

GOING FOR THE GOLD?: A SECOND LOOK AT ETHICAL GOVERNANCE AND “THE
HISTORICAL-STRUCTURAL” MODEL IN *THE TAIWAN MIRACLE* TWENTY-YEARS LATER

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Abstract

Twenty years ago, in a 1986 book entitled *State and Society in the Taiwan Miracle*, Thomas Gold sought to extrapolate the “historical-structural” model of Cardoso and Faletto. However, this approach was seriously flawed for a number of reasons that included the failure to distinguish between “dependent-development” versus “mature-dependency,” hasty, generalized, comparisons about Latin America and East Asia, and the absence of class-struggle and socialist revolution despite the presence of Leninist party structures and centralized planning. Viewed in this way, Taiwan’s dynamic growth and prosperity seems rather anomalous. Taiwan’s ascendancy into an existent semi-peripheral zone remains inexplicable from the historical-structural standpoint just as the KMT influence over that process (which Gold calls violent, corrupt, and incompetent) hardly qualifies for ethical governance when iron-triangles and exclusive social contracts dictated the degree of liberalization, capitalist reforms, and democratic transition. As such, world-systems theory (which Gold has ironically rejected) offers the better, more accurate, account with its emphasis on these very conditions that not only explain the events and circumstances at the time, but also their aftermath in the decades since. Both figuratively and literally, this is key to ascertaining the extent of The Taiwan Miracle twenty-years later.

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Over the past four decades, Taiwan has undergone one of the most dynamic transformations in modern economic history—second only to Japan. As such, the “Taiwan Experience,” as it is sometimes referred, has since typified a model for the rest of the world to study—if not envy. Not surprisingly, then, in the effort to ascertain how a small, offshore, island became a large magnet for growth and investment, a wide body of literature—that ranges from the comprehensive to the comparative—has thus emerged (see for example, Amsden, 1979, 1985; Clark, 1987; Chow, 2002; Chu, 1988; Evans and Pang, 1989; Ho 1978; Hsiao, 1991; Kuo, 1983; Lin 1973; Maguire, 1998; Olson, 1982: 218-219; Simon and Kau, 1992; Vogel, 1991; Wade 1988; and Wu, 1989). However, despite the various works devoted to the subject, no single approach seems to predominate over any other when all of them offer equally plausible explanations. And yet many insist that one particular approach can prove more accurate in revealing the secrets of Taiwan’s success. In that regard, it is worthwhile to look specifically at Thomas Gold’s *State and Society*, which appeared some 20 years ago, as the ultimate case and point.

According to Gold (1986: 15, 17), “the historical-structural” model of Cardoso-Faletto best accounts for the Taiwan Miracle with its emphasis on “moments of significant change,” which denote “the continuous interaction among economic, social, political, and ideological variables, at both the societal and international levels,” thereby explaining how a “specific situation of dependency yielded development, not underdevelopment.” And yet, almost immediately, there are at least three noticeable problems with the formulated solution. First, and foremost, Gold has erroneously presumed that the vast majority of works found in the development economics literature are inept since they either reject upward mobility outright or attribute such movement and growth to systemic, external, causes. Second, and for that reason, a great many research designs have been cast aside in favor of a rather peculiar alternative that does not readily extrapolate without substantial modifications so that the Brazilian experience, upon which the model thus derived, will extend to the vastly different Taiwanese expanse. Third, and with no close compatibility among the initial conditions and actual circumstances, ad hoc fallacies are therefore unavoidable as the situational effects concerning Taiwan must somehow compensate for the absence of a capitalist ruling elite that mainly colluded with foreign-governmental interests rather than the presupposed, corporate, multinational, ties. For hard is it to justify, in this way, Taiwan’s dependent-development.

Taiwan’s Dependent-Development: Mature-Dependency and the Road to the Semi-Periphery

Undoubtedly, the unprecedented levels of growth sustained by Taiwan from the 1960s onward has moved that economy out of the peripheral zone. However, the question to ask is whether this movement has enabled a pathway across the core-peripheral divide while the answers that follow seem far from definitive; in fact, they literally lie somewhere in between. That is, as many have rightly observed, Taiwan has not crossed this developmental threshold per se but remains stuck there instead. As such, this presents quite a dilemma not easily resolved in terms of any model conceived by the dependencia school—and rightly so. For that reason, world-systems theory has offered the necessary additive, or rather corrective, appropriately deemed “the semi-periphery,” which describes

those countries (and/or economies) that fall within a middle income bracket (see for example, Arrighi and Drangel, 1986: 12; Chase-Dunn and Hall, 1993: 862-866; Shannon, 108-117; and Wallerstein, 1985: 34, 2004: 28-30). And yet the very existence of this intermediate zone remains equally questionable when the semi-periphery might very well comprise a temporary, residual, category composed of countries that might eventually tend toward either side of the core-peripheral divide (Arrighi, 1985: 245; Chase-Dunn, 1989: 214). Bearing that in mind, the dependencia school need not preclude the case of Taiwan—provided, of course, that world-system theory can be conveniently disproved.

From the outset, Gold (1986: 14) has brashly emphasized the common mistake made by others who believe that “Taiwan is in the semi-periphery because the U.S. government and American and Japanese TNCs invited it in to exploit its cheap labor.” On this view, the semi-periphery seems to resemble the conditions of “dependent-development”—caused by the *tri-pé* among the ruling regime, multinational corporations, and local capital—which Gold has initially precluded (1986: ix, 14-15). And yet, as it happens, both the tripartite alliance and three strategies associated with semi-peripheral status—aggressive state action, multinational investment, and self-reliance—are in fact the reasons for the Taiwan Miracle as Gold himself somewhat implies (1986: 14, 95-96, 128, and 132). Discursively, these explanations seem not at all coherent, nor even consistent, when Gold has made reference to at least three different forms of dependent-development—Evans’s version, Cardoso’s version, and his version—in discerning the causes of the Taiwan Miracle (1986: 14, 95-96, 128, and 132). In so doing, much confusion abounds over what Gold really means when he criticizes and/or endorses “dependent-development.” But, for all intents and purposes, what Gold probably sought to describe are the effects of “mature-dependency” (Hammer and Gartrell, 1986: 205) rather than those of “dependent-development.” For according to Hammer and Gartrell (1986: 205), “Mature dependency diverges from dependent development” in at least for main ways: (1) foreign capital is invited, not required; (2) the domestic economy demonstrates the potential for self-sustained development despite inflows of investment; (3) the process of growth need not involve the economic exclusion of the masses; and (4) any outcomes of underdevelopment result from state-driven policy. And based upon Gold’s subsequent account, this becomes a very accurate, if not appropriate, portrayal of how and why Taiwan escaped the periphery.

While far from standing on its own two-feet, so to speak, Taiwan was never at the mercy of FDI from “the core”—unlike many others in “the periphery.” Even before the onset of real dependency in the late 1960s (Hammer, 1984: 932), Taiwan had undergone “the take-off” with very little influence from the outside world, save for American ODA, due to successful land reform, a labor surplus in low-wage industries, ISI (import-substitution-industrialization), and the utilization of confiscated Japanese assets and infrastructure from the colonial era. As a result, Taiwan sustained more than enough growth to avoid the economic pitfalls of debt and deficit. So by the time FDI started to arrive (mainly under the encouragement of U.S. advisers), Taiwan had already established its comparative advantages in light-industry and agriculture, invested in human capital through mass education, and encouraged small business/ entrepreneurial startups, all of which reduced income inequalities, while raising the standard of living. In addition, Taiwan had then moved away from import-substitution and toward export-oriented-industrialization (EOI)—arguably the most significant historical-structural transformation—which enabled “the drive to maturity.” In so doing,

Taiwan began to exhibit semi-peripheral patterns of behavior (see for example, Arrighi and Drangel, 1986: 44; Bollen, 1983: 477; Barret and Whyte 1982: 1086, 1984: 938; Chirot, 1977: 218-220; Crane 1983; Cumings, 1984: 33; Dent, 2003; Hart-Landsberg and Burket, 1998: 104-105; Henderson, 1989: 147; Shannon, 1996: 111, 114; and Vogel, 1982), characterized by constant investiture in transportation infrastructure, including shipping and port facilities, alongside increased production of textiles, electronics, and other intermediates. For at that point, Taiwan no longer required FDI to maintain its relatively favorable position in the world-system. In fact, even at the worst possible moment, during the 1970s, the impact of the so-called “shocks” (emanating from the oil crises and U.S-PRC rapprochement) was offset through state-intervention in heavy industry (especially, steel and petrochemicals), all the while small-scale businesses upgraded their own productivity to keep pace with an export-driven economy no longer dominant in low-cost manufactures, thereby completing the modernization imperative. For as Gold (1986: 128) himself concludes, “Taiwan avoided the disarticulation...inherent in...dependent-development...” And while rightly so, the question thus remains as to whether or not “dependent-development” infers the *tri-pé* conditions defined by Evans such that the answers that follow clearly become (in)consistent with the Taiwanese experience. In that regard, Gold (1986: 15) observes that “dependent development results in certain adverse...forms of disarticulation: (1) MNCs use capital-intensive technology inappropriate for the social structure; (2) a lack of linkages between MNCs and local firms; (3) trade imbalances and foreign debt; and (4) people develop a taste for consumption goods from the core, which harms local industry.” And yet, upon closer examination, Gold reveals that “TNCs became firmly linked with local entrepreneurs...” (1986: 128) thereby depicting a very significant condition of the tripartite alliance. Nevertheless, from a highly analytical standpoint, this might not pose a serious setback for the discourse in making the case against Evans—and, likewise, Wallerstein (1979) as well. For the only way to be more certain of what dependent-development describes ultimately evokes further comparisons between East Asia and Latin America.

Comparisons between East Asia and Latin America: Peripheral Pathways or Roads Not Taken

While much has since been written on the comparisons between East Asia and Latin America (see for example, Birdsall and Jaspersen, 1997; Cristóbal and Gwynne, 2000; Cumings, 1984, 1989; Evans, 1987; Gerard and Davis 1994; Gereffi 1989; Gereffi and Wyman, 1991; Harberger, 1988; Lin, 1989; Minns, 2006; and Palma, 2003: 143), *State and Society in the Taiwan Miracle* signified one of the first major contributions to the literature. For even though Gold never set out to make such comparisons per se, the implications are nonetheless apparent when the case for (or against) dependent-development necessarily infers these distinctions. In so doing, Gold correctly anticipated the later work of Stephan Haggard (1990) by drawing attention to how the common interplay of external influences and domestic effects induced very different outcomes, among Taiwan and Brazil, caused by specific interests, conditions, and experiences. As such, pathways out of the periphery are not at all universal as Gold himself has somewhat implied by describing “The Road Not Taken”(1986: 75-76).

Accordingly, that is, whereas Taiwan followed the course of self-reliance, through strong, centralized, political institutions under the KMT, Latin America headed toward inevitable dependence caused by weak civic societies, frequent regime change, and relative, unfettered,

economic openness that only invited more and more FDI from MNCs. Not surprisingly, then, as Gold (1986: 15) thus surmises, Taiwan could bypass “...several forms of disarticulation: (1)...capital-intensive technology, inappropriate for the social structure; (2) ...linkages between MNCs and local firms; (3) trade imbalances and foreign debt; and (4)...a taste for consumption goods from the core, which harms local industry.” And, for the most part, this is precisely what transpired in the end. Even so, these observations have been telescoped—not microscoped—to the point where the most panoramic, wide angle, focus initially envisioned by Gold now goes unseen. That is, while not critiquing the view depicted by the historical-structural perspective, Gold has overlooked several key details, which further illuminate the contrasts between East Asia and Latin America, apparent in any other survey on the subject.

As it happens, East Asia and Latin America reflect mirror opposites, both of which have experienced the juxtaposition of the other, by going through the looking-glass, so to speak, despite any perceptual differences. In that regard, it might be noted that even though divergent directions seemed evident at times, when, for example, Latin America bypassed agricultural modernization by moving away from EOI toward ISI, whereas East Asia advanced directly, skipping no stages, from ISI to EOI, the final destination remained the same: all of the NICs found themselves in the semi-periphery. And while rightly so, the constant, almost belabored, point of contention thus pertains to ontological distinctions over the means by which these ends were attained. However, such discernment may very well obscure the envisioned teleology—which, in fact, is the problem not solved by Gold.

For even though there can be almost no doubt that some form of dependency paradoxically induced both Latin American and East Asian development, contrasting Taiwan with Brazil does not seem that remarkable when Gold has surmised the limitations of the Evans model *ex ante* by which the *tri-pé* will fail to extrapolate elsewhere. By this logic, Gold’s account amounts to a rather convenient selection-bias, irrespective of looking at any additional details, simply because the concept in question can only be answered by one, single, dominant, case-study with no apparent similarities outside the region—so it would seem. For as it happens, dependent-development was never exclusive to Brazil, even by Evans’s own admission, since “the same general character” (Gereffi and Evans, 1981: 57) of the tripartite alliance also existed in Mexico. Bearing that in mind, there were at least two available cases for comparison with Taiwan. Even so, any close similarities observed between Mexico and Brazil need not make much difference in the end, as Gold might infer, given that one will suffice for the other, whereby the subsequent outcome leaves the initial reasoning unaffected—the Taiwan Miracle remains at odds with the Latin American experience. And yet, truth be told, such conclusions prove way too dismissive.

Contrary to what Gold asserts, the Taiwan Miracle shares much in common with the Evans version of the Latin American experience *à la* Mexico—not *via* Brazil. For as Cumings (1984: 26) has said, “The best Latin American analogy for Taiwan would be Mexico.” To that end, the beginnings of one-party rule, state-run industries, apprehensions toward FDI, and the timeliness of liberalized, democratic, reforms in the post-Cold War era, make Taiwan and Mexico quite complementary (see for example, Chen, 2004; Cumings, 1984: 26; Huntington, 1991: 113; Lowe and Kenney, 1999: 1439-1440; Minn, 2006; and Solinger 2001). In fact, it might even be said that the

entire process of growth for both Mexico and Taiwan, from one period or phase to the next, has always remained out of step with the prevailing, most preferred, theories of development in any given era (See Figure 1).

Figure 1 Unsynchronized Development?: Trends, Causes, and Effects in Mexico and Taiwan

Trends of Development	Causes of Development	Effects of Development
<i>Modernization</i> (1950s-mid 1960s)	“The Mass Society”	Mexico became corporatist; Taiwan became totalitarian
<i>Dependencia</i> (late 1960s-1970s)	“The Calvo Doctrine”	Mexico borrowed; Taiwan exported
<i>Neoliberalism</i> (early to mid 1980s)	“The Washington Consensus”	Mexico accumulated debt; Taiwan retained regulation
<i>Developmental State</i> (late 1980s-mid 1990s)	“The Commanding Heights”	Mexico and Taiwan both liberalized

Even so, as critics might retort, various disparities—over geography, ISI/EOI, reliance on foreign aid, and the extent of integration (not just immersion) in the world-system—reveal the paradoxical images of dependent-development through which clear advantages in size, access to oil, and longstanding regional ties did not put Mexico ahead of the much smaller, resource-deprived, and relatively isolated Taiwan. In that regard, Mexico and Taiwan must be viewed with a certain sense of irony above and beyond any parallels, patterns, or trends. As such, the historical-structural perspective has obstructed the proper, most direct, focal point, through which to discern the same destination out of divergent directions, that only world-systems theory can reflect by looking at the impact of the international political economy upon domestic institutions. And while rightly so, because this relationship sidesteps the linkages between means and ends, through “unidirectional” effects that flow from the outside-in to the top-down, the capitalist motif of “the core” remains continent upon state-action, driven by the national interest, not the private sector. Bearing that in mind, the ultimate difference between successful versus failed dependency results from geopolitical calculations that predetermine who amongst “the periphery” will get the most aid and access to markets from “the core.” All told, that is, Taiwan took advantage of the communist threat posed by mainland China just as Mexico would literally capitalize on its border with the richest economy in the world, through “reverse-dependency,” so to speak, where those in the periphery know the core cannot turn a blind-eye to their needs—no matter how outrageous, uncomfortable, or costly. To that end, close proximity between core and periphery begins to account for a great deal by redefining the patron-client relationship in which emergent dependencies produce the unintentional, spillover, effects of economic miracles through subsidized governance.

Economic Miracles through Subsidized Governance: Incorporating the KMT Regime

For nearly 50 years, the KMT (*Kuomintang* [“Nationalist Party”]), was the ruling regime that governed the ROC (Republic of China) in Taiwan. First created some 40 years before under the tutelage of Sun Yat-Sen, it is rather surprising that the KMT showed any signs of longevity whatsoever—especially with frequent setbacks, false-starts, and relocations. From the very outset, the KMT literally found itself in dire straits well before decisions were ever made to move the

establishment offshore. Suffice it to say, that is, the KMT never had any permanent, long-term, plans for Taiwan when the primary objectives always involved the pursuit of a constitutional republic on the Chinese mainland. Though hard was this to accomplish without sustaining continuous support, both political and financial, at home and abroad.

At the risk of unidirectional, path-dependent, inferences, the KMT ultimately arrived in this fateful position out of desperate attempts to find reliable allies and raise enough funding for its various campaigns. As such, the KMT had to be fairly pragmatic at times by accepting the best possible terms under the worst conditions. And while no amount of discussion either here or elsewhere can describe the extent of such adversity, the KMT appeared most vulnerable during periods of retreat and retaliation (See Figure 2).

Figure 2 The Changing KMT Power-Base at Home and Abroad

Period	Relocations	Major Domestic Constituents	Main Foreign Support
1917-1920	Japan to Guangzhou	intelligentsia (“sino-liberals”)	Japan
1920-1923	Shanghai to Guangdong	communists (“CCP”)	Soviet Union
1924-1936	Guangdong to Nanjing	organized crime (“green gang”)	Germany
1937-1945	Nanjing to Chongqing	warlords	U.S.
1949-1971	Mainland to Taiwan	bureaucrats	U.S.

In that regard, the KMT rarely (if ever) had the upper-hand and foot-hold that it needed to establish any uniformity in party doctrine, management, and organization. For even though the KMT had initially sought to integrate various political philosophies, including Confucianism, Lenin’s “democratic centralism,” and Sun Yat-sen’s famous “Three Principles of the People” (*Sān Mǐn Zhuyì*), the party platform was never stable when the main sources of support—both foreign and domestic—always varied in accordance with situational constraints. Even so, it must also be said that the key to both failure and success did prove ironically consistent insofar as the KMT underestimated the importance of mass outreach, mobilization, and coalition-building with the lower-classes—namely the peasants and proletarians—whether on the Mainland or the Island. To that end, the beginnings of the KMT downfall were almost always assured.

When the KMT regrouped to Taiwan in 1949 after suffering a series of defeats by the CCP (*Zhōngguó Gòngchāndǎng* [“Chinese Communist Party”]), “the island getaway” was no paradise for the party leadership since they never had any designs on early retirement, so to speak, unlike the other two and a half million evacuees who accompanied the ROC regime. For once the opportunity presented itself, the KMT stood ready to reclaim the mainland. As such, Taiwan was merely a short-term base of operations, or staging-ground, from which the KMT would one day launch a decisive counterstrike against the CCP. Even so, because the seat of government was transferred from Nanjing to Taipei, followed by the seizure of Japanese colonial assets and the declaration of martial law (*chieh-yen*), the KMT establishment seemed less akin to a temporary home and more

reminiscent of a permanent residence—especially with so much defense expenditures.

From an economic standpoint, the KMT takeover of Taiwan came with very high, unforeseen, maintenance costs. For even though the KMT had brought a horde of national treasures, public funds, and stockpiles of munitions, these assets were not investments, but liabilities instead, that would eventually depreciate without generating enough returns or revenues to keep the regime away from debt and bankruptcy. For the ultimate KMT goal of repossessing the Mainland could never take place unless the Island was always defended against the communist threat—whether from across the straits or right in their own backyard. For despite additional assurances from the U.S. amid the virtual nonexistence of internalized opposition, the KMT believed that security was so scarce that unrelenting anti-communist crackdowns at home alongside periodic hit-and-run assaults on the near abroad always presented the best course of action to the worst possible scenarios. Seen in this way, what Barry Buzan has called “the security problematique” (1995: 189) seems to reveal the simplest, most straightforward, solution which corrects the fairly limited view of the historical-structural perspective.

In short, while Gold is right to portray the KMT involvement in the Taiwan Miracle as initially unintentional, the historical-structural perspective cannot depict the resultant, unexpected, patterns of growth without relying upon rather spurious, pragmatic, post hoc, explanations—evident by divergent behaviors and other policy shifts—all of which lack appropriate determinacy for adequate discernment. For even though Gold has not overlooked a great many finite details along the way, the historical narrative—from one period or phase to the next—cannot be grouped consistently. Simply said, that is, the historical-structural perspective has no causality to show for itself. For there must be an easier way to demonstrate this process of development amid the diversity of so-called “factors” which Gold (1986: 123) perceives as the major culprits or catalysts.

Truth be told, any apparent deficiencies in the historical-structural perspective that might require serious readjustment, in order to see proper linkages between explanatory disconnects effecting Taiwan’s postwar development, will ultimately prove unexceptionable—especially when looking at these errors in hindsight. For that reason, the focus must shift elsewhere away from the historical-structural perspective and toward alternative modes and models that demonstrate how and why KMT intervention produced the Taiwan Miracle, through a logical sequence of events, even when there seemed to be no immediate connections between the various steps or strategies taken. In that regard, looking at the *politics*—not the *economics*—of growth and development provides the necessary insight that appears to be absent from the survey given by Gold. Although, a word of caution must be said. For even though Gold has correctly anticipated “the developmental state” as a viable model (1986: 125, 132-133), the internal inward turn that enabled the KMT to assert itself—over the state, the bureaucracy, and the commanding heights—did not take place without the external, international, prerequisites which set the process in motion. For what Gold (1986: 56-59, 64-67) has called the Global Geopolitics (of the Cold War) initiated the Revolution from Above—not the other way around—due to the impact of the international system upon domestic politics. Viewed in this way, what international relations theory calls “offensive realism” (see for example, Brooks, 1997; Copeland, 2000; Labs, 1997; Mearsheimer, 2001; and Snyder, 2002) demonstrates how and why unprecedented economic growth might result from the security

problematique whereupon the ultimate KMT goal of retaking the Mainland always necessitated that sufficient funds were made available to defend the Island, sustain the regime, and launch the eventual counterstrike—all of which Gold ironically affirms.

According to Gold, the Taiwan Miracle unfolded across three main periods—ISI, EOI, and Industrial Upgrading—all of which roughly correspond to the sequencing predicted by Rostow’s stages of growth (1960: 3-12). And while rightly so, the implications of modernization theory remain incomplete without adding the security problematique to the supposed solution wrought by KMT intervention. Thus, for the sake of simplicity, the Taiwan Miracle can be expressed as a modular function in the following order: major geopolitical events initiate the stages of growth that determine the sources of economic development which thereby condition the preferred industrial polices (See Figure 3).

Figure 3 The Functionality of the Taiwan Miracle

Period	Stages of Growth	Major Geopolitical Events	Sources of Economic Development	Preferred Industrial Policies
1950-1959	Preconditions for Take-Off	The Taiwan Strait Crises	Aid	ISI
1960-1973	The Take-Off	The Kennedy Round (GATT)	Trade	EOI
1973-1984	Drive to Maturity	Oil Shocks and Diplomatic Isolation	Capital	FDI

Suffice it to say, that is, the KMT gradually lost the opportunity to repossess the Mainland, as Gold himself contends (1986: 122-125), all the while incentives to *control* and *develop* the Island increased apart from the basic, survival, realpolitik, motif. For even though the U.S. continued to bankroll the KMT through various ways and means, the fallout of the Taiwan Strait Crises amid significant cutbacks in ODA (throughout the 1950s) marked the beginnings of an end to any serious claims on the Mainland, at which time the ISI-EOI transition took place (between 1960 and 1973), whereby the Island became more self-sufficient while less dependent on others in the subsequent wake of diplomatic isolation from the early 1970s onward. That, alone, explains a great deal—rather consistently, in fact, from one era to the next.

In sum, the Taiwan Miracle was the result of subsidized governance through which the patron-client relationship, between various U.S. administrations and the KMT regime, covered the maintenance costs of economic growth (Chan, 1988; Jacoby, 1966). For the U.S. was willing to literally shore up the Island against the Mainland, no matter the cost (including unfettered export access to American markets), insofar as the KMT would not disrupt the regional balance of power—whether through expansionist claims, preemptive strikes, or outright declarations of independence. As such, while the terms of conditions in which the KMT had to accept always

remained nonnegotiable, the spillover benefits did outweigh the price of admission—albeit, until the aftermath of the Miracle.

The Aftermath of the Miracle: From Stasis to Crisis Twenty-Years Later

In 1986, at the very time Gold's book was published, Taiwan found itself in a rather good position both at home and abroad—a remarkable feat by any measure. The economy had the highest performance in the world that year, all the while longstanding bans on internalized, domestic, opposition were lifted amid signs of an end to martial law. For even though the party dictatorship under the KMT was far from over, the positive outlook depicted by John Cooper (1987) that year paralleled the trends envisioned by Gold—especially in terms of the historical-structural perspective—which does seem rather odd, if not ironic. For as it happens, the nondirectional, spurious, interplay of external and domestic effects abruptly terminated the regime rather than keeping the party alive.

From its very origins, the KMT establishment on Taiwan had no basis for legitimacy; the party was neither elected by popular vote nor representative of the masses at large. In effect, as many have rightly observed, the KMT was literally a foreign regime composed of expatriate, emigre, mainlanders, who took control of an offshore island inhabited by a large population of peasants recently liberated from Japanese colonial rule. On that view, because the masses had just ended a half century of domination only to begin the same experience all over again, conditions on the Island appeared doubly ripe for revolution—so it would seem.

From the marxist standpoint, Taiwan's postwar growth—let alone its development—proves exceptionally bizarre beyond any measure of historical-materialist reasoning. A leninist party-structure established by the military—not the proletariat—took control of a society, lacking both organized labor and class-consciousness, through a dictatorship with no desire to promote the communist lifestyle on behalf of the masses. As such, the only sane response that might be inferred here utterly suggests that KMT establishment—riddled with so many perverse and profound behaviors—would self-destruct from its own devices.

For despite the extensive degree of bureaucratization, enactment of martial law, and state control in general, the KMT apparatus began to breakdown from the moment the party-leadership realized that any chance of retaking the Mainland required massive revenues and resources that could only be extracted through the economic development of the Island. In so doing, the role of the masses gradually became more and more important to the KMT establishment—even though, the native constituency, for lack of a better term, was never part of the planned acquisition.

Following the “Debate and Retreat, 1947-1950” (Gold, 1986: 52-55), the KMT did all that it could to alienate, exploit, and/or oppress, the Island population—whether through the sheer threat of “the white terror” or the deliberate, subtle, exclusion from civic/political engagement. And yet, during each stage of growth, the subsequent spillovers from development—intended to finance the repossession of the Mainland—inadvertently enhanced the well-being of the masses at the KMT expense (See Figure 4).

Figure 4 The Spillovers from Development

Period	Stages of Growth	Intentional Causes	Unexpected Effects
1950-1959	Preconditions for Take-Off	Stabilization	localized elections
1960-1973	The Take-Off	Production	small-business startups
1973-1984	Drive to Maturity	Expansion	middle-class society

For despite the absolute, utilitarian, gains wrought by Taiwan Miracle, the KMT incurred two consecutive losses at the worst possible moment. That is, once the Western bloc had officially recognized the PRC amid the ROC expulsion from the UN, the KMT faced double jeopardy with no way out: opportunities to reclaim the Mainland had now clearly passed, all the while maintaining control over the Island proved increasingly difficult to manage. As Gold thus contends (1986: 128), “The KMT...fell victim to its own success.” For once the drive to maturity began, the influence that the KMT held, over the state, the economy, and ultimately society, was coming to an end.

From the late-70s onward, significant changes had swept across the Island. For what John Kingdon would call a “policy stream” (1984) is most certainly fitting. Following the death of Chiang Kai-shek, the KMT faced a “problem window” when Chiang Ching-kuo found himself presiding over a regime that could not survive without enough second-generation, emigre, descendants to inherit the mantle of power from an already elderly vanguard. Past practices of *hēi-jīn* [“black gold”] politics, aimed at coopting the native population, that had previously served as a “policy window,” could no longer suffice amid the new, burgeoning, middle-class eager for self-determination. As a result, having realized that the KMT needed the masses now more than ever, the native middle-class sought out the moderate and centrist candidates of the vanguard through financial contributions, all the while pushing for *dǎngwài* [“outside the party”] representation in the *Lǐfǎ Yùàn* [“Law-Making Court”]. And with the old-guard dwindling in number, the key to KMT survival required opening a policy window of real reform as it became evident that the political balance would inevitably shift away from the emigre regime and toward the native population. For with the legally sanctioned creation of the DPP (*Mín Jīn Dǎng* [“Democratic Progressive Party”]) in 1986, followed in turn by the first free election, an end to martial law, and ultimately the death of Chiang Ching-kuo, it was not a matter of *if*—but *when*—the KMT establishment would collapse once and for all. For even though the KMT regime continued to linger under Lee Teng-hui (a native-born Taiwanese), recurrent accusations of *hēi-jīn* politics, vote-buying, and further factional infighting over “Taiwanese Independence” versus “Chinese Reunification,” angered just about everyone—from the masses, to the party-leadership, and even the PRC and U.S. governments. And with so many resultant policy shifts and reversals, it is not surprising at all to find that the KMT eventually fell apart from the inside-out. And while no amount of discussion either here or elsewhere can describe the extent of the various internal divisions that brought down the KMT establishment, it is sufficient to say that the ostracization of Lee Teng-hui amid the personal rivalries between Lien Chan and

James Soong only enhanced the DPP platform of reform in both the 2000 and 2004 presidential elections. At that point, the KMT establishment had been clearly dismantled. For despite the subsequent appearance of a unified KMT front amid promises to eventually liquidate the vast business enterprises that had originally financed the entire postwar establishment, the party could only reinvent—not resuscitate—itsself in the midst of so many forgone opportunities and just plain bad decisions. Thus, the question to ask: was the miracle ever a model?

Was the Miracle Ever a Model?: Economic Development or Ethical Governance

At the very end of *State and Society in the Taiwan Miracle*, Thomas Gold (1986: 132) poses the question, “Can a Miracle Be a Model?,” to which he responds “Too many unique elements shaped Taiwan’s experience to make it a viable model, but it offers several lessons worth considering...that...can be emulated by other late industrializers. Above all is a developmentalist state.” And while rightly so, what Gold infers utterly defies the scope of the historical-structural perspective; for the Cardoso-Falleto model was never designed with any such particular specifications in mind. As such, contrary to what Gold initially purports, the reasons for the Taiwan Miracle cannot be multiple when unidirectional causes present the simplest, most direct, solution to the problem: state-led intervention induced the paradoxical outcomes of development amid recurrent dependency. In that regard, what the Taiwan Miracle actually depicts is the viewpoint of world-systems theory—not the historical-structural perspective. For as Barret and King (1984: 938) rightly observe, “Taiwan may be said to benefit from its...‘semiperipheral’ position in the world system, but how did it get there? Clearly [...] we cannot be faulted for failing to call attention to the role of the state in Taiwanese development.” Viewed in this way, the Taiwan Miracle under the KMT establishment displays many of the archetypical characteristics found in nearly all semi-peripheral units: dependent-development, elite-driven politics, and iron-triangles among industrialists, bureaucrats, and the military.

All told, that is, Gold has missed the mark, so to speak, in discerning the Taiwan Miracle from the historical-structural standpoint. By examining the very same conditions that world-systems theory would also identify, it becomes rather ironic that so many implications—from the comparative to the comprehensive—go unnoticed despite the meticulous attention to detail. For what Gold has sought to describe might never be seen in the proper, most appropriate, context through which the culmination of peripheral success stories—from Latin America to East Asia—fails to reflect the separate, yet similar, focus that would otherwise illuminate the various contrasts among worldwide, regional, development. For that reason, the Cardoso-Faletto model is wholly inappropriate here; the dearth of determinacy amid a fairly parsimonious scope allows for ad hoc adjustments that correct any and all unexpected patterns or behaviors. This is unexceptionable. Even so, because of these very deficiencies, Gold was able to anticipate at least two major innovations—“the developmental state” and “state-in-society”—both of which would later evolve into fashionable paradigms throughout the 1990s (Chu, 1998; Johnson, 1999; Lam and Clark, 1994; Migdal 1994; and Wade 1990). And yet, notwithstanding, because such concepts were clearly ahead of their time, Gold could not deal effectively with the circumstances described. Retrospectively, then, the impact of the historical-structural perspective might only prove heuristic when looking at the current, contemporary, situation rather than that of the recent past. For the Model will never precede

the Miracle when going for the Gold.

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