

# From Identity to Distribution: Paradigm Shift in Taiwan Politics A First Cut

Institute of Political Science  
Academia Sinica  
*Yu-Shan Wu*  
yushanwu@gate.sinica.edu.tw

## Abstract

Since the beginning of Taiwan's democratization, the focus of political contestation has been largely on national identity. The two camps, Blue and Green, are divided over Taiwan's relation with the Chinese mainland and whether ultimate unification should be the national goal. With the rise of exclusive Taiwanese identity, the KMT has been gradually shifting its position on the identity spectrum, and finally decided to freeze the ideological debate altogether. The DPP understandably pressed on but there appeared to be unmistakable mobilizational fatigue. The deteriorating growth rate in the 2000's and the onset of the 2008 global financial crisis aggravated Taiwan's wealth gap, which expedited various economic and livelihood questions to become prominent electoral issues. Under this circumstance, the five-municipal elections held in November of 2010 and the presidential-cum-parliamentary election in January of 2012 have shown a profound transition in Taiwan's electoral politics, that is, contentions about sub-ethnic identification were overwhelmed by class cleavage and distribution issues, with the latter constituting the axis of the two electoral campaigns. This paper explores the linkage between wealth gap and electoral campaigns in Taiwan and tries to grasp new trends of Taiwan's political development: class politics based on wealth gap has become a new driving force of Taiwan's party politics, while unification-independence dispute has significantly dampened. The question of whether this trend will continue can only be answered if we grasp the driving force behind the paradigm shift, and capture the intricate linkage between the identity and distributional issues in democratic Taiwan.

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## From Identity to Distribution: Paradigm Shift in Taiwan Politics A First Cut

Generally speaking, democratic competition in East Asia is much less distribution-based than established democracies in the West. It is particularly the case in Taiwan, where identity cleavage defined politics until recently. The cause of this East Asian and Taiwanese peculiarity obviously calls for investigation.<sup>1</sup> However, the recent development in Taiwan seems to suggest a shift of dominant social cleavage away from identity towards distribution. A comparison of the main theme of political competition between the Chen Shui-bian period (2000-2008) and the Ma Ying-jeou period (2008- ) clearly shows the difference between the two. Thus far the study of the impact of economy on politics centers on economic voting, a shallow aspect of the shift from identity to distribution (e.g., Wu and Lin, 2010). This paper is a first cut to identify the grand shift that has been taking place in Taiwan's political competition, and study its impact and possible future development.

We will begin with a framework on social cleavage and political competition, point out the possible causes of cleavage shift, and then move to the case of Taiwan. The process of a gradual shift from identity to distribution is identified, mainly by looking into the strategies of the main political parties. Three scenarios for future development are pointed out: replacement, crisscrossing, and façade. A preliminary test of the shift is suggested. Finally, Taiwan's situation is compared with the United States and nascent democracies in Central and Eastern Europe, showing a possible convergence towards a two dimensional model of political competition in all those democracies.

### *Social cleavage, party system, and reorientation*

Generally speaking, there are three types of social cleavages. Prematerialist cleavages are typically related to ethnic and religious differences. Materialist cleavages are centered on the state's role in the economy, i.e. right vs. left. Postmaterialist cleavages are those that arose after class conflict, such as on the

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<sup>1</sup> A huge literature has been accumulated in this regard. See for example Cheng (2009), Wang (2008), Yu and Hsiao (2007), Wang (2005), Chang and Wang (2005), Dittmer (2004), Wu (2004), Shyu (2004), Chu and Lin (2001), Hsieh and Niou (1996).

gender or environmental issues. The sequence of the three types of social cleavages obviously reflects the history of the West, and there is no reason why any other society should necessarily follow it. In the West, one finds the materialist cleavages persistently dominant. There industrial revolution brought about a class structure that defined interests of the main social actors. State's role in the economy has been the main issue, pitting the left against the right. Even though some prematerialist cleavages remain salient, such as those in Scotland, Quebec, and Catalonia, the overall cleavage structure centers around materialist distribution.

Political parties are the products of social cleavages, as political cleavages inevitably follow the dominant social contention. Political parties take positions along the dominant social cleavages and become champions of those positions. Failure to do so typically results in political irrelevance. As a result, the dominance of materialist cleavage in the West brought about parties competing on a left-right spectrum. However, it is not always the case in nascent democracies where prematerialist cleavages may be dominant.<sup>2</sup>

The cleavage structure of a society may evolve over time. Major social development changes the relative salience of issues and brings in new social cleavage. The new cleavage can overtake the old one, or crisscross with it. The party system that is built on the old cleavage is shaken. Innovative parties coopt new issues and benefit electorally, while laggards are forced to follow suit. Parties failing to do so are condemned to political irrelevance. With the old parties reoriented or replaced, a new party system takes form.

### *Taiwan's Initial Thrust towards Identity Politics*

When Taiwan went through the initial stage of democratization in the late 1980's and early 1990's, two social cleavages competed for prominence. For decades the ruling Kuomintang (KMT) had pursued a pro-business, growth-oriented policy and suppressed labor unions. One might expect a class cleavage to emerge and find its political expression in the new party system. However, there was also a sub-ethnic cleavage that gave rise to different national identities, with the KMT espousing Chinese nationalism while the opposition Dangwai-turned-DPP (Democratic

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<sup>2</sup> For a classical treatment of cleavage and politics, see Lipset and Rokkan (1967).

Progressive Party) expressing nativist aspirations. Which cleavage (class or identity) would become more salient politically was by no means assured.

As it turned out, identity politics dominated Taiwan's nascent democracy. The left (if there was any) failed to materialize into a political force to be reckoned with. Taiwan has not seen any left party gaining seats in its parliament, the Legislative Yuan, since free elections began in the early 1990's. Although the main opposition DPP had less intimate relationship with the business community than the ruling KMT, and some of the DPP factions (such as New Tide and Welfare State Alliance) vowed to speak for the underdogs of the society, theirs was a far cry from any genuinely left agenda. The DPP became a fervent advocate of the Taiwanese identity (later Taiwanese nationalism), and raised independence, i.e. severing legal ties with the Chinese mainland, as their ultimate goal. The DPP's strategy was guided by the fact that Taiwan's most salient social cleavage formed between opposing identities, not rival classes. Sustained rapid economic growth, high social mobility, fluid class structure, and the dominance of small and medium-sized enterprises dampened the materialist cleavage. As a result, the KMT and the DPP did not vie for voters' support by advocating right or left policy agenda that centered on the appropriate role of the state in the economy. Rather they competed over the identity of the nation. The smaller parties that split from the big ones (particularly from the KMT) also took position on the identity spectrum by posing as "Bluer" (Chinese nationalist and pro-unification) or "Greener" (Taiwanese nationalist and pro-independence) than the big two to attract votes. This made Taiwan quite different from the majority of the third-wave nascent democracies in the world.

The KMT-led Blue camp and the DPP-led Green camp quarreled over textbook historiography (continental and *jus sanguinis* vs. maritime and *jus soli*), territorial boundaries and legal jurisdiction (Taiwan cum mainland China vs. Taiwan only), and future of the nation (ultimate but conditional unification with the mainland vs. de jure independence). This means the main political camps have different conceptions of the country's past, present, and future. Ultimately the name of the country and the 1947 Constitution became an issue, with the KMT struggling to maintain the status quo, i.e. the Republic of China and its constitutional order, while the DPP and the more radical wing in the Green camp advocating abolition of the ROC and writing a new constitution for a Republic of Taiwan. There was an escalation of tension between the two camps from the mid-1990's on. After the DPP's Chen Shui-bian won the presidential race over pan-Blue's Lien Chan and James Soong with the Blue vote split between the two, identity mobilization became the norm of political contestation.

Taiwan independence and rewriting the constitution were put on the political agenda before the 2004 and 2008 presidential elections, raising domestic tension and incurring unprecedented international pressure. Cross-Strait political relation was put on halt, and Taiwan Strait became a hot spot that threatened to explode into full military confrontation not only between mainland China and Taiwan, but between the PRC and the US.

While fighting over identity, both the KMT and the DPP are both “bourgeois parties.” Since democratization, the KMT has spared no effort to strengthen its business ties, while the DPP followed by developing its own network of *jinzhu* (money sponsor) among big as well as medium- and small-sized enterprises. Electoral competition creates great need for campaign funding, and there is a lack of regulations on political donations. The strong lobbying power of business groups is for everyone to see, so are the intimate connections between political leaders and business tycoons.<sup>3</sup> Although there was significant rise in welfare expenditure, that has been the result of political bidding, pork-barreling, and policy bribing rather than conflict over distribution among social groups. Once a welfare policy initiative is adopted by one political party, the other seeks to overbid it (Sheng 2013, 219). In short, there is no fixed patron-client relation between political parties and social groups. Parties are not aligned to a materialist cleavage.

Underlying the absence of distributional politics is a group of socio-economic and political factors. From 1952 to 1990, Taiwan’s economy grew by an amazing 8.6 percent. Ample opportunities were created for social mobility. The leveling effect of widespread education was impressive, hindering the formation of class consciousness. The dominance of small- and medium-sized enterprises also helped, as labor found it hard to organize under this type of industrial structure, in contrast to chaebol-dominated Korea, for example. This explains why, both under authoritarian control that suppressed labor, Taiwan had a much weaker labor movement and labor representation than South Korea, though East Asia in general lacks class politics and class-based parties.

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<sup>3</sup> The most prominent of them are Chinese National Federation of Industries (CNFI, 中華民國全國工業總會), The General Chamber of Commerce of the Republic of China (ROCCOC, 中華民國全國商業總會), The Chinese National Association of Industry and Commerce, Taiwan (CNAIC, 中華民國工商協進會), Taiwan Federation of Industry (中華民國工業協進會), National Association of Small and Medium Enterprises R.O.C (NASME, 中華民國全國中小企業總會), and Taiwan Electrical and Electronic Manufacturers’ Association (TEEMA, 台灣區電機電子工業同業公會). All six industrial-commercial groups (六大工商團體) exert considerable influence over government policies.

### *A Paradigm Shift, and Why*

Since 2008 Taiwan politics took a radical turn. The identity issue gradually gave way to debate on economic priorities. This development is unprecedented in Taiwan's political history as a young democracy, suggesting a fundamental change in the dominant social and political cleavage. The driving force behind the "paradigm shift" can be found in three factors. The first one is economic slowdown; the second is exhaustion of identity mobilization; and the third is a linkage between de-escalation of identity and economic revival via cross-Strait relations. It was under the influence of the three factors that an unprecedented social cleavage shift gradually took shape.

For the economic slowdown, the average growth rate for the 1990's was 6.93 percent. It plunged to an average of 4.43 in 2000-2007 when the DPP was in power. Then with the international financial crisis playing havoc with Taiwan's export, economic growth took a further dip to 3.2 percent in 2008-2012, with an unprecedented decline of 1.81 percent for 2009. At the same time, income dispersion worsened. Taiwan's Gini Coefficient rose from an average of 0.317 for the 1990's to 0.34 in 2000-2007, and then again to 0.343 in 2008-2011. The ratio of household disposable income of the top quintile to the lowest quintile (Oshima Index) also steadily rose, from 5.33 in the 1990's to 6.03 in 2000-2007, and then to 6.19 in 2008-2011.<sup>4</sup> Finally, unemployment rate experienced the same worsening trend by rising from an average of 2.04 percent in the 1990's to 3.7 percent in 2000-2007, and to 4.77 percent in 2008-2012. In short, Taiwan has been facing increasingly unfavorable economic situation by witnessing slower growth, higher unemployment, and greater income gap (which does not even take into consideration greater wealth dispersers such as real estate and stocks). As the main reason for lack of class politics in Taiwan in the past was rapid growth and high mobility, the significant slowdown of the economy would naturally alert people of their class status and distributional position, hence laying the background for rising class consciousness and politics of distribution. However, for the socio-economic factors to bring about political change on the ground, contingent factors have to come into play.

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<sup>4</sup> Here we see economic growth inversely related to inequality. See Chi and Kwon (2012).

### Taiwan's Economic Downturn

	1990's	2000-2007	2008-2011(2)
Growth	6.93%	4.43%	3.2%
Gini Coefficient	0.317	0.34	0.343
Oshima Index	5.33	6.03	6.19
Unemployment	2.04%	3.7%	4.77%

As economic downturn is a long-term phenomenon, how is it that a decisive shift of political focus from identity to economy did not happen earlier in say, 2001 when a similar economic shock struck Taiwan? This brings us to the political field. When the DPP government was installed, the controversy over whether to continue with the construction of the Fourth Nuclear Power Plant and the burst of the Dot-com bubble combined to strangle investment and sent the stock market into a tailspin. Compared with 2009, the height of the current crisis, it can be found that there was a similar economic dip (-1.65 percent for 2001 and -1.81 percent for 2009, the only two negative growth rates in Taiwan's post-WWII economic history), and comparable income dispersion (the Oshima Index was 6.39 for 2001 and 6.34 for 2009). As it turned out, the first recession ushered in Chen's pro-independence rhetoric (one country on each side of the Taiwan Strait), while the second recession witnessed Ma's preoccupation with economic revival and free trade talks with the Mainland. Ma's response is consistent with the theme that economic crisis helps to put economy in command, but Chen's shift to identity is not. The contrast between these two starkly different responses to economic downturn can be found in the second factor that prompts the paradigm shift: whether there is reservoir of political energy to be tapped by identity mobilization. As long as identity remains salient, the axis of political competition would not turn to economy and distribution.

Identity has been a favored battlefield for the DPP. With "China" increasingly defined as a political concept and reserved for the country across the Taiwan Strait, Chinese identity has been declining in Taiwan since the mid 1990's. Chinese nationalism became increasingly untenable. The DPP capitalized on the shifting identity, while the KMT was forced into retreat to a blurred and fluid position, proclaiming itself both Chinese and Taiwanese, with the latter rising in proportion over time. That defense line collapsed when Chen won presidential election in 2000



and Lee Teng-hui, the outgoing KMT president, joined the Green camp. The KMT diluted its rhetoric of safeguarding the ROC (捍衛中華民國) and emphasized instead its record as a successful manager of the national economy. In that sense, the KMT harbingered the shift from identity to economy. The post-2000 slowdown provided more reason for the KMT to focus on the economic performance of the DPP government, while evading the identity front where the DPP's nativism held sway. However, economic voting failed to materialize in large scale at that time. President Chen managed to make every election under his watch a referendum of identity, and succeeded in winning duels with the KMT until 2005, when economic malaise, fatigue from identity mobilization, and rampant financial scandals of high officials (ultimately implicating Chen himself and the whole first family) turned the electoral tide (Fell 2013). Even with decreasing marginal return of identity mobilization, as long as Chen was at the helm there was no fundamental change of the DPP's strategy. For his part, Ma Ying-jeou, the new KMT leader and the party's presidential candidate, led the KMT to embrace an unmistakable economy-centered stance, while accommodating the DPP's nativist rhetoric.<sup>5</sup> Electoral competition in Taiwan became increasingly a duel not just between the two main parties and the camps they led, but between the two issues and cleavages that they emphasized and represented. As identity mobilization continued, Taiwan society became deeply polarized, and cross-Strait and Washington-Taipei relations were strained.<sup>6</sup> The costs of identity mobilization obviously proved too high for the nation to bear. In 2008, Ma and the KMT won landslide victories in both the presidential and parliamentary elections, with a margin of 17 and 15 percent of popular vote respectively. Performance and

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<sup>5</sup> A critical move was made when Ma, after assuming the KMT's chairmanship, announced his middle-of-the-ground position, in 2006 by running an advertisement in the pro-DPP *Liberty Times*, stating that "The KMT firmly believes that based on the principle of democracy, there are many possible options for Taiwan's future: unification, independence, or maintaining status quo. The choice is solely in the hands of the people." Since then, the KMT recognizes that Taiwan independence is a legitimate choice, and ultimate unification is no longer the goal of the party. By doing so Ma intended to freeze the ideological front. See *Liberty Times*, February 14, 2006, p. 1.

<sup>6</sup> Chen's identity campaign started with "Taiwan and China, one side one country" (一邊一國). It surged to the Chen's pledge to hold a "historical referendum" and "writing a new constitution." He backtracked a bit when the referendum issue caused warning from both Washington and Beijing. In his second term, Chen again pushed for a new constitution, de-Sinification of state enterprises (such as renaming Chinese Petroleum Corporation to CPC, Taiwan; China Ship Building Corporation to CSBC Corporation, Taiwan), tearing down statues of Chiang Kai-shek across the island, turning the Taipei Chiang Kai-shek Memorial Hall into a protest site against the "White Terror," removing the "ROC" from postal stamps, putting "Taiwan" on passport cover, renaming the international airport, rectifying the name of the country to Taiwan, reapplying for UN membership in the name of "Taiwan," etc. Chen's turn to identity mobilization was caused by his need to activate his political base. When he first ran in 2000, that tendency was very much hidden as he advocated the "new middle-of-the-road position" (新中間路線), following what he perceived as a successful strategy by Tony Blair. For Chen's 2000 stance, see his campaign book *New Century, New Solution: Chen Shui-bian's Blueprint for the Nation* (Chen, 1999).



economic voting became the dominant pattern for the first time. The DPP, master of identity mobilization in Taiwan politics, was forced into soul search. Soon they followed the KMT in shifting to the economy, and downplaying identity. Political competition in Taiwan evolved into a new stage.

The rise of economy at the expense of identity is not simply the result of two separate developments, economic downturn and fatigue from identity mobilization. They are intricately linked through cross-Strait relations. In the run-up to the 2008 dual elections, the KMT fielded the argument that Taiwan's economic malaise had a lot to do with cross-Strait tension that thwarted investment on the island and limited Taiwan's access to the mainland market, at a time when the proliferating FTA agreements in Asia and elsewhere, particularly those between Taiwan's arch economic rival, South Korea, and other major trading nations, were undermining Taiwan's export competitiveness. Closer ties with the rapidly growing Chinese economy are both inevitable and desirable. In this light, Vincent Siew, the KMT's vice-presidential candidate, advocated a cross-Strait common market. However, the political precondition for economic integration with the mainland was Taiwan's commitment to the "1992 Consensus," a term coined by Su Chi, Ma's chief strategist, that refers to a compromise reached in the early 1990's that reconciled the positions of Taipei and Beijing. For Taiwan, the consensus stands for "one China, with respective interpretations" (一中各表), while for the mainland the emphasis is on the first part of the formula. It was clear that the DPP's Taiwan identity had no room for such compromise. Hence, in order to save Taiwan's economy, it was imperative to de-escalate identity politics and rhetoric for independence that were the hallmarks of the DPP. The KMT thus gained electoral leverage by presenting its political formula as instrumental to Taiwan's economic revival, while denouncing its opponents as dogmatic and unable to tap the huge growth potential in cross-Strait rapprochement. As China grew into the second largest economy and functioned as the most powerful engine in the recession-stricken world, the KMT's argument carried great weight. Taiwan voters seemed unlikely to support a political party whose basic stance guarantees a collision with Beijing and deterioration of cross-Strait relations, at a time of economic difficulties. In sum, revival of Taiwan's economy hinges on downplaying identity mobilization. In this light, economic revival and identity politics are inversely related. Taiwan's economic self-interest requires constraints on identity assertions.

Economic slowdown, exhaustion from identity mobilization, and the need to improve cross-Strait relations combined to move Taiwan away from identity politics into a new realm of political competition. As the KMT had been deeply entrenched in

the economic field, as champion for growth and development, it was up to the DPP to determine its role in the new game. Under Tsai Ing-wen, the DPP's new chairwoman after the 2008 electoral fiascos, the party gradually shifted out of its old mold and began tapping the disgruntlement with Ma's new mainland policy.<sup>7</sup> The opening up to the mainland, exemplified in a quasi-FTA agreement (ECFA), has its costs. As part of the globalization drive, free flow of goods and capital entails losses to industries and personnel that cannot tap the new opportunities and meet new challenges. Peasants and workers may be the most vulnerable, but so are those who may lose the shield of protection from external competition. Money indeed began flowing back from the mainland, but not into productive industries as expected. It flooded the real estate market, causing a surge of housing prices. The young generation is particularly vulnerable, with high unemployment rate, low startup pay, and skyrocketing real estate prices. The government offered some relief by creating temporary jobs at a monthly pay of NT\$ 22k (around US\$ 760) for start-ups with college degrees. That policy unexpectedly froze the wage level for the youngsters as companies used 22k as their standard pay to beginners. Tsai's strategists keenly spotted the opportunity to reorient the party, and appeal to the underdogs, the young people, the workers and farmers, and those threatened by Ma's new policies.<sup>8</sup> Under Tsai's leadership, the DPP made a swift comeback and won a series of by-elections. In November 2010, mayoral elections were held for the five municipalities that accounted for 60 percent of all the voters in Taiwan. It turned out that the DPP held a five percent lead in popular vote, even though the two sides kept their respective pre-election mayoral seats (three for the KMT and two for the DPP). Tsai's reorientation of the DPP seemed to be working, and that directly contributed to her winning the party's candidacy for the president in 2012. During her presidential campaign Tsai abandoned identity as the motif and stressed the economic issue.<sup>9</sup> She calculated that the

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<sup>7</sup> Before Tsai came about, there was Frank Hsieh who served as Chen's prime minister in 2005-2006 and the DPP's presidential candidate in 2008. Hsieh, a longtime competitor of Chen, took a stance on identity that is a bit milder than Chen in the 2008 campaign. See Hsieh's campaign book *Viva Taiwan* (Hsieh, 2008).

<sup>8</sup> An important document in that direction is the "Social and Economic Resolution by Taiwan's New Generation" (台灣新世代社會經濟決議文) in which the DPP made promises to the young generation to offer them jobs and social justice, and assert Taiwan's economic sovereignty. It is a mildly left platform. The Resolution is linked to the Ten-Year Policy Outlook (十年政綱) which was the DPP's campaign manifesto for the 2012 presidential election. The Outlook identifies the biggest challenge to Taiwan as "the harsh competition and uneven distribution under globalization," in tune with Tsai's emphasis on distribution.

<sup>9</sup> In a move similar to Ma, Tsai shifted to the political center by claiming that Taiwan is ROC. She challenged ECFA not on ideological, but on economic ground. She went into a television debate with Ma over the issue and made her stance clear. Along the campaign process, she made no advocacy of referendum, Taiwan independence, rewriting constitution, rectification of the country's name, or any other of Chen's favorites. Tsai's moderate stance on identity can be seen from her campaign book *From*

deep-Green identity voters would in any way vote for her, and the party's new stance on the socio-economic issue would win her those dissatisfied with Ma's performance. In a sense, this was exactly the same calculation that Ma made when he froze the identity debate and counted on the support of the captive deep-Blue voters as well as the middle, performance-oriented voters. Tsai and Ma found themselves in the same economic game, with Tsai emphasizing the downside of Ma's liberal mainland policy (inflation, income dispersion, prohibitive housing prices, etc.) and Ma stressing the need to stick to his policies to keep growth. A proto-type of left-right divide has emerged. The paradigm has shifted.

The paradigm shift is election-driven. The KMT and the DPP learned from each other, and from their electoral defeats. The KMT toned down its Chinese nationalism, embraced mixed identity, and then turned to economy, after it concluded that it could not beat the DPP over the identity issue. The DPP toned down its own identity urge, and accepted economy as the key issue, after realizing the limit of identity mobilization. Both parties learned from electoral defeats: for the KMT, it was the 2000-2004 period, and for the DPP, from 2008 onward. In the end, Ma and Tsai reoriented their parties. The driving force is the cleavage shift, but how sustainable is the shift?

Tsai did not win the presidential race in 2012, nor did the DPP shake the KMT's majority in the Legislative Yuan, although the margins in both races shrank considerably.<sup>10</sup> Tsai bowed out to take responsibility for the party's failure. Her intra party competitor Su Tseng-chang took over. Whether the DPP would sustain Tsai's line would have a great impact on the paradigm shift in Taiwan politics.

After the elections, Ma figured out that he would have an election-free two-year window to push for structural reforms that were unpopular, and yet badly needed. Interestingly, he did not focus on those areas related to identity, such as reframing the textbook guideline, but rather on economic and social policies. He chose to implement a capital gains tax on securities and cut government subsidies for petro and electricity. The two measures were to introduce a dose of justice into the tax system and to reduce government deficit. It turned out that the tax reform angered Taiwan's stock market investors, while the price hikes incensed ordinary people. On both policies Ma

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*Onion Scrambled Eggs to Ing's Lunchbox: Tsai Ing-wen's Feel of Life* (Tsai 2011) and the transcript of the Ma-Tsai debate (<http://blog.roodo.com/aboutfish/archives/12258201.html>, accessed July 1, 2013).

<sup>10</sup> The KMT's winning margin in the presidential race was reduced from 17 to 6 percent, and in the parliamentary race from 15 to 10 percent.

was forced to back up, leaving the impression of indecisiveness. Then came the pension reform. In October government officials revealed to the parliament in a report that Taiwan's labor insurance scheme would go bankrupt in 15 years' time. This caused panic among workers who then rushed to claim their benefits from the system prematurely on highly unfavorable terms. The DPP then directed public attention to the much better pension scheme that civil servants enjoyed, a scheme that cost the government a fortune to sustain at the expense of the taxpayers' money. As civil servants (as well as the military personnel and teachers) have been the backbone of the KMT's electoral support, the government found itself in a catch-22 situation. It could protect the civil servant pension and get itself burned from public indignation, or it could cut the pension for its employees and bear the electoral costs. It chose to do the latter, together with a cut on labor pension. There were reforms in other areas that were no less controversial.<sup>11</sup> Almost as a rule, the president and the government bowed under mounting pressure. Many reforms were watered down. Understandably Ma saw his approval rating plummet further.<sup>12</sup>

What is most important for our purpose is the continuation of Taiwan politics to evolve towards the distributional issues, and the absence of blatant identity mobilization in this context. This is true not only on the side of the KMT government, but also for the opposition DPP and the social protest movement. As the structural

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<sup>11</sup> Besides economic, financial, and pension reforms, Ma also unleashed his ministers to restructure the education and military service systems. The Minister of Education put forward a major reform that extends compulsory, hence entrance-examination free, education to 12 years, up from junior to senior high schools. The Defense Ministry joined the reform chorus by announcing a shift from conscription to an all-volunteer military force. However, those reforms were as unpopular as in the economic, financial, and pension fields. The extension of compulsory education was heavily criticized as parents and students were weary of the fairness of the new system that was to replace the entrance examinations. The abolition of conscription was a welcome proposal initially, but as the military found they could not recruit enough soldiers and delayed the shift to the new system by two years, there was great disappointment. The death of an army conscript Hung Chung-chiu (洪仲丘) in solitary confinement after he revealed the wrongdoing of his superiors caused an outpour of anger and mass demonstrations that shook the government. The military judicial system was abolished in one stroke, and cases involving military personnel would henceforth be handled by civilian courts. The military saw its morale sinking to unfathomable depth. Almost as a rule, the president and the government bowed under mounting pressure.

<sup>12</sup> One can also consider the ongoing duel between President Ma and the Speaker of the Legislative Yuan Wang Jin-pyng as the president's effort to cleanse Taiwan's judicial system. On September 6, 2013, in a rare show of resoluteness President Ma publicly denounced speaker Wang's influence peddling as damaging Taiwan's democracy, and declared him unfit for the speaker's job. As Wang was elected to the Legislative Yuan in 2012 on the KMT's party list, he cannot hold on to his seat or to the speaker's office if he is excommunicated by the party, which was exactly what Ma recommended the KMT's disciplinary committee to do. After Wang's excommunication, the speaker filed a suit to keep his party membership and successfully secured an injunction from the court to freeze the status quo. The duel between the president and the speaker went on to this date. This KMT intra-party strife hurt the president more than his other initiatives and his popularity plunged below the 10 percent mark after his open denunciation of the speaker.

factors that contribute to the paradigm shift remain present (economic slowdown, exhaustion from identity mobilization, and the need to stabilize cross-Strait relations), and the DPP has been reaping tremendous political gains by focusing on the economic issue, it can be expected that Taiwan's political contestation in the near future would center around the economy, and pit growth against distribution. However, even though the specter of identity politics has drifted from the center stage, it has not disappeared. In the public debate over different pension systems, one can see trace of not only a class conflict, but some remnants of identity, or even sub-ethnic, strife. The paradigm shift in Taiwan's politics is definitely not complete. In order to have a clearer picture, the remaining of the paper will explore into a depiction of three scenarios of the paradigm shift: replacement, crisscrossing, and façade.

#### *Replacement, crisscrossing, and façade*

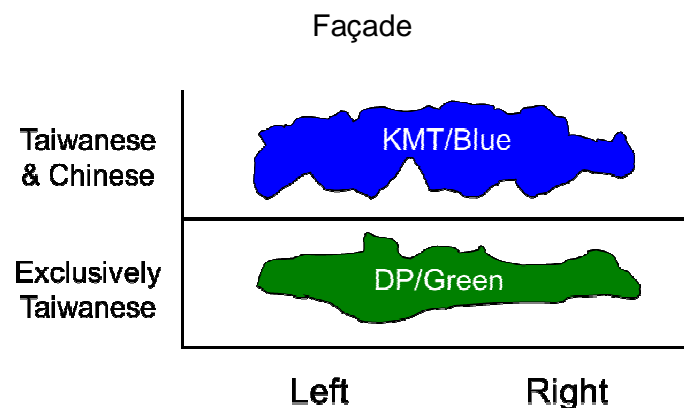
Depending on the thoroughness of the paradigm shift, one can think of three scenarios: replacement, crisscrossing, and façade. Replacement suggests identity-related issues no longer define electoral competition, while economy has become the core issue of politics. One can think of three levels of replacement. The first level is *economic voting*, with four variants along the prospective vs. retrospective, and sociotropic vs. pocketbook dimensions. The second level is *distributive politics*, with the two parties aligned to specific interest groups and advocating distributive policies for the benefit of those groups. The third level is *class politics*, with strong class consciousness determining voting pattern. In replacement economic issue replaces identity issue to govern voting pattern and party orientation. The cleavage shift from prematerialist to materialist is complete. The KMT and DPP evolve into center-right and center-left parties, or they get replaced by other parties that better represent right and left interests. Taiwan politics is "normalized," following the typical pattern in the West.

Façade is the opposite of replacement. Here the economic front is merely a reflection of the identity core. The KMT is pro free market, pro globalization, and pro cross-Strait economic integration because of its ultimate commitment to unification with the Chinese mainland. The DPP is against globalization and cross-Strait economic integration because of its suspicion of China and its ultimate goal of de jure, permanent separation from the mainland. The economic language and rational thinking are fake. Not only are the political parties faking, so are the voters whose

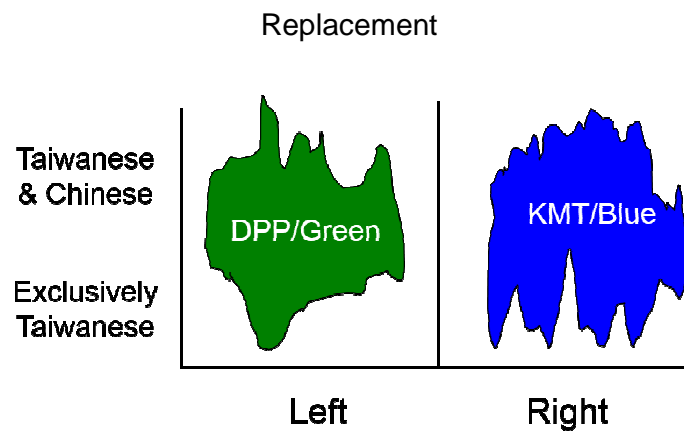
emotion (感性) takes precedence over reason (理性). Voters apparently accept sophisticated economic reasoning, but in fact embrace the position that best reflects their deep-rooted identity. In façade economy is merely an extended battleground for the identity duel. The core of political competition in Taiwan remains prematerialist.

Crisscrossing stands between replacement and façade. Here economic issue competes with identity issue for dominance. Along the identity cleavage, there is the competition between “exclusively Taiwanese” (ET) and “Taiwanese as well as Chinese” (TC), while on the economic cleavage there is the left (pro-redistribution) vs. right (pro-market). As a result, in crisscrossing we find four combinations: ET-L, ET-R, TC-L, and TC-R. It is possible that for different regions and social groups the salience of identity and economy varies, but in any case the two are genuine, significant forces with neither capable of wholly subordinating the other.

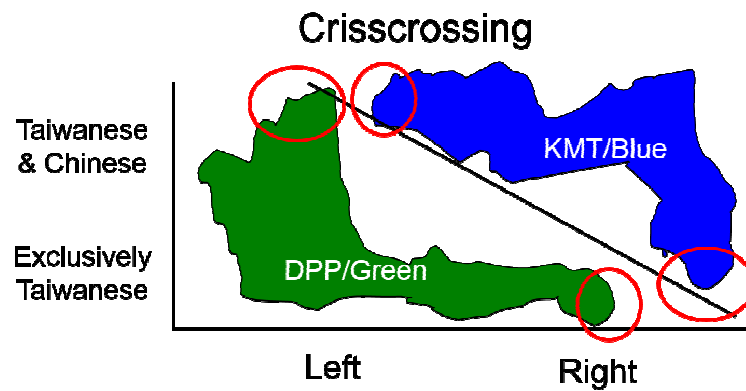
The following three diagrams indicate how the Blue and Green voters would be distributed in the three scenarios. The horizontal axis shows the voter’s preference on the left-right spectrum, while the vertical axis indicates his identity. In the façade scenario, both the Blue and Green voters cast their votes along their identities: all the “Taiwanese cum Chinese” identifiers vote KMT/Blue, disregarding their left-right preferences, and all the “exclusively Taiwanese” identifiers vote for DPP/Green, again disregarding their left-right preferences. Clearly the shift to economy is merely a façade, as voters’ materialist preferences do not determine their voting behaviors.



In replacement, the situation is entirely different. As shown below, both the Blue and Green voters cast their votes along the class line: all the “rightists” vote KMT/Blue, disregarding their identity, and all the “leftists” vote DPP/Green, again disregarding their identity. Identity has lost all its ability to sway voters, and economic preference has completely taken over.



Finally, in crisscrossing one finds both identity and economy exerting influence on voters’ behaviors. As shown below, all the “Taiwanese and Chinese identifiers” cum “rightists” vote KMT/Blue and all the “Exclusively Taiwanese” cum “leftists” vote DPP/Green. The most interesting thing happens at the upper left and lower right corners for the voters there are split along the two axes. In upper left the dual identifiers cum leftists may vote KMT/Blue (presumably because identity is more important to them) or DPP/Green (presumably because economy is more important). In lower right the exclusively Taiwanese identifiers cum rightists also develop a dual voting tendency, with some of them voting KMT/Blue following the class logic, and some of them voting DPP/Green according to their identity.



The three scenarios thus become three hypotheses that can be put to test. Three questions can determine a respondent's position on the map: one on his voting pattern, one of his right-left preference, and one on his identity.<sup>13</sup> If we find the dominant voting pattern follow the identity divide, then façade is borne out. If we find the voting pattern pretty much along the class line, then replacement is verified. If the voting pattern shows a mixture of the previous two, then we have crisscrossing. In façade the divide between KMT/Blue and DPP/Green voters is horizontal, along the identity cleavage, showing the potency of the latter. In replacement the voting divide is along the class cleavage, suggesting a shift from identity to economy. Finally in crisscrossing the voting divide is a diagonal from upper left to lower right, suggesting the duel between the two cleavages is not over.

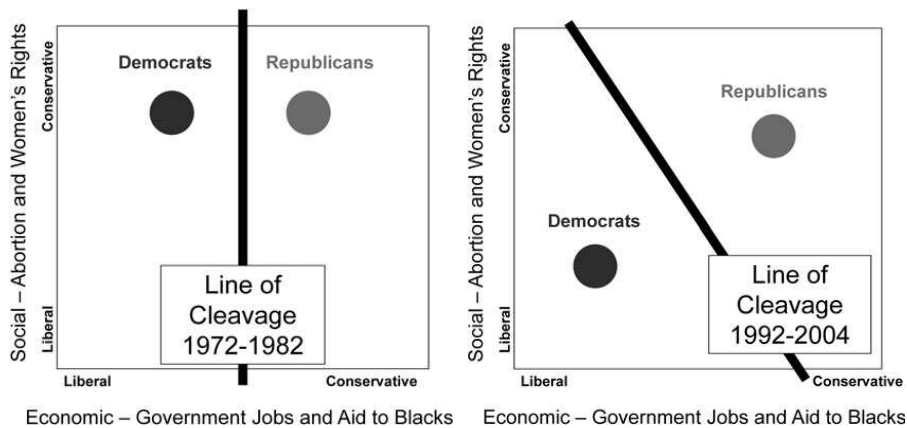
<sup>13</sup> Taiwan's surveys are good at capturing party preferences, voting patterns, and identity variables, but short on collecting data on distributional issues. This is clearly seen in the questionnaire of the Taiwan's Election and Democratization Study, 2012. The only question that is used to determine the respondent's left-right preference is as follows: (M3) "In terms of social welfare, some think the government only needs to keep the current welfare system, so as not to raise tax burden; but some others argue that the government should vigorously expand social welfare, even when that means raising taxes. We use "0" for the position of keeping the welfare status quo, and "10" for expanding welfare expenditure. Where is your position?" This obviously is not sufficient to capture people's distributional preferences.



*Cross-national comparison*

As Henry Brady (2011) points out, the cleavage structure of a country may change over time, and without grasping such change it would be impossible to comprehend the dynamics of political development. In the United States, for example, the old left-right cleavage has been accompanied by an idealist cleavage since the 1980's, so that the voting divide has tilted, as suggested in the following figures. The Republican party now draws its support not only from those who are for free market and low tax, as represented by Wall Street, but increasingly from religious fundamentalists, as can be found in abundance in Midwest. The two support groups are quite apart in their social stratum and religious orientation, but that does not prevent them from forming a voting bloc. In short, the US has increasingly become a crisscrossing society, just like Taiwan, only the two countries have different starting points: the US comes from a dominant materialist cleavage, while Taiwan starts with a deep-rooted identity divide.

Adding a New Dimension: US Politics in Shift



Source: Brady (2011), 321

The shift in social and political cleavage is also evident in some of the nascent democracies. For those studying Central and Eastern Europe (CEE), there is an unmistakable shift of social cleavage towards identity, away from the original left-right class divide. In Poland, this trend began with the rise of the Kaczyński brothers (Lech and Jarosław), who represented popular social conservatism and expressed unequivocal disdain for those who lacked “Polishness.” With the decline of

the left in Polish politics, the main political battle increasingly is being waged between two right parties. The left-right divide thus has lost its significance and identity differences have become more prominent. In Hungary, a high authoritarian tendency is evident among the supporters of Fidesz, led by incumbent Prime Minister Viktor Orbán, whose uncompromising ultranationalist rhetoric has stirred up great controversy both domestically and internationally.<sup>14</sup> The enactment and amendment of the constitution in January 2012 and one year later are particularly controversial, with the curtailment of the powers of independent institutions, such as the judiciary and the central bank. Even in the most liberal of the three CEE countries, the Czech Republic, the January 2013 presidential election witnessed Miloš Zeman's playing on the fear of the return of the Sudeten Germans, and attacking his opponent, Karel Schwarzenberg, for lack of "Czechness."<sup>15</sup> In all three countries, politics have become more polarized, and focus more concentrated on nationalism and identity. This trend predated the current economic crisis in Europe, but grew as a result of the worsening economic situation.<sup>16</sup> In particular, the xenophobic rhetoric and authoritarian policies of Orbán were to such an extent that Hungary's democratic credentials were undermined. Whether this trend will continue to gather pace remains to be seen. The development of an identity-based social cleavage is undoubtedly harmful to the nascent democracies in the CEE.

The study of Taiwan's paradigm shift is a theoretically relevant case study, linkable to mainstream comparative political research. It touches on the basics of the country's political development. It is readily comparable to other countries, be they established Western democracies or nascent democracies. Besides being a major domestic development, the shift has significant implications on cross-Strait and US-PRC relations, and on regional and global security. It thus foretells a fruitful research agenda ahead.

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<sup>14</sup> For a discussion of the rising authoritarian tendency among supporters of Fidesz, see Todosijević and Enyedi (2008).

<sup>15</sup> Zeman built the Czech Democratic Party (ČSSD) into political dominance in the 1990s, replacing the communist party (KSČM) as the most significant force of the left and successfully challenging the right led by Klaus. He served as prime minister from 1998 to 2002. His nationalistic campaign came as a surprise, as such language had been more commonly heard from the far right and in any way untypical of the more urbane Czech politics. For Zeman's political career as the builder of the ČSSD, see Kopeček and Pšeya (2008). For Zeman's campaign rhetoric, see Ehl (2013), and Pehe (2013).

<sup>16</sup> For the rise of nationalistic and intolerant sentiment in CEE countries and their relation with economic and social conditions, see Weiss (2003).

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