taiwan, 1996-2000,” p. 81.

193. Dianqing Xu, “The KMT Party’s Enterprises in Taiwan,” *Modern Asian Studies*, Vol. 31, No. 2 (1997): 400-401.

to more than 150 party-invested enterprises, with the KMT retaining more than 50 percent ownership in 33 firms.¹⁹⁴ KMT, Inc. has consistently been ranked as Taiwan's largest private business conglomerate in terms of assets and is among the top 100 companies in *Fortune* magazine's global 500 ranking.¹⁹⁵ The KMT was the richest political party in the world in 2000 with an estimated wealth of US\$6.5 billion.¹⁹⁶

As the KMT is a very wealthy party, it can afford to provide the local factions with the following economic privileges to enable them to subsidize their electoral activities:

1. Monopolies of local commercial activities such as banks, credit unions and transportation companies;
2. Special loan privileges from provincial and national banks;
3. Procurements and construction contracts from provincial and local government agencies;
4. Other economic benefits, such as favorable zoning laws or public construction schemes for land speculation, bestowed by KMT controlled governments; and
5. The use of official KMT power to protect illegal businesses such as underground dance halls, erotic barber shops and casinos.¹⁹⁷

As many KMT candidates have spent a great deal of money for election to national legislative offices, they usually defend their own business interests or those of their wealthy patrons after being elected.¹⁹⁸ Furthermore, according to a former Minister of Justice, 40 percent of the legislators in the 21 county legislatures in the mid-1990s belonged to organized criminal gangs or were associated with

194. Karl J. Fields, "KMT, Inc.: Liberalization, Democratization, and the Future of Politics in Business," in Edmund Terence Gomez (ed.), *Political Business in East Asia* (London: Routledge, 2002), p. 123 and Appendix 4.1, pp. 141-143.

195. *Ibid.*, p. 124.

196. "Kuomintang," *Encyclopedia of Political Information*, available at <http://www.politicalinformation.net/encyclopedia/Kuomintang.htm>.

197. M. Chen and Y. Chu, "Regional Oligopoly, Local Factions, and Provincial Assembly Elections: An Analysis of the Socioeconomic Background of Candidates, 1950-1986," (in Chinese), *National Science Council Proceedings - Part C: Social Sciences and Humanities*, 2 (1) (1992): 81-82, quoted in Chung-li Wu, "Local Factions and the Kuomintang in Taiwan's Politics," *International Relations of the Asia-Pacific*, Vol. 3 (2003): 94.

198. Ya-li Lu, "Lee Teng-hui's Role in Taiwan's Democratization: A Preliminary Assessment," in Dickson and Chao (eds.), *Assessing the Lee Teng-hui Legacy in Taiwan's Politics*, p. 64.

them. According to Ya-li LU, LEE Teng-hui had “worsened” the problem of corruption in two ways:

First, in his power struggles with his political rivals, he usually requested the support of the local politicians and tolerated their wrongdoings in return for their support; and second, among his close friends, there were many leading businessmen who usually used their connections with high-ranking government officials to obtain favors such as huge loans from public banks.¹⁹⁹

Bureaucratic corruption was also widespread in LEE Teng-hui’s administration as manifested in the case of naval captain YIN Ching-fen, who was responsible for procuring military equipment. In 1995, Captain Yin, an honest man, was murdered for attempting to blow the whistle on the misdeeds of his colleagues. A special task force appointed by President CHEN Shui-bian found that the procurement of the Lafayette frigates from France was tainted with corruption and that corrupt practices were prevalent in almost all arms sales from foreign sellers. The amount of money used for bribery and illegal commissions during LEE Teng-hui’s term of office was estimated to be more than US\$200 million.²⁰⁰ The investigation resulted in the arrest of 28 persons including 13 military officers, and their imprisonment for life for graft and leaking confidential military information. Colonel KUO Li-heng was jailed for life for accepting a NT\$9.5 million (US\$310,000) bribe from Thomson-CSF’s Taiwan broker, WANG Chuan-fu. Kuo pleaded not guilty but Wang could not be found.²⁰¹

Taiwan became a liberal democracy under LEE Teng-hui’s leadership but he was also responsible for the “rampant spread” of “black gold” politics.²⁰² According to Larry Diamond:

But it was also under his [Lee’s] leadership that the KMT increasingly tolerated and embraced local organized crime figures in order to preserve its electoral dominance. One KMT Justice Minister after another failed to mobilize the forces of law against this problem, and at least two are rumored to have resigned in frustration over the party’s

199. *Ibid.*, p. 65.

200. *Ibid.*, pp. 65-66.

201. Brian Hsu, “Navy accuses France of overcharging for frigates,” *Taipei Times*, March 15, 2000, p. 2.

202. Editorial, “What is really the ‘Lee way’?” *Taipei Times*, March 15, 2000, p. 8.

refusal to let them go after vote-buying and organized crime, no matter the political consequences.²⁰³

In their more recent assessment of Lee's contribution to Taiwanese nationalism, Jacobs and Liu argued that while he had played an important role in Taiwan's democratization, Lee had also contributed to the growth of "black gold" politics and vote-buying. They wrote:

Under his [Lee's] leadership, during the first half of the 1990s, the KMT nominated many "black and gold" (that is, criminal and wealthy) figures for office and the number of criminals holding high office rose considerably. Some county leaders were murdered and others have been jailed or run away overseas to avoid prosecution. Vote-buying became rife and the old "morality" in vote-buying disappeared.²⁰⁴

CHEN Shui-bian won the 2000 presidential election because he neutralized the issue of Taiwan's independence and made the election a referendum on "black gold" politics.²⁰⁵ Since its founding, the DPP had opposed corruption and described the KMT as "a rich party that got its money from illegitimate sources."²⁰⁶ In his autobiography, Chen had condemned the KMT's corruption and praised the DPP for being free from money politics and corruption.²⁰⁷ The DPP fought the 1992 Legislative Yuan election campaign effectively on an anti-corruption platform and used the same strategy in subsequent elections.

Apart from campaigning against the KMT's involvement in "black gold" politics, Chen won the 2000 presidential election because the KMT's candidate, Lien Chan, made a serious blunder by appearing at an election rally with two notorious "black gold" personalities, LO Fu-chu and WU Tse-yuan. LIEN Chan's association with these two powerful gangsters led to the Academia Sinica President LEE Yuan-tseh's endorsement of Chen, which helped him to

203. Diamond, "How Democratic is Taiwan?" p. 6.

204. J. Bruce Jacobs and I-hao Ben Liu, "Lee Teng-hui and the Idea of 'Taiwan,'" *China Quarterly*, Vol. 190 (June 2007): 392.

205. Diamond, "How Democratic is Taiwan?" p. 4.

206. John F. Copper, *The Corruption Blight in Taiwan under Democratic Progressive Party Rule* (Singapore: East Asian Institute, National University of Singapore, EAI Background Brief No. 362, December 13, 2007), p. 1.

207. Chen Shui-bian, *The Son of Taiwan: Chen Shui-bian and his dreams for Taiwan* (Taipei: Taiwan Publishing Company, 1999), p. 40, quoted in *ibid.*, p. 1.

win the presidency.²⁰⁸ LEE Yuan-tseh had supported Chen because of his campaign promise to rid Taiwan of “black gold” politics.²⁰⁹

If CHEN Shui-bian had criticized the KMT for its involvement with “black gold” politics and had won the 2000 presidential election on his anti-corruption platform, why was he and his family found guilty of corruption after his second term of office? The short answer is that even though he had promised to curb corruption, President Chen himself had succumbed to corruption after assuming office. In June 2002, *Keesing's Contemporary Archives* cited a poll in Taiwan which indicated that more respondents had perceived the DPP to be more corrupt than the KMT.²¹⁰

This change in the public perception of the DPP from a clean party to a corrupt one is not surprising for three reasons. First, many DPP politicians were first elected at the local level, where corruption was more rampant than national politics. Second, the DPP had learnt about money politics and corruption, which had increased during LEE Teng-hui's administration. Third, President Chen was also corrupt and had received money from the Celestial Alliance because he believed that money was needed to succeed in politics.²¹¹

During the campaign for the 2004 presidential election, CHEN Yu-hao, former chairman of Tuntex Group, revealed that he had “secretly given CHEN Shui-bian money in 2000” and “funneled” NT\$20 million into the DPP-affiliated Formosa Foundation.²¹² Indeed, the DPP was viewed as a corrupt party and CHEN Shui-bian's administration seen as “venal and dishonest” after the 2004 presidential election because of the increase in corrupt activities. The DPP and President Chen had expected to lose the 2004 presi-

208. Diamond, “How Democratic is Taiwan?” p. 5.

209. Peter Yu Kien-hong, *Taiwan President Chen Shui-bian's First 100 Days* (Singapore: East Asian Institute, National University of Singapore, EAI Background Brief No. 68, August 25, 2000), p. 14.

210. John F. Copper, *Taiwan's 2006 Metropolitan Mayoral and City Council Elections and the Politics of Corruption* (Baltimore: School of Law, University of Maryland, 2006), p. 14, fn. 36.

211. John F. Copper, *Taiwan's 2008 Presidential and Vice Presidential Election: Maturing Democracy* (Baltimore: School of Law, University of Maryland, 2008), p. 24 and Chin, *Heijin*, pp. 155 and 181.

212. John F. Copper, “Transitioning from the Chen Shui-bian to the Ma Ying-jeou Presidency: The State of Democratization in Taiwan,” in Seyom Brown, Cal Clark, Hiroki Takeuchi, and Alex Tan (eds.), *Taiwan at a Turning Point* (Baltimore: School of Law, University of Maryland, 2009), p. 12.

dential election and therefore he and his colleagues “wanted to cash in before leaving” office.²¹³

There were also numerous media reports on the first lady's lavish spending habits and speculation on her involvement in insider trading in Taiwan's stock market. In May 2006, she was shown on television spending the gift certificates she had received for assisting in the takeover bid of Taipei's SOGO Department Store.²¹⁴ SHIH Ming-teh, a former DPP chairman, launched an anti-corruption movement in August 2006 to pressure President Chen to resign from office. The movement was called the “one million persons movement against corruption” because Shih's aim was to raise NT\$100 million by asking one million Taiwanese citizens to contribute NT\$100 each. The target of one million donors was attained ahead of schedule.²¹⁵

In November 2006, the first lady, WU Shu-chen, was indicted for stealing NT\$14.8 million (US\$450,000) in government funds, forgery and perjury. Prosecutors also revealed that she had spent US\$1.5 million on diamond rings and other luxury items.²¹⁶ After collapsing at the beginning of her trial, she failed to show up in court for 18 times during the next two years.²¹⁷ She finally pleaded guilty on February 10, 2009 to money laundering and admitted to wiring US\$2.2 million abroad from a political donation and not a bribe. She also admitted to forging documents in another case involving embezzled public funds, but denied using the money for personal gain.²¹⁸

Other corruption scandals involving DPP officials tainted the DPP's image and contributed to the defeat of the DPP candidate, Frank Hsieh, in the 2008 presidential election. After losing his immunity from prosecution on leaving office in May 2008, CHEN Shui-bian was accused of embezzlement, taking bribes, and money laundering. He was arrested on November 11, 2008 on suspicion of

213. *Ibid.*, p. 12.

214. Copper, *Taiwan's 2006 Metropolitan Mayoral and City Council Elections and the Politics of Corruption*, p. 15.

215. *Ibid.*, p. 21.

216. Copper, *Taiwan's 2008 Presidential and Vice Presidential Election*, p. 29 and “First Lady Wu Su-chen indicted for corruption,” *China Post*, November 4, 2006.

217. “Taiwan former first lady absent from trial again,” *Agence France-Presse* (AFP), September 20, 2008.

218. “Taiwan's ex-leader's wife admits money laundering,” *Agence France-Presse* (AFP), February 11, 2009.

corruption.²¹⁹ Chen and his wife, WU Shu-chen, were accused of embezzling NT\$104 million (US\$3.12 million) from a special presidential fund, and received bribes of US\$9 million in connection with a government land procurement deal. Wu was also accused of accepting a bribe of US\$2.73 million from a government construction project.²²⁰ Chen was released on bail one month later on December 13, 2008, while the prosecutors were still preparing their case against him on several corruption charges.²²¹ However, on December 30, 2008, Chen was jailed again because he was considered a flight risk.²²²

On September 11, 2009, the Taipei District Court sentenced Chen and his wife to life imprisonment after finding them and 11 co-defendants guilty. Chen was imprisoned for life and fined NT\$200 million (US\$6.1 million) for violating the Punishment of Corruption Act, Money Laundering Control Act, and the Criminal Code. The court also found Chen and his wife guilty of embezzlement and taking bribes amounting to NT\$800 million. His wife was also given a life sentence and fined NT\$300 million. Both of them were also found guilty of accepting NT\$10 million in bribes from Diana Chen, former Taipei Financial Center Corporation Chairperson, and for receiving NT\$300 million in political donations from Jeffrey Koo Jr., former Vice Chairman of Chinatrust Financial Holding Company. Chen's son, CHEN Chih-chung, was imprisoned for two and a half years and fined NT\$150 million on money laundering charges. Chen's daughter-in-law, HUANG Jui-ching, was given a sentence of 20 months and fined NT\$150 million on money laundering charges.²²³

On June 8, 2010, the Taipei District Court acquitted CHEN Shui-bian in an embezzlement case involving US\$330,000 in secret diplomatic funds because the evidence provided by the prosecutors did not prove that Chen had embezzled diplomatic funds.²²⁴ Three days later, the Taiwan High Court reduced Chen's life sentence to 20 years imprisonment and the NT\$200 million fine to NT\$170 mil-

219. "Court orders detention of Taiwan ex-president," *CNN.com*, November 12, 2008.

220. "Taiwan ex-leader indicted for graft: Ex-president Chen denies bribery, money-laundering allegations," *Associated Press*, December 12, 2008.

221. "Taiwan's ex-president released on bail," *CNN.com*, December 13, 2008.

222. "Taiwan's ex-president jailed," *CNN.com*, December 30, 2008.

223. Shelley Huang, "Chen Shui-bian gets life," *Taipei Times*, September 12, 2009, p. 1.

224. Rich Chang, "Chen acquitted on graft charge," *Taipei Times*, June 9, 2010, p. 1.

lion because it was found that the amount embezzled was less than previously found by a lower court. The High Court also reduced the life sentence of Chen's wife, WU Shu-chen, to 20 years and the NT\$300 million fine to NT\$200 million. Similarly, the 30-month sentence and NT\$150 million fine imposed on Chen's son, CHEN Chi-chung, was reduced to 14 months and a fine of NT\$30 million; and the 20-month sentence and NT\$150 million fine imposed on Chen's daughter-in-law, HUANG Jui-ching, was reduced to a year and a fine of NT\$30 million.²²⁵

MA Ying-jeou campaigned the 2008 presidential election on an anti-corruption platform and promised to (1) amend the law to punish civil servants who cannot identify the source of their assets; (2) revise the Criminal Code by adding a clause to punish government officials who cannot account for the origin of their properties and other assets; (3) amend the Public Officials Election and Recall Law to apply the penalties for vote-buying in official elections to elections held within all political parties; and (4) revise the Public Functionary Assets Disclosure Law to punish those who fail to report their assets to the Control Yuan.²²⁶ Ma's reputation for honesty and the corruption scandals surrounding CHEN Shui-bian and the DPP enabled him and Vincent Siew to win the 2008 presidential election by capturing 58.45 percent of the votes with the DPP candidates Frank Hsieh and SU Tseng-chang obtaining 41.55 percent of the votes.²²⁷

Ma is considered as one of the most honest politicians in Taiwan. As the Minister of Justice from 1993 to 1996, he had "frequently jailed politicians, including candidates for elective office, for vote-buying and other corrupt practices."²²⁸ Indeed, Ma has been described as "the only national political figure who does not remind people of 'black gold' politics."²²⁹ He was charged with embezzling more than NT\$11 million (US\$340,000) from a special mayoral allowance during his tenure as the mayor of Taipei from 1998-2006. He denied the charges and argued that the allowance

225. Vincent Y. Chao, "Chen's sentence cut to 20 years," *Taipei Times*, June 12, 2010, p. 1.

226. Flor Wang, "KMT candidate proposes stiffer anti-corruption law," *Central News Agency*, January 18, 2008.

227. Mo Yan-chih, Ko Shu-ling and Shih Hsiu-chuan, "Decisive victory for Ma Ying-jeou," *Taipei Times*, March 23, 2008, p. 1.

228. Copper, *Taiwan's 2008 Presidential and Vice Presidential Election*, p. 55.

229. Raymond R. Wu, *The "Ma Ying-Jeou Phenomenon" and the 2004 Presidential Election in Taiwan* (Singapore: East Asia Institute, National University of Singapore, EAI Background Brief No. 145, January 14, 2003), p. 9.

was a form of income supplement. On August 14, 2007, the Taipei District Court found Ma not guilty of embezzlement because the allowance was an official subsidy for top government officials.²³⁰ This not guilty verdict was upheld by both the High Court and the Supreme Court when the prosecutors appealed. On April 24, 2008, Taiwan's Supreme Court rejected the appeal by the prosecutors and upheld the High Court's ruling that Ma was not guilty of corruption because he did not pocket any money illegally.²³¹

While it might be premature at this stage to provide a final assessment of Ma's commitment to curbing corruption, it should be noted that he has kept his promise to fight corruption after assuming office in May 2008. First, as promised by him, the Legislative Yuan revised the Public Functionary Asset Disclosure Law and increased the number of civil servants who were required to disclose their assets to the Control Yuan from 1,800 to 9,000. Second, the Legislative Yuan also revised the Punishment of Corruption Act in April 2009 to make it a crime for public officials to have unexplained wealth.²³² Finally, as mentioned in the opening paragraph of this monograph, as President Ma was "distressed" by the 2009 PERC corruption survey finding that Taiwan was perceived to be more corrupt than China, he urged the ACAs to enhance their anti-corruption efforts.²³³ Indeed, during Ma's first two years in office, corruption no longer appears to be an important issue except for the media reports on the corruption trials of former President CHEN Shui-bian and his family.

V. TAIWAN'S ANTI-CORRUPTION MEASURES

Asian countries have adopted three patterns of controlling corruption. Pattern 1 is adopted by those countries which have enacted anti-corruption laws but have not established special ACAs to enforce these laws. Japan is the best example of this first pattern of corruption control as it does not have any specific ACA to implement the anti-corruption laws. Pattern 2 refers to the implementation of the anti-corruption laws by multiple ACAs as in the cases of

230. Ong Hwee Hwee, "Taiwan opposition leader cleared of graft," *Straits Times*, August 15, 2007, p. 10.

231. "Taiwan's top court clears president-elect of corruption," *Agence France-Presse* (AFP), April 25, 2008.

232. Copper, "Transitioning from the Chen Shui-bian to the Ma Ying-jeou Presidency," p. 15.

233. Ko Shu-ling, "Ma 'distressed' by corruption rankings," *Taipei Times*, April 9, 2009, p. 1.

Cambodia, China, India, Philippines, Taiwan and Vietnam. Pattern 3 involves the enforcement of anti-corruption laws by a single ACA. This third pattern is the most popular as it has been adopted by Singapore, Malaysia, Hong Kong, Brunei, Nepal, Sri Lanka, Pakistan, Thailand, Macao, South Korea, Indonesia, Bangladesh, Bhutan, and Mongolia.²³⁴ Table 11 shows the three patterns of corruption control adopted by 21 Asian countries.²³⁵

**TABLE 11. PATTERNS OF CORRUPTION CONTROL
IN ASIAN COUNTRIES**

Pattern	Features	Countries
1	Anti-corruption law without a single ACA	Japan
2	Anti-corruption laws with multiple ACAs	Cambodia, China, India, Philippines, Taiwan, Vietnam
3	Anti-corruption laws with a single ACA	Singapore, Malaysia, Hong Kong, Brunei, Nepal, Sri Lanka, Pakistan, Thailand, Macao, South Korea, Indonesia, Bangladesh, Bhutan, Mongolia

Source: Compiled by the author.

Ministry of Justice Investigation Bureau (MJIB)

Taiwan has adopted the second pattern of corruption control because it relies on several ACAs to implement the anti-corruption laws. The lead ACA in Taiwan is the MJIB, which, according to Article 2 of its Organizational Act, is responsible for the “investigation and prevention of matters that may jeopardize national security and violate national interests; matters [which] shall be stipulated

234. For details of the ACAs in the 14 Asian countries adopting pattern 3, see Jon S.T. Quah, “Benchmarking for Excellence: A Comparative Analysis of Seven Asian Anti-Corruption Agencies,” *Asia Pacific Journal of Public Administration*, Vol. 31, No. 2 (December 2009): 175, Table 1.

235. For a detailed analysis of these three patterns of corruption control, see Quah, *Curbing Corruption in Asia*, pp. 16-19; and Jon S.T. Quah, “Combating Corruption in the Asia-Pacific Countries: What do we know and what needs to be done?” in Clay Wescott, Bidhya Bowornwathana and Lawrence R. Jones (eds.), *The Many Faces of Public Management Reform in the Asia-Pacific Region* (Bingley: Emerald Group Publishing, 2009), pp. 18-36.

by the Executive Yuan.”²³⁶ More specifically, the MJIB is responsible for performing these nine functions:

1. Prevention of sedition;
2. Prevention of treason;
3. Prevention of unauthorized disclosure of national secrets;
4. Investigation of corruption, bribery, and vote-buying;
5. Prevention of drug trafficking;
6. Coordination in handling cases of organized crime;
7. Prevention of significant economic crimes and money laundering;
8. Investigation of national security matters; and
9. Other investigations and prevention of matters as assigned by superior authorities concerning national security and interests.²³⁷

The fourth and ninth functions provide the MJIB with the legal basis for investigating corruption cases and enforcing preventive measures.

According to its website, the MJIB’s primary mission is twofold: to protect national security and to investigate major crimes. To protect national security, the MJIB has to deal with counter-infiltration from the People’s Republic of China, prevention of infiltration from other countries, counter terrorism, protection of national secrets, domestic security investigation, coordination of national internal security, and research on cross-strait relations. Secondly, the MJIB is also responsible for investigating these major crimes: public corruption, malfeasance and election fraud; economic crime; drug crime, money laundering, and cyber crime.²³⁸ In other words, the MJIB is not a dedicated ACA as the investigation of corruption, bribery, and vote-buying is only one of its nine functions.

The MJIB’s origins can be traced to the establishment of the Investigation Bureau of the Ministry of Interior in Kuanchew in 1949. It was relocated together with the other government departments to Taipei in December 1949. It was renamed the Investigation Bureau of the Ministry of Judicial Administration on June 1, 1956 and assumed responsibility for major investigation and internal security issues concerning national safety and violation of na-

236. See “I. Legal basis” of the MJIB at <http://www.mjib.gov.tw/networkitem/crime/event/96event/htm/e03.htm>.

237. *Ibid.*

238. See the MJIB’s website at <http://www.mjib.gov.tw/en>

tional interests. With the reorganization of the judicial system on August 1, 1980, the Bureau was renamed the MJIB.²³⁹

In August 1956, the Executive Yuan identified the 11 offenses which the MJIB was responsible for conducting investigation and security work as: treason; sedition; unauthorized disclosure of classified information; offenses against national general mobilization; corruption and abuse of official power; narcotics trafficking; counterfeiting of national currency; sabotage of power facilities and communication during war; violation of regulations governing telecommunications; tax evasion; and other matters concerning internal security assigned by high level authorities.²⁴⁰ The fifth offense of "corruption and abuse of official power" was handled by the MJIB's Department I until May 1979, when the Economic Crime Prevention Center (ECPC) was established to take over the anti-corruption activities. The ECPC was expanded to become the Corruption and Economic Crime Prevention Center in August 1979.²⁴¹

In February 1989, the MJIB formed the Corruption Elimination Department (CED) with a staff of 505 personnel. The CED was divided into five sections, each with different responsibilities. Section I dealt with planning, promotion, supervision and evaluation of anti-corruption work. Sections II and III were responsible for the planning, direction of anti-corruption activities in northern and eastern Taiwan and in central and southern Taiwan respectively. Section IV focused on reports and prevention of corruption, while Section V was concerned with the secretarial work of the Supervision Committee of Ethical Affairs of the Executive Yuan and investigations transferred from the ethical affairs units of the various government agencies.²⁴² Four mobile teams were formed in northern, central, southern, and eastern Taiwan, in addition to the Mariners' Division and field divisions in Taipei City, Kaohsiung City, and Fujian Province, and field offices in four cities and 17 counties.²⁴³

The CED's activities were discussed and reviewed by taking into account the experiences of the ICAC in Hong Kong and the CPIB in Singapore. Consequently, the CED was reorganized and

239. Ibid.

240. Republic of China, *Anti-Corruption Yearbook 1993* (Taipei: Ministry of Justice Investigation Bureau, 1995), p. 4.

241. Ibid., p. 2.

242. Ibid., p. 8.

243. Ibid., pp. 8-9, and Republic of China, *Anti-Corruption Yearbook 2008* (Taipei: Ministry of Justice Investigation Bureau, 2009), pp. 163, 177-202.

renamed the Anti-Corruption Division (ACD) in February 1991 and the five sections were assigned new responsibilities. Section I was entrusted with the acceptance of various reports of impeachment and management of various clues concerning corruption cases. Section II was responsible for checking the clues and the investigation and supervision of general corruption cases. Section III dealt with the investigation, prosecution, supervision of special cases and cases referred by the Executive Yuan, Control Yuan, and other government agencies. Section IV was given the task of preparing case studies, conducting research and providing analysis and suggestions for improving the ACD's anti-corruption efforts. Section V was responsible for the planning, controlling, evaluating, and execution of the anti-corruption task by collecting relevant statistics, compiling anti-corruption regulations, and coordinating the efforts of the relevant government agencies. A Special Team was also formed to prevent and investigate public construction fraud.²⁴⁴

Department of Government Employee Ethics

Article 3 of the Act on the Establishment of the Government Employee Ethics Units and Officers identifies the MOJ as the competent authority of government ethics operations in Taiwan. The Department of Government Employee Ethics (DGEE) is one of the five departments in the MOJ and is responsible for the planning, supervision, and evaluation of all the government ethics units operating at all levels in the central and local government agencies and state-run enterprises. The DGEE's role is fourfold: (1) to supervise the ethics of government employees in Taiwan; (2) to execute anti-corruption work; (3) to protect official secrets; and (4) to prevent "impairment to and sabotage of public agencies."²⁴⁵

The origins of the DGEE can be traced to the formation of the security office in July 1953 in the Taiwanese government for internal security control. The task of fighting corruption and maintaining government ethics was shared by the public prosecutors, police, and the Control Yuan. However, in September 1968, the function of government employee ethics investigation was added to the role of the security office. In August 1972, the security office was absorbed into the Personnel Department II. The Legislative Yuan passed the "Statute for the Establishment of Government Employee Ethics

244. Republic of China, *Anti-Corruption Yearbook 1993*, pp. 8-9.

245. See <http://www.moj.gov.tw/ct.asp?xItem=21441&CtNode=11390&mp=095>

Organization and its Personnel” on June 16, 1992 and the Personnel Department II was reorganized to form the DGEE.²⁴⁶

The work of government ethics in Taiwan is implemented by the various public prosecutors offices, the MJIB, and the government ethics units under the supervision of the DGEE. The task of eradicating corruption is performed by the public prosecutors offices (PPOs) and the MJIB, while the DGEE and the units under its supervision focus on preventing corruption. All public agencies in Taiwan except for elective institutions, military organizations, and public schools, have government ethics units, which are responsible for detecting corruption by advising the heads of the organizations on the establishment of built-in anti-corruption mechanisms. The government ethics units also work with the PPOs and MJIB on the prevention of corruption.²⁴⁷

More specifically, the government ethics units in the various public agencies perform these five functions:

1. Investigation of cases of corruption and illegal acts.
2. Prevention of corruption and malfeasance.
3. Protection of confidential information related to public affairs.
4. Promotion of policies to prevent damage to the government.
5. Supervision and random inspection and investigation of the property declarations of civil servants.²⁴⁸

For the second function of preventing corruption and malfeasance, the officials of the government ethics units are required to make proposals to revise outdated acts and regulations. They are also expected to improve the transparency of administrative procedures to enhance the efficiency of the executives. To prevent misconduct among civil servants, they also help to formulate regulations regarding political lobbying, gift acceptances, dinner invitations, social commitments and official activities which might lead to the violation of rules.²⁴⁹

246. Taipei City Government, *Department of Civil Service Ethics* (Taipei: Taipei City Government, 2008), p. 2.

247. Department of Government Employee Ethics, “Anti-Corruption Strategies in Taiwan,” (Taipei: DGEE, Ministry of Justice, December 15, 2008), p. 1.

248. “Questions and Answers about Government Employee Ethics and the Government Employee Ethics Office,” *Kaohsiung County Government Ethics Office Website*, p. 5, available at http://character.kscg.gov.tw/english/brief/qa_e.asp.

249. *Ibid.*, p. 5.

The DGEE's role is to supervise and evaluate the performance of the personnel in all the government ethics units in the central and local government agencies in Taiwan. To prevent conflict between these personnel and the staff of the agencies when they perform their duties, the DGEE is also responsible for appointing and transferring the personnel of the government ethics units to ensure their independence and neutrality.²⁵⁰ On March 21, 2005, the DGEE sent an official letter to all government ethics units at all levels to request their personnel to strengthen anti-corruption publicity activities among the public and staff in schools.²⁵¹

A training center for government ethics officers was established on February 19, 2008 with the launching of 20 training sessions.²⁵² During the same year, the Central Integrity Commission (CIC) was formed to discuss these issues: the eradication and prevention of corruption; public service ethics; business integrity; control of vote-buying; administrative efficiency; transparency; and the enforcement of government ethics. The CIC is chaired by the premier and vice premier and has between 18-20 members, who meet once a month to discuss the above mentioned issues. The CIC held its first meeting in August 2008.²⁵³

The Department of Civil Service Ethics for the Taipei City Government was formed on January 19, 1993 to maintain government morality and prevent corruption. More specifically, this Department's duties are: (1) preparing and developing laws and regulations related to government employees' ethics; (2) prevention, detection and handling of impeachment related to corruption and other illegal acts committed by government employees; (3) protection of official secrets; and (4) other matters related to government employees' ethics. The Taipei City Government has 291 personnel working in 72 government ethics units.²⁵⁴

Public Prosecutors Offices

Apart from the MJIB, the task of investigating corruption cases is also performed by the Supreme Prosecutors Office (SPO), the High Prosecutors Offices (HPOs) and the 21 PPOs throughout Taiwan. There are also four Special Investigation Task Forces which

250. Department of Government Employee Ethics, "Anti-Corruption Strategies in Taiwan," p. 1.

251. Republic of China, *Anti-Corruption Yearbook 2008*, p. 175.

252. *Ibid.*, p. 5.

253. *Ibid.*, p. 1.

254. Taipei City Government, *Department of Civil Service Ethics*, p. 4.

are located at the Taiwan HPO and its branches in Taichung, Tainan and Kaohsiung.²⁵⁵ This is not surprising because in Japan, the Special Investigation Departments of the PPOs in Tokyo, Osaka, and Nagoya are responsible for investigating cases of bribery, breach of trust, tax evasion, and securities exchange violations.²⁵⁶ During the Japanese colonial period, the Taipei District Prosecutors Office was known as the Taipei District Court Prosecutors Bureau.

All the PPOs are responsible for prosecuting crimes and supervising the execution of criminal verdicts. According to the Chief Prosecutor, these PPOs “prosecute criminals and conduct investigations to crack down on crimes and protect the public interest.” Their additional functions include exercising judicative power over criminal cases, administering probation and aftercare services, increasing the legal awareness of peoples’ rights and obligations, offering legal aid, and building capacity to protect victims of crime.²⁵⁷

Using the Taipei District Prosecutors Office as an example, its members perform these six functions: (1) conducting prosecutions for public offenses and investigating criminal activities; (2) implementing the government’s policies on curbing organized crime and corruption, and showing its determination to crack down on “black gold” activities; (3) detecting illegal acts and protecting victims of crime; (4) deepening and broadening the scope of the judicial protective services, and strengthening the community-based treatment function; (5) improving the quality of service, strengthening the commitment to a responsible and efficient office, and building a citizen-friendly image; and (6) cooperating with the police and investigation units to promote teamwork.²⁵⁸

Table 12 summarizes the above discussion by indicating that the function of corruption control is shared between the MJIB, DGEE, and the PPOs. Table 13 confirms that in terms of the sources of corruption cases in Taiwan, the MJIB is the most important ACA because it is responsible for about 40 percent of the corruption cases investigated. The government ethics units under the DGEE’s supervision are second, with 20.4 percent of the corruption

255. Republic of China, *Eradicating Organized Crime and Corruption in Taiwan* (Taipei: Government Information Office, November 6, 2000), p. 5, available at <http://www.gio.gov.tw/ct.asp?xItem=18703&ctNode=2501>.

256. Yuichiro Tachi, “Role of Public Prosecutors in Japan,” in *Taking Action Against Corruption in Asia and the Pacific* (Manila: Asian Development Bank, 2002), p. 120.

257. See “About Chief Prosecutor” at the Taipei District Prosecutors Office’s website at <http://www.tpc.moj.gov.tw/ct.asp?xItem=75273&CtNode=18307&mp=103>.

258. *Ibid.*

TABLE 12. ANTI-CORRUPTION AGENCIES IN TAIWAN

Anti-Corruption Agency	Function
Ministry of Justice Investigation Bureau	Investigation of Corruption Cases
Department of Government Employee Ethics and all Government Ethics Units	Investigation and Prevention of Corruption
Public Prosecutors Offices throughout Taiwan	Investigation and Prosecution of Corruption Cases

Source: Compiled by the author.

TABLE 13. SOURCES OF CORRUPTION CASES, 2004-2008

Year	MJIB	Government Ethics Units	Reports from public	Prosecutors Offices	Others*	Total
2004	125	70	41	40	33	309
2005	94	62	43	39	35	273
2006	89	55	40	34	36	254
2007	185	68	58	51	33	395
2008	119	57	49	50	26	301
Total	612 (39.9%)	312 (20.4%)	231 (15.1%)	214 (14.0%)	163 (10.6%)	1,532 (100%)

*This category includes supervisory authorities, self-surrenders, and other sources. Source: Republic of China, *Anti-Corruption Yearbook 2008* (Taipei: Ministry of Justice Investigation Bureau, 2009), p. 219, Table 2-06.

cases investigated. Third, the Taiwanese public is responsible for 15.1 percent of the corruption cases investigated. Fourth, the PPOs throughout Taiwan initiate 14 percent of the corruption cases investigated. The remaining 10.6 percent of corruption cases are reported by supervisory authorities, self-surrenders, and other sources.

Anti-Corruption Laws

The most important anti-corruption law in Taiwan is the Anti-Corruption Statute, which was enacted on July 15, 1963 to “halt corruption and punish officials who engage in corrupt practices” (Article 1).²⁵⁹ Article 2 states that the provisions of this statute apply to

259. For details of the 20 articles of the Anti-Corruption Statute, see Lawbank, pp. 1-3 at <http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.asp>.

all public officials. Article 4 specifies the penalty of imprisonment from 10 years to life and a maximum fine of NT\$100 million for those found guilty of any of these five offenses:

1. Theft or misappropriation of public equipment or property.
2. Corruptly demanding, receiving, or accepting anything of value by means of coercion, extortion, conversion or collection.
3. Falsely reporting the quantity of public equipment or goods procured, receiving an unauthorized commission on procurement or engaging in other corrupt acts relating to the construction of government projects or the procurement of government equipment or materials.
4. Using government vehicles to transport contraband or to transport goods for the purpose of tax evasion.
5. Corruptly demanding, soliciting, receiving, accepting or agreeing to receive or accepting any bribe or other unjust enrichment in return for being induced to execute or fail to execute any act in violation of the official duties of such official or the commissioned duties of such person commissioned to undertake specific public affairs duties.²⁶⁰

The penalty for the above offenses will be enhanced for those offenders who are “in charge of investigative, prosecutorial or adjudicative affairs” by increasing by half the term of imprisonment (Article 7). Furthermore, the punishment for those offenders who voluntarily surrender themselves and return all proceeds of their crimes will be reduced or exempted if other accomplices are arrested as a result of their assistance to the police (Article 8). Table 14 shows that the Anti-Corruption Statute of 1963 is the most important anti-corruption law in Taiwan as reflected in the fact that more than half (53.6 percent) of the corruption cases during 2004-2008 were offenses against it.

Table 14 also indicates that the Government Procurement Act (GPA) is the second most important anti-corruption law in Taiwan from 2004-2008 because there were 748 cases (29.1 percent) dealing with offenses specified in the GPA. The GPA was enacted by presidential decree on May 27, 1998 with these objectives:

260. *Ibid.*, p. 1.

TABLE 14. NUMBER OF OFFENSES OF MAJOR ANTI-CORRUPTION LAWS, 2004-2008

Year	Anti-Corruption Statute	Government Procurement Act	Criminal Code	Total
2004	269 (57.5%)	118 (25.2%)	81 (17.3%)	468 (100%)
2005	235 (59.8%)	94 (23.9%)	64 (16.3%)	393 (100%)
2006	227 (49.4%)	155 (33.8%)	77 (16.8%)	459 (100%)
2007	359 (50.3%)	233 (32.6%)	122 (17.1%)	714 (100%)
2008	289 (53.7%)	148 (27.5%)	101 (18.8%)	538 (100%)
Total	1,379 (53.6%)	748 (29.1%)	445 (17.3%)	2,572 (100%)

Source: Republic of China, *Anti-Corruption Yearbook 2008* (Taipei: Ministry of Justice Investigation Bureau, 2009), p. 226, Table 2-09.

to establish a government procurement system that has fair and open procurement procedures, can promote the efficiency and effectiveness of government procurement operation, and is able to ensure the quality of procurement.²⁶¹

Article 2 of the GPA defines “procurement” as “the contracting of construction work, the purchase or lease of property, the retention or employment of services, etc.” Article 3 specifies that the GPA’s provisions apply to the procurement conducted by all government agencies, public schools, or government-owned enterprises.²⁶²

The GPA is divided into eight chapters and has 114 articles. After identifying the general principles in Chapter I (Articles 1-17), the subsequent chapters deal with the invitation to tender (Chapter II, Articles 18-44), the award of contracts (Chapter III, Articles 45-62), the administration of contract performance (Chapter IV, Articles 63-70), inspection and acceptance (Chapter V, Articles 71-73), dispute settlement (Chapter VI, Articles 74-86), penal provisions (Chapter VII, Articles 87-92), and supplementary provisions (Chapter VIII, Articles 93-114).

Article 87 imposes a penalty of imprisonment from one to seven years and a fine of NT\$3 million for any one who commits

261. Government Procurement Act of 1998 (Taipei: Public Construction Commission, Executive Yuan, August 27, 2008), p. 1, Article 1, available at http://erp.pcc.gov.tw/pccap2/BIZSfront/Eng/MenuContent.do?site=004&bid=BIZS_C00000022#.

262. *Ibid.*, p. 1.

violence, administers drugs, or hypnotizes a supplier “not to tender or to tender contrary to its real intention, or cause the winning tenderer to forego the award or to assign or subcontract after the award.” However, if death results from the specified offense, the offender will be imprisoned from seven years to life imprisonment and a fine of NT\$3 million. If serious bodily injury is caused by the offense, the duration of imprisonment is reduced to between three to ten years. The penalty for committing fraud or using illegal means to prevent the supplier from tendering or causing the opening of tenders to have an incorrect result is imprisonment for five years and a fine of NT\$1 million. The penalty is further reduced to imprisonment from six months to five years and a fine of NT\$1 million for any one who prevents the supplier from tendering or proceeding with price competition by means of “contract, agreement or other forms of meeting of minds” in order to “adversely affect the price of award or to gain illegal benefits.” Offenders who borrow or assume another person’s name or certificate to tender to adversely affect the procurement result or to gain illegal benefits will be imprisoned for three years and fined NT\$1 million. Any one who allows another person to borrow or assume his name or certificate to tender will receive the same punishment.²⁶³

TABLE 15. AMOUNTS OF MONEY IN CORRUPTION CASES, 2004-2008 (NT\$)

Year	Corruption	Profiting	Procurement	Others
2004	2,306,672,761	2,963,781,600	2,573,413,272	142,830,780
2005	888,558,803	1,099,589,491	1,368,542,066	339,422,789
2006	1,400,977,341	1,942,485,379	472,386,008	214,166,006
2007	1,082,615,885	5,283,287,424	11,225,772,189	391,049,931
2008	694,848,188	2,582,857,582	8,148,494,629	1,495,435,818
Total	6,373,672,978	13,872,001,476	23,788,608,164	2,382,905,324

Source: Republic of China, *Anti-Corruption Yearbook 2008* (Taipei: Ministry of Justice Investigation Bureau, 2009), p. 247, Table 2-20.

Table 15 shows that in terms of the amount of money involved, corruption cases dealing with procurement were the most important during 2004-2008 with a total of NT\$23,788,608,164, followed by profiting (NT\$13,872,001,476), corruption (NT\$6,373,672,978), and others (NT\$2,382,905,324).

263. *Ibid.*, p. 22.

Thirdly, vote-buying is an offense according to Articles 142-148 of the Criminal Code,²⁶⁴ the Presidential and Vice Presidential Election and Recall Law, and the Public Officials Election and Recall Law. For example, in 2008, there were 247 indictments against voters receiving bribes according to paragraph 1 of Article 143. Similarly, there 338 indictments for bribery to voters according to paragraph 1 of Article 99 of the Public Officials Election and Recall Law, and only 12 indictments for bribery to voters according to paragraph 1 of Article 86 of the Presidential and Vice Presidential Election and Recall Law in 2008.²⁶⁵

TABLE 16. SOURCES OF VOTE-BUYING CASES, 2004-2008

Year	MJIB	Prosecutors Offices	Reports from public	Others	Total
2004	21	6	3	2	32
2005	238	73	27	31	369
2006	360	108	26	3	497
2007	78	8	5	0	91
2008	67	44	37	0	148
Total	764 (67.2%)	239 (21%)	98 (8.6%)	36 (3.2%)	1,137 (100%)

Source: Republic of China, *Anti-Corruption Yearbook 2008* (Taipei: Ministry of Justice Investigation Bureau, 2009), p. 254, Table 2-23.

Table 16 shows that more than two-thirds of the vote-buying cases investigated by the MJIB resulted from its own initiative, followed by 21 percent from the Prosecutors Offices, nearly nine percent from the public, and three percent from other sources.

VI. EVALUATION OF TAIWAN'S ANTI-CORRUPTION MEASURES

How effective are the above ACAs and anti-corruption laws in curbing corruption in Taiwan? It is not possible to measure the actual extent of corruption in a country because bureaucratic corruption is conducted in secrecy and is not legally and/or socially condoned. Consequently, scholars and policy-makers rely on the number of corruption cases reported in newspapers or government reports and the perceived extent of corruption reported in surveys

264. Republic of China, *Anti-Corruption Yearbook 1993*, pp. 313-314.

265. Republic of China, *Anti-Corruption Yearbook 2008*, p. 257, Table 2-24.

by journalists, financial experts, civil servants, and members of the public.²⁶⁶

Accordingly, this monograph relies on these four indicators to assess the perceived extent of corruption in Taiwan:

1. Transparency International's Corruption Perceptions Index (CPI), 1995-2009, which covers 180 countries.
2. Political Economic Risk Consultancy (PERC) annual surveys of corruption, 1995-2010, which covers 16 countries.
3. World Bank's Control of Corruption governance indicator, 1996-2008, which covers 212 countries.
4. *Global Competitiveness Report's* indicator on the Public Trust of Politicians, 1999-2009, which covers 133 countries.

These four indicators are not perfect and have limitations.²⁶⁷ Nevertheless, in spite of their limitations, these indicators provide useful information on the perceived extent of corruption in many Asian countries including Taiwan. Table 17 shows that Taiwan's rank on the CPI ranges from 25th position among 41 countries in 1995 to 37th position among 180 countries in 2009. Similarly, its CPI score varies from 4.98 in 1996 to 5.9 in 2001, 2005 and 2006. Table 18 confirms that Taiwan is the fourth least corrupt Asian country among the 25 Asian countries included in the 2009 CPI.

Table 19 shows that Taiwan's rank on the PERC corruption surveys from 1995-2010 ranges from 4th position in 1998, 2001, 2004 and 2005, to 9th position in 2009. As mentioned earlier, Taiwan's 9th ranking below China's 8th ranking in 2009 led to President Ma's call to the ACAs to redouble their efforts to curb corruption in Taiwan.

Table 20 indicates that Taiwan's percentile rank for the control of corruption varies from 72 in 2007 to 81.6 in 2000. Furthermore, its percentile rank has declined from 79.1 in 1996 to 72.9 in 2008. Taiwan was ranked fifth after Singapore, Hong Kong, Japan and Bhutan among the 24 Asian countries included in the 2008 control

266. Quah, "Benchmarking the Performance of Anti-Corruption Agencies in the Asia-Pacific Countries," pp. 761-762.

267. For more details on these limitations, see *ibid.*, pp. 762-764; Michael Johnston, *Components of Integrity: Data and Benchmarks for Tracking Trends in Government* (Paris: Organization for Economic Cooperation and Development, 2008), pp. 18-24; and *Public Governance Indicators: A Literature Review* (New York: Department of Economic and Social Affairs, United Nations, 2007), pp. 16-20.

**TABLE 17. TAIWAN'S RANKING AND SCORE ON
TRANSPARENCY INTERNATIONAL'S CORRUPTION
PERCEPTIONS INDEX, 1995-2009**

Year	CPI Rank	CPI Score*	No. of Countries
1995	25th	5.08	41
1996	29th	4.98	54
1997	31st	5.02	52
1998	29th	5.3	85
1999	28th	5.6	99
2000	28th	5.5	90
2001	27th	5.9	91
2002	29th	5.6	102
2003	30th	5.7	133
2004	35th	5.7	146
2005	32nd	5.9	159
2006	34th	5.9	163
2007	34th	5.7	180
2008	39th	5.7	180
2009	37th	5.6	180

*The CPI score ranges from 0 (most corrupt) to 10 (least corrupt).

Source: Compiled from the CPI, 1995-2009 available from <http://www.transparency.org>.

of corruption data. Table 21 summarizes Taiwan's ranking and scores on the CPI from 1995-2009, PERC from 1995-2010, and the World Bank's Control of Corruption governance indicator from 1996-2008.

Unlike the first three indicators, the fourth indicator on the public trust of politicians provides an indirect measure of the perceived extent of corruption because a low level of public trust of politicians indicates that there is a high level of political corruption in the country. According to Table 22, Taiwan was ranked 24th among the 102 countries with a score of 3.6 in 2003-2004. However, in 2007-2008, Taiwan's rank dropped to 57th among the 131 countries with a score of 2.8. Table 23 shows that Taiwan is ranked 7th after Singapore, Hong Kong, Brunei, China, Vietnam, and Malaysia, in terms of their average scores for public trust of politicians in 20 Asian countries.

In sum, Tables 17 to 23 indicate clearly that corruption remains a serious problem in Taiwan in spite of the various anti-corruption measures initiated by the different governments since the relocation of the KMT government from the mainland in December 1949.

**TABLE 18. 2009 CORRUPTION PERCEPTIONS
INDEX OF 25 ASIAN COUNTRIES**

Country	CPI Rank	CPI Score
Singapore	3rd	9.2
Hong Kong SAR	12th	8.2
Japan	17th	7.7
Taiwan	37th	5.6
Brunei Darussalam	39th	5.5
South Korea	39th	5.5
Macao SAR	43rd	5.3
Bhutan	49th	5.0
Malaysia	56th	4.5
China	79th	3.6
India	84th	3.4
Thailand	84th	3.4
Sri Lanka	97th	3.1
Indonesia	111th	2.8
Mongolia	120th	2.7
Vietnam	120th	2.7
Bangladesh	139th	2.4
Pakistan	139th	2.4
Philippines	139th	2.4
Nepal	143rd	2.3
Timor-Leste	146th	2.2
Cambodia	158th	2.0
Laos	158th	2.0
Myanmar	178th	1.4
Afghanistan	179th	1.3

*Hong Kong and Macao are Special Administrative Regions of China.

Source: Compiled from http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table.

First, according to Transparency International's CPI for 2009, Taiwan is ranked 37th among 180 countries with a score of 5.6, which makes it the fourth least corrupt country in Asia. Second, Taiwan is ranked 8th among the 16th countries included in PERC's 2010 survey with a score of 6.28. Third, Taiwan is ranked fifth with a percentile rank of 72.9 among the 24 Asian countries included in the World Bank's 2008 control of corruption data. Fourth, Taiwan is ranked 7th with an average score of 3.22 for public trust of politicians among 20 Asian countries.

TABLE 19. TAIWAN'S RANKING AND SCORE ON PERC'S SURVEY, 1995-2010

Year	Ranking	Score*	No. of Countries
1995	5th	4.20	11
1996	6th	5.53	12
1997	5th	5.96	12
1998	4th	5.20	12
1999	5th	6.92	12
2000	5th	6.89	12
2001	4th	6.00	12
2002	6th	5.83	12
2003	6th	6.33	13
2004	4th	6.10	13
2005	4th	6.15	13
2006	6th	5.91	13
2007	5th	6.23	13
2008	7th	6.55	13
2009	9th	6.47	16
2010	8th	6.28	16

*Score ranges from 0 (least corrupt) to 10 (most corrupt).

Sources: PERC, "Corruption in Asia in 2001," *Asian Intelligence*, No. 579, March 7, 2001 (available at <http://www.asiarisk.com/lib10.html>); "Corruption as a Force Destabilizing the Business Environment," *Asian Intelligence*, No. 750, March 12, 2008, p. 7; Zakir Hussain, "S'pore remains Asia's least corrupt country," *Straits Times*, April 8, 2009, p. B5; and "S'pore least corrupt nation," *Straits Times*, March 9, 2010.

TABLE 20. TAIWAN'S PERCENTILE RANK AND GOVERNANCE SCORE ON THE WORLD BANK'S GOVERNANCE INDICATOR ON THE CONTROL OF CORRUPTION, 1996-2008

Year	Percentile Rank	Governance Score
1996	79.1	+0.71
1998	80.1	+0.86
2000	81.6	+0.90
2002	76.7	+0.78
2003	76.2	+0.80
2004	79.6	+0.84
2005	78.2	+0.85
2006	72.8	+0.67
2007	72.0	+0.48
2008	72.9	+0.55

Source: http://info.worldbank.org/governance/wgi/sc_chart.asp#

TABLE 21. TAIWAN'S RANKING AND SCORES ON CPI, PERC, AND CONTROL OF CORRUPTION, 1995-2010

Year	CPI Rank & Score	PERC Rank & Score	Control of Corruption Percentile Rank
1995	25th (5.08)	5th (4.20)	NA
1996	29th (4.98)	6th (5.53)	79.1
1997	31st (5.02)	5th (5.96)	NA
1998	29th (5.3)	4th (5.20)	80.1
1999	28th (5.6)	5th (6.92)	NA
2000	28th (5.5)	5th (6.89)	81.6
2001	27th (5.9)	4th (6.00)	NA
2002	29th (5.6)	6th (5.83)	76.7
2003	30th (5.7)	6th (6.33)	76.2
2004	35th (5.6)	4th (6.10)	79.6
2005	32nd (5.9)	4th (6.15)	78.2
2006	34th (5.9)	6th (5.91)	72.8
2007	34th (5.7)	5th (6.23)	72.0
2008	39th (5.7)	7th (6.55)	72.9
2009	37th (5.6)	9th (6.47)	NA
2010	NA	8th (6.28)	NA

Sources: Compiled from Tables 17, 19 and 20.

TABLE 22. TAIWAN'S RANK AND SCORE ON THE GLOBAL COMPETITIVENESS REPORT'S PUBLIC TRUST OF POLITICIANS, 1999 to 2003-2004, 2007/2008 AND 2009/2010

Year	Rank	Score*	No. of Countries
1999	27th	3.46	59
2000	35th	2.9	59
2001-2002	29th	3.2	75
2002-2003	30th	3.2	80
2003-2004	24th	3.6	102
2007-2008	57th	2.8	131
2009-2010	42nd	3.4	133

*The score ranges from 1 (strongly disagree) to 7 (strongly agree) with this statement: "Public trust in the financial honesty of politicians is very high."

Sources: Klaus Schwab *et al.*, *The Global Competitiveness Report 1999* (New York: Oxford University Press, 1999), p. 327, Table 8.19; Michael E. Porter *et al.*, *The Global Competitiveness Report 2000* (New York: Oxford University Press, 2000), p. 253, Table 4.16; Klaus Schwab *et al.*, *The Global Competitiveness Report 2001-2002* (New York: Oxford University Press, 2002), p. 408, Table 7.07; Peter K. Cornelius (ed.), *The Global Competitiveness Report 2002-2003* (New York: Oxford University Press, 2003), p. 619, Table 7.12; Xavier Sala-i-Martin (ed.), *The Global Competitiveness Report 2003-2004* (New York: Oxford University Press, 2004), p. 499, Table 7.10; Klaus Schwab and Michael E. Porter, *The Global Competitiveness Report 2007-2008* (Basingstoke: Palgrave Macmillan, 2007), p. 379, Table 1.04; and Klaus Schwab (ed.), *The Global Competitiveness Report 2009-2010* (Geneva: World Economic Forum, 2009), p. 349, Table 1.04.

TABLE 23. RANKING OF 20 ASIAN COUNTRIES BY AVERAGE SCORES FOR PUBLIC TRUST OF POLITICIANS, 1999 TO 2003-2004, 2007-2008 AND 2009-2010

Country	Total Score	Average Score	Ranking
Singapore	44.96	6.42	1
Hong Kong	34.22	4.88	2
Brunei	4.40	4.40	3
China	25.6	3.65	4
Vietnam	24.87	3.55	5
Malaysia	24.65	3.52	6
Taiwan	22.56	3.22	7
Cambodia	5.60	2.80	8
Japan	19.19	2.74	9
South Korea	18.50	2.64	10
Timor Leste	5.20	2.60	11
Thailand	18.02	2.57	12
Indonesia	17.36	2.48	13
Sri Lanka	11.00	2.20	14
Pakistan	6.40	2.13	15
India	14.05	2.00	16
Philippines	12.32	1.76	17
Nepal	3.50	1.75	18
Mongolia	3.40	1.70	19
Bangladesh	7.90	1.58	20

Source: Compiled from the sources in Table 22.

Finally, according to Transparency International's Global Corruption Barometer for 2006, only 2 percent of the 1,000 Taiwanese respondents considered their government as very effective in fighting corruption, and 21 percent found their government to be effective. On the other hand, 33 percent of the respondents viewed their government as ineffective in curbing corruption, 25 percent of them said that their government did not fight corruption but actually encouraged it, and 15 percent of the respondents felt that their government did not fight corruption at all.²⁶⁸

268. *Report on Transparency International Global Corruption Barometer 2006* (Berlin: Transparency International, 2006), p. 19, Table 5.

VII. SUGGESTIONS FOR REFORM

Why are Taiwan's anti-corruption measures ineffective in curbing corruption? What can be done to enhance their effectiveness? This concluding section addresses these questions by accounting for the ineffectiveness of the anti-corruption measures described in Section VI and by providing four suggestions for reforming Taiwan's anti-corruption strategy.

As discussed earlier, the most important cause of corruption in Taiwan is the lack of commitment of the political leaders to minimize this problem. According to Ian Senior:

The principal people who can change a culture of corruption if they wish to do so are politicians. This is because they make the laws and allocate the funds that enable the laws to be enforced. If, however, politicians at the top of the hierarchy have routinely worked their way up by accepting bribes to fund their parties and themselves, there is little prospect that they will wish to cleanse their colleagues or their nation of corruption. . . . The very people who are the greatest beneficiaries of corruption have the greatest power and use the corrupt nature of government to maintain that power.²⁶⁹

Although President CHIANG Kai-shek was not corrupt himself, he did not give priority to curbing corruption because he accorded more importance to promoting loyalty among his supporters and the restoration of peace and unity. In contrast, his son, CHIANG Ching-kuo, was committed to minimizing corruption during his term of office as vice premier and after becoming president in May 1972. On the other hand, President LEE Teng-hui, who succeeded CHIANG Ching-kuo, was less committed to curbing corruption as reflected in the rapid growth of "black gold" politics during his term of office. Unfortunately, President CHEN Shui-bian, who had campaigned on an anti-corruption platform during the 2000 presidential election, succumbed to corruption during his eight years in power.

Unlike his predecessor, President MA Ying-jeou appears to be more committed to curbing corruption in Taiwan. In his April 5, 2010 speech delivered by video conference to Harvard University, Ma stated that combating corruption was a cornerstone of his presi-

269. Ian Senior, *Corruption—the World's Big C: Cases, Causes, Consequences, Cures* (London: Institute of Economic Affairs, 2006), pp. 184 and 187.

gency.²⁷⁰ In view of this, it is puzzling why he does not support the public demand for the establishment of an independent ACA in Taiwan. During the campaign for the March 2008 presidential election, he indicated his preference for relying on the existing government structure to curb corruption because “as long as government leaders know how to behave themselves, then we won’t need to set up more agencies to do the same thing that existing agencies should be doing.” Nevertheless, he qualified his decision by saying that “if corruption in the government sector still cannot be eliminated within two years, more radical measures can be considered, such as forming an independent anti-corruption commission like the one in Hong Kong or shifting the prosecution system currently under the Ministry of Justice to the oversight of the Judicial Yuan.”²⁷¹

In contrast, Ma’s rival, Frank Hsieh, the DPP presidential candidate in 2008, said that he would “push for the formation of an independent agency to crack down on corruption and graft patterned after the Independent Commission Against Corruption (ICAC)” in Hong Kong. Hsieh also revealed that a similar proposal by the DPP Minister of Justice, CHEN Ding-nan, in 2000 was “boycotted by the KMT legislative majority and opposed by prosecutors” and the MJIB because “they felt that their powers and rights would be restricted.”²⁷² In its editorial of August 31, 2002, the *Taipei Times* attributed the KMT’s opposition to the establishment of an ICAC to the KMT’s fears “that once such an organization exists, the party will be called to account for its embezzlement of government assets during its decades-long rule and that it will have [to] fork over its ill-gotten gains.”²⁷³

In Ma’s defense, it should be noted he has promised to reform the KMT “at full speed” four days after becoming the KMT Chairman on October 17, 2009 at the first conference of the KMT Central Standing Committee.²⁷⁴ Accordingly, the KMT Administration and Management Committee presented its initial plan on dealing with the KMT’s assets to President Ma on December 21, 2009. The

270. Shirley A. Kan, *Democratic Reforms in Taiwan: Issues for Congress* (Washington, D.C.: Congressional Research Service Report for Congress, May 26, 2010), p. 7, available at <http://ftp.fas.org/sgp/crs/row/R41263.pdf>.

271. Wang, “KMT candidate proposes stiffer anti-corruption law.”

272. Denis Engbarth, “DPP presidential candidate calls for establishment of Taiwan ‘ICAC,’” *Taiwan News Online*, January 1, 2008.

273. Editorial, “Championing Anti-Corruption,” *Taipei Times*, August 31, 2002, p. 8.

274. “Taiwan’s Ma vows to promote KMT party reform,” *www.chinaview.cn*, October 21, 2009, available at http://news.xinhuanet.com/english/2009-10/21/content_12292965.htm.

KMT's annual personnel and miscellaneous expenses total NT\$1.5 billion (US\$46.4 million), with NT\$600 million spent on the 900 staff members, NT\$700 million devoted to pensions and interest payments for 2,300 retired staff, and NT\$200 million in the form of miscellaneous expenses. President Ma instructed the Committee to expedite its efforts to resolve the issue of the KMT's assets.²⁷⁵

On December 30, 2009, the KMT's Central Standing Committee voted to sell off the assets controlled by the Central Investment Company (CIC) by June 30, 2010. The CIC controls assets worth NT\$40 billion (US\$1.23 billion) and has a net value of NT\$22.9 billion after subtracting its liabilities. In addition to selling the CIC's assets, the KMT will reduce its staff in three stages from 900 to 400 or 500 core personnel.²⁷⁶ The KMT's Secretary-General, KING Putsung, told a press conference at KMT headquarters in Taipei that "political parties owing businesses is not acceptable in the democratic world, and the KMT must show the determination to close its businesses as soon as possible for its own development."²⁷⁷

Suggestion No. 1: Establish an Independent Anti-Corruption Agency

As corruption remains a serious problem two years after he assumed office in May 2008, President MA Ying-jeou should reconsider his earlier decision not to support the creation of an independent ACA in Taiwan for three reasons.

The first and most important reason is that a regional overview of the national integrity systems in nine Asian countries in 2006 has found that these countries relied on two patterns of corruption control: (1) a single ACA as the lead agency in fighting corruption (namely, Singapore, Hong Kong, Thailand, South Korea); and (2) multiple ACAs to curb corruption (namely, Cambodia, China, Philippines, Vietnam).²⁷⁸ More importantly, "the first pattern of relying on a single, independent anti-corruption agency is the most effec-

275. "KMT to deal with asset issue by year's end," *China Times*, December 22, 2009, available at <http://www.taiwantoday.tw/fp.asp?xItem=88827&CtNode=413>.

276. "KMT votes to sell off party assets," *United Daily News*, December 31, 2009, available at <http://www.taiwantoday.tw/fp.asp?xItem=90967&CtNode=413>.

277. Mo Yan-chih, "KMT plans new sale of Central Investment Co.," *Taipei Times*, December 31, 2009, p. 1.

278. Jon S.T. Quah, *National Integrity System Transparency International Regional Overview Report East and Southeast Asia 2006* (Berlin: Transparency International, 2007), pp. 4-5. As mentioned earlier, the ninth country, Japan, does not have any ACA to implement its anti-corruption laws.

tive if the political leaders are committed to curbing corruption.”²⁷⁹ Indeed, the experiences of Singapore and Hong Kong in fighting corruption confirm the value of setting up an independent agency dedicated solely to the task of corruption control.²⁸⁰ Conversely, the second pattern of relying on multiple ACAs to combat corruption is less effective because of the lack of coordination, overlapping of functions, competition for limited resources, and dilution of anti-corruption efforts in the country. For example, the proliferation of ACAs in the Philippines has resulted in “resource and effort-dilution in anti-corruption efforts due to duplication, layering and turf wars.”²⁸¹

ACAs are specialized agencies established by governments for the specific purpose of minimizing corruption in their countries.²⁸² According to Patrick Meagher, ACAs are “separate, permanent agencies whose primary function is to provide centralized leadership” in such core areas of anti-corruption activity as “policy analysis and technical assistance in prevention, public outreach and information, monitoring, investigation, and prosecution.”²⁸³ Colin Nicholls *et al.* have identified these four advantages of depending on a single ACA: reduced administrative costs; enhanced public profile; concentration of expertise; and reduced uncertainty over the jurisdiction by avoiding duplication of powers and work.²⁸⁴ Similarly, the United Nations Office on Drugs and Crime’s *Anti-Corruption Toolkit* has provided a more comprehensive list of the nine advantages of relying on a single ACA namely: a high degree of specialization and expertise; a high degree of autonomy to insulate it from corruption and other undue influences; separateness from the agencies and departments that it will be investigating; a “fresh start” when new, and thus free from corruption and other problems that may affect existing institutions; considerable public credibility; established security protection; political, legal and public accountability; clarity in the assessment of its progress, successes and fail-

279. *Ibid.*, p. 6.

280. *Ibid.*, p. 10.

281. Gabriella Quimson, *National Integrity Systems Transparency International Country Study Report Philippines 2006* (Berlin: Transparency International, 2006), p. 30.

282. Quah, “Benchmarking the Performance of Anti-Corruption Agencies in the Asia-Pacific Countries,” p. 769.

283. Patrick Meagher, “Anti-corruption Agencies: Rhetoric versus Reality,” *Journal of Policy Reform*, Vol. 8, No. 1 (2005): 70.

284. Colin Nicholls *et al.*, *Corruption and Misuse of Public Office* (Oxford: Oxford University Press, 2006), p. 476.

ures; and swift action against corruption as task-specific resources are used and officials are not subjected to the competing priorities of general law enforcement, audit and similar agencies.²⁸⁵

Indeed, the most important advantage of establishing an independent ACA in Taiwan is that it sends a powerful signal to Taiwanese citizens that the current government is committed to fighting corruption.²⁸⁶ However, this initial advantage will be eroded if the government does not demonstrate its political will by providing the new ACA with sufficient legal powers and adequate human and financial resources. Furthermore, the government should also provide the ACA with operational autonomy so that it can investigate anyone, regardless of his or her status or position. All the abovementioned operational advantages will count for naught if President Ma's government does not support the new ACA by allowing it to operate independently and by providing it with adequate resources for performing its functions effectively.²⁸⁷

As discussed in Section V on Taiwan's anti-corruption measures and shown in Table 12, the task of controlling corruption in Taiwan is shared among the MJIB, the DGEE and all the government ethics units under its supervision, and the SPO, HPOs and PPOs. Thus, like those Asian countries which rely on multiple ACAs, Taiwan also suffers from the same disadvantages of lack of coordination, overlapping of functions, competition for resources, and dilution of the country's anti-corruption efforts. Sonny Lo contends that Taiwan's "anti-corruption bodies are currently too diverse, and a single powerful agency should be vested with the necessary legal authority and status to curb graft in the private and public sectors."²⁸⁸ In other words, the second reason for replacing the existing ACAs in Taiwan with an independent ACA is that this new ACA will no longer be burdened by the disadvantages arising from relying on multiple ACAs.

Needless to say, this proposal to establish an independent ACA in Taiwan will meet with resistance from the existing ACAs, especially the MJIB, which is the lead ACA. As discussed earlier, the MJIB is not a dedicated ACA because it is responsible for eight other functions in addition to its fourth function of investigating

285. United Nations Office on Drugs and Crime, *The Global Programme Against Corruption: United Nations Anti-Corruption Toolkit*, 3rd edition (Vienna: UNODC, 2004), pp. 89-90.

286. *Ibid.*, p. 90.

287. Quah, "Benchmarking for Excellence," 174.

288. Lo, "The Politics of Controlling *Heidao* and Corruption in Taiwan," 75.

corruption, bribery, and vote-buying. As the MJIB's other functions include such important concerns as investigation of national security matters; prevention of drug trafficking; dealing with organized crime, economic crime and money laundering; and prevention of sedition, treason and unauthorized disclosure of national secrets; the function of corruption control has to compete with these functions for limited resources. A second weakness of the MJIB's performance of all these functions is that the function of combating corruption will always be given lower priority than the investigation of national security matters.

On July 12, 2000, the Executive Yuan approved the "Sleaze Eradication Action Plan" (SEAP), which was introduced to "completely eradicate sleaze" so that Taiwan can "upgrade toward honest and transparent politics" and enjoy a "clean political climate."²⁸⁹ More specifically, the SEAP's three objectives were: (1) to eradicate sleaze by investigating and collecting evidence against various gang-leaders; (2) to eliminate corruption by integrating the "resources of prosecutors, investigators and anti-corruption personnel" and identifying 17 priority areas for investigation; and (3) to investigate election bribery by monitoring the activities of election campaign workers and mobilizing the prosecutorial, police and investigative manpower to watch suspects and collect evidence of their misconduct.²⁹⁰

The rationale for establishing an Anti-Corruption Bureau within the MOJ as part of the SEAP's second objective of eliminating corruption was justified thus:

Tasks pertaining to anti-corruption are currently handled separately by various different agencies each according to their powers and responsibilities. Because we lack a team to integrate resources, twice the effort goes into producing half the results. We should learn from the experience of Hong Kong's Independent Commission Against Corruption and Singapore's Anti-corruption [*sic*] Investigation Bureau and set up an Anti-Corruption Bureau at the Ministry of Justice to take charge of overall planning of preventing and eliminating corruption as unified goals, so

289. Republic of China, *Anti-Corruption Yearbook 2000* (Taipei: Ministry of Justice Investigation Bureau, 2001), p. 7.

290. *Ibid.*, pp. 7-9.

that there is a single window of access and unified scope of authority.²⁹¹

Accordingly, the new DPP Minister of Justice, CHEN Ding-nan, wanted to centralize the MOJ's anti-corruption efforts by merging the MJIB's Honest Government Office with the DGEE to form an Anti-Corruption Task Force.²⁹² However, the MJIB did not agree with Chen's proposal and the "standoff" between them was only resolved when the MJIB's Director General was replaced by executive order one year later. As the legislation for the proposed Anti-Corruption Task Force was not approved by the Legislative Yuan, which was dominated by the KMT, an Organized Crime and Money Politics Investigation Center (OCMPIC) was established instead in the HPO to supervise the four special investigation sections in Taipei, Taichung, Tainan, and Kaohsiung.²⁹³

In his November 2000 interview with *Taiwan Panorama*, DPP Justice Minister CHEN Ding-nan highlighted the problem of the MJIB having two bosses: the MOJ and the National Security Bureau (NSB). Describing the MOJ as the "lesser of the MJIB's two bosses" with only 20 percent of its stock if the MJIB were a company, Minister Chen's hope was "that the MJIB will fully carry out its duties as a law enforcement agency by fighting crime."²⁹⁴ He further revealed that after assuming office he wanted to separate intelligence operations from criminal investigations by making the MJIB a law enforcement agency and the NSB an intelligence gathering organization. However, the NSB did not agree with his proposal because it did not have sufficient personnel and needed the MJIB's support. Even though Minister Chen "had to go along with the NSB's position," he stressed that the NSB should "put fewer demands on MJIB personnel so [that] they can spend more time on

291. *Ibid.*, p. 9.

292. K. Chao, "Honest Government Bureau Two Track System, An Opportunity for Impeachment and the Fight Against Corruption" (in Chinese), *China Times*, May 29, 2000, quoted in Christian Gobel, "Warriors in Chains: Institutional Legacies and Anti-Corruption Programs in Taiwan and South Korea," in Luis de Sousa, Peter Larmour and Barry Hindess (eds), *Governments, NGOs and Anti-Corruption: The New Integrity Warriors* (London: Routledge, 2009), p. 112.

293. Gobel, "Warriors in Chains," p. 112.

294. Chang Chin-ju, "An Interview with Justice Minister Chen Ding-nan," *Taiwan Panorama*, November 2000, p. 38, available at http://www.sino.gov.tw/en/show_issue.php?id=2000118911038e.txt&table=2.

criminal investigations.”²⁹⁵ The MJIB has 3,000 employees, and as mentioned in Section V, the CED had 505 personnel in 1989.²⁹⁶

It should be pointed out that of the MJIB’s nine functions, five functions come under the NSB’s jurisdiction. This unwieldy situation had resulted in the resignations of two Justice Ministers, HSIAO Teng-tzang and LIAO Cheng-hao, after they had tried to interfere with the MJIB.²⁹⁷ In an interview with a local radio news program in June 2000, Justice Minister CHEN Ding-nan expressed his “deep frustration” with his lack of control over the MJIB, which is responsible for both intelligence gathering and criminal investigation, but “apparently prioritizes the former over the latter.” He added that as long as the MJIB “continues to carry out intelligence tasks, we feel it’s hopeless to talk about cracking down on corruption in the country.”²⁹⁸ The feud between Chen and the MJIB’s Director General, WANG Kuang-yu, has led some prosecutors to urge the public to reconsider the MJIB’s policies and operations. Indeed, opposition and reform groups have urged the government to transfer the MJIB’s intelligence role to the NSB so that the MJIB can devote its attention on investigating crimes, including corruption.²⁹⁹

It was reported that the MJIB Director General had met more often with President CHEN Shui-bian than with Justice Minister CHEN Ding-nan. Vincent Lin, the Assistant Editor-in-Chief of the *Taipei Times*, recommended that:

If the president [CHEN Shui-bian] wants to crack down on “black gold,” he should give his warrior the best hunting dog and never allow it to attack its master. . . . It is time to separate the MJIB from its national security duties. This would also simplify the chain of command and improve efficiency. Before the king sends out his warriors to the front, he should first ensure that the hunting dogs are well-trained.³⁰⁰

Thus, the third reason for replacing the existing ACAs with an independent ACA is that the new ACA’s mission will be dedicated

295. Ibid.

296. Chin, *Heijin*, p. 162; and Republic of China, *Anti-Corruption Yearbook 1993*, p. 8.

297. Vincent Lin, “A war on ‘black gold’ takes unity,” *Taipei Times*, June 13, 2000, p. 8.

298. Irene Lin, “MJIB, Chen lock horns over role,” *Taipei Times*, June 8, 2000, p. 1.

299. Ibid., p. 1.

300. Lin, “A war on ‘black gold’ takes unity,” p. 8.

solely to the function of investigating corruption, bribery, and vote-buying. This means that the “long history of a power struggle” between the MOJ and MJIB³⁰¹ will be resolved with the creation of an independent ACA, which will no longer be under the jurisdiction of the MOJ or NSB. Justice Minister Chen’s failure to merge the MJIB with the DGEE to form the Anti-Corruption Task Force has resulted in these two negative consequences, according to Christian Gobel:

First, with the OCMPIIC, the MJIB, and the Ministry of Justice Government Ethics Department all involved in anti-corruption work, organizational overlap is now considerable. Second, the creation of an organization that amalgamates executive and judicial powers violates the democratic principle of checks and balances.³⁰²

Thus, unlike the MJIB, the new ACA will not be distracted by performing other functions or competing for limited resources and personnel. Furthermore, learning from the experiences of Singapore’s CPIB and Hong Kong’s ICAC, the function of prosecuting corruption cases should also be transferred to the Judicial Yuan because this function is not performed by the CPIB or ICAC but the Attorney General’s Office in both Singapore and Hong Kong. This separation of the functions of investigating and prosecuting corruption cases provides an important safeguard for enhancing the integrity and accountability of the new ACA because it will no longer be responsible for prosecuting the corruption cases that it has investigated.

Perhaps the most important justification for establishing a new independent ACA is the ineffectiveness of the existing ACAs in Taiwan to minimize corruption as manifested in Taiwan’s rankings and scores on the four indicators of the perceived extent of corruption discussed in Section VI. It is indeed difficult to justify the retention of the existing strategy of relying on multiple ACAs when this strategy has been ineffective in minimizing corruption in Taiwan for the past 60 years!

In short, establishing a new independent ACA is an important first step if President MA Jing-jeou’s government is committed to minimizing corruption in Taiwan. However, the creation of an ACA is not a magic bullet that will eradicate corruption in Taiwan over-

301. Chin, *Heijin*, p. 187.

302. Gobel, “Warriors in Chains,” p. 112.

night if its establishment is not accompanied by other necessary reforms to address the causes of corruption too.

Suggestion No. 2: Increase the Probability of Punishing Corrupt Offenders

To minimize corruption in Taiwan and to deter those who are not involved in corrupt practices from doing so, honesty and incorruptibility among civil servants and political leaders must be recognized and rewarded instead of being punished. The reduced probability of punishment of corrupt bureaucrats and politicians in Taiwan sends the wrong signal to their honest counterparts and the population at large as it makes a mockery of the anti-corruption laws and encourages others to be corrupt because the probability of being caught and punished is low.

As discussed earlier, only a quarter of the 841 corruption cases from 1991-2002 were found guilty, as 53 percent were not prosecuted, and 22 percent were found not guilty. Larry Diamond has attributed the low probability of punishing corrupt civil servants in Taiwan to the Control Yuan's inability to punish impeached officials. In the same vein, Cheng-tian KUO has blamed the judiciary for the low conviction rate for election bribery as only 10 percent of those found guilty by the lower courts in 1994 were upheld by the higher courts. Furthermore, the punishment for those found guilty of vote-buying was not a sufficient deterrent as 82 percent of the offenders during 1993-1996 were imprisoned for less than a year, and 67 percent were sentenced to probation only. Finally, CHIU Tai-san, a former prosecutor, identified the lack of sufficient evidence against the offenders as the third reason for the low conviction rate for election bribery.

Accordingly, to enhance the probability of punishing corrupt offenders in Taiwan, judicial reforms should be introduced to ensure the political neutrality of the judges so that those found guilty of vote-buying would be punished accordingly. The penalty for vote-buying should also be increased to serve as an effective deterrent. The PPOs should identify the reasons for the insufficient evidence against corrupt offenders so that corrective measures can be introduced. The recent sentencing by the Tainan District Court of YU Wei-hsiang, a top administrative official, to 203 years imprisonment for taking bribes worth NT\$790,000 from contractors is an effective deterrent because Yu would have to serve at least 25 years

in prison with a minimum 10-year jail term for each of the 20 counts of graft.³⁰³

Suggestion No. 3: Cut Red Tape to Reduce Opportunities for Corruption

Corrupt civil servants in many Asian countries, including Taiwan, love red tape because it provides them with opportunities to solicit or accept bribes from business persons or the public to expedite their applications for permits. The World Bank's *Doing Business Surveys* from 2007 to 2010 confirm that red tape is still a serious problem in Taiwan. Accordingly, to minimize corruption in Taiwan, the government should streamline the civil service by reducing red tape and reviewing the cumbersome administrative procedures in "wet" or corruption-prone public agencies.

In his analysis of government reforms in Taiwan from 1990-2006, Jay N. Shih observed that both the KMT and DPP governments had introduced the single-stop window, simplification of functions, relaxation of regulations, and e-Government to improve efficiency. However, with the exception of e-Government, which has been the "greatest achievement," Taiwan's efforts to improve its national competitiveness have been hindered by its "poor performance in promoting government efficiency." Indeed, there is still "too much red-tape and too many personnel management rigidities" which hinder the government's efforts to promote flexibility, innovation and productivity.³⁰⁴

As not all the public agencies in Taiwan are equally vulnerable to corruption, a more realistic anti-corruption strategy requires the identification of those corruption-prone agencies so that the opportunities for corruption in these agencies can be reduced by removing unnecessary red tape and improved monitoring of their operations. The vulnerable public agencies in Taiwan are the customs, police, military, and agencies dealing with medical services, tax revenue, and utilities.³⁰⁵

303. "203 years' jail for corrupt Taiwan official," *Straits Times*, May 8, 2010, p. C4.

304. Jay N. Shih, "Government Reform Experience in Taiwan (1990-2006): A Critical Assessment," in Gerald E. Caiden and Tsai-Tsu Su (eds.), *The Repositioning of Public Governance: Global Experience and Challenges* (Taipei: Taiwan Public Affairs Center, 2007), pp. 306, and 311-312.

305. See *Report on Transparency International Global Corruption Barometer 2004* (Berlin: Transparency International, 2004), p. 18, Table 14; *Report on Transparency International Global Corruption Barometer 2005* (Berlin: Transparency International,

Suggestion No. 4: Reduce the Influence of “Black-Gold” Politics

CHEN Shui-bian promised during the 2000 presidential campaign to eradicate “black gold” politics in Taiwan by announcing his anti-“black gold” platform, which consisted of seven measures, on December 22, 1999.³⁰⁶ However, after becoming president, he could not keep his promise because of the lack of cooperation from both the MJIB and Judicial Yuan. Consequently, he created a task force in his office to deal specifically with the problem of *heijin*.³⁰⁷ In March 2000, Brian Kennedy, an American attorney living in Taiwan, declared that “the gravest threat” to Taiwan was “the widespread presence of organized crime in politics.” According to him:

If government officials, be they high level, mid-level or front-line, are corrupted by organized crime, then the implementation of any reform package will fail. . . . If the officials carrying out the reforms are corrupt, then the reforms will be corrupted. Organized crime in politics is, unlike so many other issues, an issue that the president has a lot of control over. He or she can design a concrete plan. They can choose a justice minister who will aggressively prosecute such cases and appoint a head for the National Police Administration who is serious about fighting corruption. The problem of “black gold” politics can be solved. Unless, of course, we elect a hoodlum.³⁰⁸

However, nearly seven months later, Kennedy contended that it was difficult to fight “black gold” corruption when LO Fu-chu, the “spiritual advisor” of the *Tian Dao Meng* criminal organization was appointed as one of the three members of the legislature’s judicial committee. As there are many vested interests blocking attempts to curb “black gold” politics, Kennedy contends that Taiwanese prosecutors should rely on these four weapons to fight “black gold” politics effectively: “sting operations”, immunity deals,

2005), p. 18, Table 9; and *Report on Transparency International Global Corruption Barometer 2006*, p. 21, Table 6.

306. Lin Chieh-yu, “Chen outlines policies to root out KMT ‘black gold’,” *Taipei Times*, December 23, 1999, p. 3.

307. John F. Copper, “Taiwan in Gridlock: Thoughts on the Chen Shui-bian Administration’s First Eighteen Months,” in John F. Copper (ed.), *Taiwan in Troubled Times: Essays on the Chen Shui-bian Presidency* (Singapore: World Scientific Publishing, 2002), pp. 30-33.

308. Brian Kennedy, “Corruption, not China is the main challenge,” *Taipei Times*, March 15, 2000, p. 8.

forfeiture laws, and disqualification from public office for those persons convicted of bribery or related felonies.³⁰⁹

Another American scholar, Larry Diamond, has lamented that Taiwan's democracy is "seriously blighted by corruption, vote buying, political favoritism, and the penetration of organized crime into politics" in his analysis of the significance of Taiwan's 2000 presidential election. He wrote:

It is a disgrace that known organized crime figures sit in parliament. These problems of corruption and criminal penetration of politics are national security problems. . . . Taiwan has not been short of sincere moral concern, but rhetoric is not enough. There are proven means to crack down on organized crime, involving anti-racketeering laws such as those in the US; specialized organized crime strike forces of police and prosecutors with substantial resources; and absolute autonomy for the police, the public prosecutors, the Justice Ministry, and the judiciary from political interference. In Taiwan, they also must involve erasing the immunity from prosecution of any member of parliament charged with a violent crime or with illegal membership in a criminal network.³¹⁰

Diamond warns that if nothing is done to curb "black gold" politics, "Taiwan will share with Russia's failing democracy the dubious distinction of offering freedom from prosecution to ruthless crime bosses, a powerful incentive to use their criminal wealth to win electoral office."³¹¹

Ko-lin CHIN concluded his comprehensive study of *Heijin* with these six policy recommendations to eliminate "black gold" politics and organized crime in Taiwan:

1. Abolish the Anti-Hoodlum Law, which is "an outdated legal tool that not only denies suspects their basic rights, but also helps to create a large number of hoodlums through its net-widening effect." This law is unnecessary because offenders can be punished according to the existing criminal law and Organized Crime Prevention Law.

309. Brian Kennedy, "Through the Looking Glass: Justice in Taiwan," *Taipei Times*, October 1, 2000, p. 8.

310. Diamond, "What the election signifies for democracy," p. 10.

311. *Ibid.*, p. 10.

2. Terminate gang sweeps, which are not only counter-productive but also “unconstitutional because many gang and *jiaotou* figures are summarily arrested simply because they are known *heidao* figures.”
3. Abolish town-level elections because “campaign violence, vote buying, and *heidao* involvement are deeply rooted in local elections, especially in town-level elections.”
4. Reform the judicial system so that it can ensure that “interest groups compete fairly and openly, and if they do not, see that they are penalized accordingly. Otherwise, members of conventional society simply cannot compete fairly, and when that happens, disputes occur that invite extralegal, criminal remedies and solutions. . . . Since Taiwan’s judicial system has not been capable of settling these disputes, members of the underworld society have become the ultimate arbitrators.”
5. Establish crime prevention mechanisms because the police authorities have emphasized reactive rather than proactive measures against gang crime.
6. Develop local communities in the countryside outside the two major cities of Taipei and Kaohsiung to provide underprivileged youth in southern Taiwan with better education, professional training, and career opportunities, to prevent them from joining gangs.³¹²

After analyzing the programs of the Taiwanese authorities to combat organized crime between 1984 and 1996, Chin concluded that these programs were ineffective because of these four problems: (1) emphasis on shaming and harsh punishment at the expense of reintegration; (2) a “corrupt, fragmented, and handcuffed” criminal justice system; (3) selective enforcement of justice; and (4) heavy reliance on gang-sweeps.³¹³ However, it is surprising that he did not recommend reforming the “corrupt, fragmented, and handcuffed” criminal justice system as part of his six policy recommendations. He had highlighted the serious problem of police corruption but did not suggest any measures to curb it. He had also referred to the power struggles between the prosecutors and judges, and between the MOJ and MJIB, but was silent on how these con-

312. Chin, *Heijin*, pp. 221-225.

313. *Ibid.*, pp. 182-191.

flicts could be resolved.³¹⁴ As mentioned earlier, the first suggestion of establishing an independent ACA will eliminate these power struggles because it will no longer be under the jurisdiction of the MOJ or MJIB.

Larry Diamond has also suggested that "election laws must be amended to ban people with criminal records from participating in elections for any public office, as well as offices within the associations of fishermen and farmers (which are heavily penetrated by organized crime, and whose financial institutions are riddled with corruption and bad debt)."³¹⁵ Actually such laws exist as, according to Article 26 of the Presidential and Vice Presidential Election and Recall Law of 1995, those persons who have committed bribery and other offenses in the Criminal Code and the Organized Crime Prevention Act are not eligible to be candidates for the Presidency or Vice Presidency.³¹⁶ Similarly, Article 34 of the Public Officials Election and Recall Law of 1980 states that those persons who have been convicted of corruption and other offenses specified in the Criminal Code cannot be registered as candidates for the election to public offices.³¹⁷ With these disqualifications for those persons convicted of criminal offenses from registering as candidates for the presidential, vice presidential, and other public office elections, it is surprising that the influence of "black gold" politics has not been minimized in Taiwan. The important consideration here is whether the provisions of these two articles are actually enforced in practice to prevent those persons with criminal records from participating as candidates for election to public offices.

In December 1999, former Justice Minister LIAO Cheng-hao observed that the "black gold" problem was becoming "a chronic and worsening problem as gangsters and government officials establish ever closer ties." He warned that "if we do not face this problem and solve it immediately, Taiwanese society will become very dangerous."³¹⁸ Similarly, in its editorial on April 23, 2000, the *Taipei Times* noted that, unlike the Mafia in Italy which manipulates politicians from behind the scenes instead of competing

314. *Ibid.*, pp. 185-187.

315. Diamond, "How democratic is Taiwan?" pp. 7-8.

316. See the Presidential and Vice Presidential Election and Recall Law of 1995 available at <http://210.69.23.139/English/law1.rtf>.

317. The Public Officials Election and Recall Law of 1980, p. 7, available at <http://www.anfrel.org/resources/laws/ThePublicOfficialsElectionandRecallLaw3.pdf>.

318. Lin Chieh-yu, "Former justice minister decries 'black gold' ways," *Taipei Times*, December 22, 1999, p. 3.

openly in elections, Taiwanese “gangsters become big brothers in both central and local elected assemblies from Township councils to the Legislative Yuan itself [which is] a major insult for any democracy.”³¹⁹ The *Taipei Times*’ editorial on March 29, 2001, described Taiwan’s political world as one “where respected authors who lack a high school diploma are ineligible to run, but convicted criminals with diplomas face no barriers.” It concluded that the elimination of “black gold” politics would be an important first step to sanitize the Taiwanese political system.³²⁰ Finally, the attendance of 10 legislators, the legislative speaker, the local county commissioner, the local city council head, and a prominent mayor at the April 26, 2010 funeral of LEE Chao-hsiung, a top godfather of the *Tian Dao Meng*, or Heavenly Way Alliance, a group of local Taiwanese gangs,³²¹ illustrates clearly the nexus between organized crime and politicians, and the continuing influence of “black and gold” politics in Taiwan.

In short, there is consensus in Taiwan that “black gold” politics is a serious problem which needs to be eradicated because of its adverse consequences for democracy in the country. However, what is seriously lacking so far is the political will to deliver a devastating blow to this Achilles’ heel of Taiwan’s political system. President MA Ying-jeou appears to have not initiated specific measures to reduce the influence of “black gold” politics during his first two years in office. Whether he will do so during the remaining years of his first term in office remains to be seen.

On June 9, 2010, President MA Ying-jeou gave the Ministry of the Interior and the NPA one month to present “solid results on crime-fighting and police integrity.” His ultimatum came in the wake of the failure of four Taichung police officers to intervene in the May 28 shooting of an alleged gang leader, WENG Chi-nan.³²² On the next day, the Minister of the Interior, JIANG Yi-huah, launched a new three-month anti-gang initiative, code-named “Operation Thunder” to crack down on gangs and on police officers

319. Editorial, “Mining for ‘Black gold’,” *Taipei Times*, April 23, 2000, p. 8.

320. Editorial, “Thinkers, not thugs, wanted,” *Taipei Times*, March 29, 2001, p. 8.

321. Jonathan Adams, “Taiwan’s real-life Sopranos,” *MinnPost.com*, May 5, 2010, available at http://www.minnpost.com/globalpost/2010/05/05/17899/taiwans_real-life_sopranos, and “Politicians attend mobster’s funeral,” *Taipei Times*, April 27, 2010, p. 2.

322. Mo Yan-chih and Vincent Y. Chao, “Ma sets deadline for NPA reform,” *Taipei Times*, June 10, 2010, p. 1.

who accept bribes from gangsters.³²³ Following Ko-lin CHIN's second policy recommendation of terminating the counterproductive gang sweeps, "Operation Thunder" will probably result in the arrests of many gang members, but will not be effective in minimizing the problems of organized crime and police corruption because it fails to address the underlying causes of these problems. Chin contends that there is no evidence to show that previous crackdowns on gangs in Taiwan are effective in dealing with organized gangs.³²⁴

Corruption in Taiwan is a serious problem which cannot be eradicated overnight. Christian Gobel has accurately described the fight against political corruption and organized crime in Taiwan as "beheading the hydra."³²⁵ In 2004, Shelley Rigger observed that "decades of single-party authoritarianism and corruption have made Taiwanese cynical about politicians' motives and the usefulness of political engagement."³²⁶ Chilik YU, Executive Director of Transparency International Chinese Taipei, analyzed the Taiwanese public's perceptions of government integrity and corruption in 2005 and concluded that "the people of Taiwan doubt the integrity of their government." As Taiwan's democratic transformation has "blemished" its government's integrity, he urges its citizens to "exert greater effort to promote integrity, fight corruption, and rebuild public trust in government."³²⁷

Indeed, bureaucratic corruption, vote-buying, and "black gold" politics are formidable problems afflicting Taiwan which can only be resolved by the concerted efforts of the government, the mass media, civil society, and the support of the Taiwanese population. The logic of corruption control dictates that corruption in Taiwan can only be eradicated by addressing its five causes. This means that President MA Ying-jeou must demonstrate his political will to curb corruption in Taiwan by (1) establishing an independent ACA to replace the existing ineffective ACAs; (2) increasing the probability of punishing corrupt offenders; (3) cutting red tape in the civil service to reduce the opportunities for corruption; and (4) introducing

323. Vincent Y. Chao and Jimmy Chuang, "New anti-gang initiative launched," *Taipei Times*, June 11, 2010, p. 1.

324. Chin, *Heijin*, pp. 222-223.

325. Christian Gobel, "Beheading the Hydra: Combating Political Corruption and Organized Crime," *China Perspectives*, Vol. 56 (November-December 2004): 1-17, available at <http://chinaperspectives.revues.org/document434.html>.

326. Shelley Rigger, "Taiwan's Best-Case Democratization," *Orbis*, Vol. 48, No. 2 (Spring 2004): 291-292.

327. Chilik Yu, "Integrity and Corruption in Taiwan," *Taiwan Development Perspectives 2007* (Taipei: National Policy Foundation, May 2007), p. 14.

comprehensive measures to reduce the influence of “black gold” politics.

Since the journey of a thousand miles begins with a single step, the current government must take the critical first step of creating an independent ACA for Taiwan to begin its long journey of eliminating the pernicious influences of corruption from its political system. The previous DPP government failed to get the support of the Legislative Yuan, which was dominated by the KMT, to establish an independent ACA ten years ago. Hence the current KMT government should not delay the establishment of an independent ACA any longer if it is committed to minimizing corruption in Taiwan. Otherwise, it will be business as usual because the unpalatable alternative is to maintain the status quo and continue to rely on the existing ineffective ACAs which have failed to minimize corruption in Taiwan for the past six decades.

EPILOG³²⁸

On July 14, 2010, three Taiwan High Court judges and a district prosecutor were arrested for accepting bribes from a former KMT legislator, HO Chi-hui.³²⁹ Three days later, the Judicial Yuan President, LAI In-jaw, resigned to assume responsibility for the scandal.³³⁰ President MA Ying-jeou reacted to the scandal by reversing his earlier decision not to establish an ACA. At a press conference on July 20, 2010, Ma said that an anti-graft agency was “practical and feasible” and also “necessary in the face of public anger over the recent scandal.”³³¹ He gave three reasons for this policy reversal: to strengthen his government’s efforts to fight corruption; to respond to public expectations; and to conform to international standards.³³²

More importantly, Ma stressed that “the new agency would not be a carbon copy” of Hong Kong’s ICAC or Singapore’s CPIB, and would not report directly to the head of government.³³³ Furthermore, the new ACA will come under the jurisdiction of the MOJ. It will have four branches responsible for general planning, corruption prevention, graft busting, and government ethics, and three regional squads in northern, central and southern Taiwan for investigations.³³⁴

President Ma’s decision to establish a new ACA under the MOJ is unlikely to make a significant impact in curbing corruption in Taiwan because it fails to address the problems facing the existing ACAs. Indeed, his proposal raises five issues which were not discussed at the press conference. First, how will the new ACA affect the power struggle between the MOJ and MJIB? Second, will the new ACA replace the MJIB as the lead ACA or will it be the MJIB’s poor cousin? Third, will the MJIB still be responsible for investigating corruption, bribery, and vote-buying? Fourth, contrary

328. As I had submitted the monograph for publication on June, 2010, I am providing this epilog to take into account the impact of recent events on my first suggestion for establishing an independent ACA in Taiwan.

329. Vincent Y. Chao, “Three judges, prosecutor held on graft charges,” *Taipei Times*, July 15, 2010, p. 1; and Ho Ai Li, “Three Taiwan judges held in graft scandal,” *Straits Times*, July 15, 2010, p. A20.

330. Rich Chang, “Judicial Yuan chief quits,” *Taipei Times*, July 18, 2010, p.1.

331. Ho Ai Li, “Taiwan to set up agency to fight graft,” *Straits Times*, July 21, 2010, p. A18.

332. Ko Shu-ling, “Ma calls [for] anti-corruption unit,” *Taipei Times*, July 21, 2010, p. 1.

333. Ho, “Taiwan to set up agency to fight graft,” p. A18.

334. “Anti-corruption agency to be created: Ma,” *China Post*, July 21, 2010.

to Ma's claim that the new ACA would not replicate the MJIB's work,³³⁵ there will be duplication unless the MJIB relinquishes its anti-corruption function and focuses instead on its intelligence functions. Fifth, as discussed earlier, the MJIB has two bosses: the MOJ and the NSB. Will the new ACA suffer the same fate as the MJIB as it will also have two bosses: the MOJ (*de jure* boss) and the President (*de facto* boss) since it is not an independent body? As mentioned earlier, the MJIB's Director General had met more frequently with President CHEN Shui-bian than with Justice Minister CHEN Ding-nan. Will the new ACA's Director General meet more often with the President than with his immediate superior, the Justice Minister?

Finally, the most important reason why the new ACA will not be effective in curbing corruption in Taiwan is that its creation increases the number of ACAs without resolving the problems plaguing the current ACAs. These problems include: lack of coordination, overlapping of functions, competition for limited resources, and dilution of the country's anti-corruption efforts. Indeed, the experience of the Philippines illustrates the futility of relying on multiple ACAs to curb corruption. Unless the new ACA is set up as an independent agency outside the MOJ's purview, it will not be effective because it will be competing with the MJIB, DGEE, and PPOs to combat corruption in Taiwan. In short, instead of creating another ACA within the MOJ, President Ma should learn from Singapore's and Hong Kong's success in minimizing corruption by establishing an independent ACA outside the MOJ's jurisdiction to replace the existing ineffective ACAs and provide it with the required legal powers, personnel and budget to enable it to perform its anti-corruption functions effectively.

335. "Taiwan President announces plan for anti-corruption administration," *Taiwan News*, July 20, 2010.

LIST OF ABBREVIATIONS

ACA	Anti-Corruption Agency
ACD	Anti-Corruption Division
CCP	Chinese Communist Party
CED	Corruption Elimination Department
CIC	Central Integrity Commission; Central Investment Company
CPI	Corruption Perceptions Index
CPIB	Corrupt Practices Investigation Bureau
DGEE	Department of Government Employee Ethics
DPP	Democratic Progressive Party
ECPC	Economic Crime Prevention Center
GPA	Government Procurement Act between ECPC and HPO
HPO	High Prosecutors Office
ICAC	Independent Commission Against Corruption
KMT	Kuomintang
MJIB	Ministry of Justice Investigation Bureau
MOJ	Ministry of Justice
NPA	National Police Administration between MOJ and OCMPIIC
OCMPIC	Organized Crime and Money Politics Investigation Center
OSS	Office of Strategic Service
PERC	Political Economic Risk Consultancy
PPO	Public Prosecutors Office
PR	Proportional Representation
SEAP	Sleaze Eradication Action Plan
SMD	Single Member District
SNTV	Single Nontransferable Vote
SPO	Supreme Prosecutors Office
TI	Transparency International

ACKNOWLEDGEMENTS

I would like to thank the Executive Editor, Mrs. Chih-Yu T. WU, for her useful comments and for inviting me to write this monograph for the Maryland Series in Contemporary Asian Studies; Dr. Thomas J. Bellows, Professor of Political Science, University of Texas at San Antonio, for his constructive feedback on an earlier version of this monograph; and Dr. Jih-wen LIN, Professor of Political Science, National Chengchi University, for answering my question on the impact of the mixed-member system on vote-buying in the 2008 Legislative Yuan election.

I was fortunate to visit the Department of Government Employee Ethics at the Ministry of Justice in Taipei on December 15, 2008. I wish to thank its Director, Dr. Kao-Yueh KUAN, and his colleagues for their excellent presentation on their Department's anti-corruption activities. I would also like to thank Professor Yung-tai HUNG, President of Transparency International Chinese Taipei (TICT) and Mr. Weihua CHEN, Director of International Affairs of TICT, for arranging and accompanying me on this visit.

Thanks are also due to Professor Chilik YU, Executive Director of TICT, for briefing me on TICT's activities. I am also grateful to Professor Yu-Ying Kuo, Chair of the Department of Public Policy and Management, Shih Hsin University for giving me the opportunity to present a seminar on "Benchmarking the Performance of Anti-Corruption Agencies in Asia" to her colleagues on December 16, 2008. On December 17, 2008, I visited the Department of Civil Service Ethics of the Taipei City Government for a briefing by Mr. Shih-Chyan KO, Assistant Commissioner, and his colleagues. I would like to thank them for enlightening me on the functions and activities of their Department.

My interest in writing this monograph was sparked by the above visits as I was favorably impressed by the willingness of those I met to share their knowledge of anti-corruption efforts in Taiwan with me. I wish to acknowledge my thanks to Mr. Weihua CHEN, who not only coordinated and accompanied me on the above visits, but also obtained relevant information on the salaries of civil servants in Taiwan from the Central Personnel Administration in Taipei for me.

I am also grateful to Mr. Paul Lim and Ms. Jasmine Goh for their kind assistance in translating some documents in Chinese into English for me. Needless to say, all of the persons mentioned above are not responsible for the views expressed in this monograph. Finally, I have also benefited greatly from the access to the excellent

collection of books and journal articles on politics and governance in Taiwan in the Central Library of the National University of Singapore.

Jon S.T. Quah
Singapore, June 2010

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