JOURNAL OF DEMOCRACY

China and East Asian Democracy

Francis Fukuyama ▪ *Minxin Pei* ▪ *Yun-han Chu* ▪ *Larry Diamond*

Morocco: Outfoxing the Opposition
Ahmed Benchemsi

Corruption in India
Sumit Ganguly ▪ *Prakash Sarangi*

Danielle Lussier & M. Steven Fish on Indonesia
Meisburger vs. *Reynolds & Carey* on Electoral Systems
Joel Barkan on Democracy Assistance
Nicolas van de Walle on Competitive Authoritarianism

Turkey Under the AKP
Meltem Müftüler-Baç & E. Fuat Keyman ▪ *Ersel Aydınlı*
Berna Turam ▪ *Ragan Updegraff*

China and East Asian Democracy

THE TAIWAN FACTOR

Yun-han Chu

Yun-han Chu *is Distinguished Research Fellow at the Institute of Po-litical Science at Academia Sinica (Taipei) and professor of political science at National Taiwan University. He is the coeditor (with Tse-Kang Leng) of* Dynamics of Local Governance in China during the Re-form Era *(2010).*

If the People's Republic of China (PRC) moves toward democracy, it is likely to be in no small part due to the influence of the Republic of China (ROC or Taiwan). This influence comes not only from the direct impact of Taiwanese political and social actors in promoting change, but also from Taiwan's being the first and only democracy yet to be installed in a culturally Chinese society. In addition to demonstrating the compatibil-ity of democracy and Chinese culture, Taiwan's successful democratic transition illustrates a possible exit strategy that the Chinese Communist Party (CCP) could follow if it seeks to move away from one-party au-thoritarianism. It is very uncertain, of course, whether China will take this path, as the CCP is also subject to a wide range of other influences and pressures that might push it in an altogether different direction.

Geographically separated from mainland China by the Taiwan Strait, the island of Taiwan has been politically separate since the end of the Chinese Civil War in 1949, when the Nationalist Party, or Kuomintang (KMT), retreated to the island. In 1987, Beijing and Taipei lifted the mutual ban on travel and trade. Since then, the trickle of cross-Strait economic and cultural exchange has become a massive flow. By 2003, mainland China had overtaken the United States as Taiwan's most im-portant trading partner. In 2010, Taiwanese travelers made more than six-million visits to mainland China, and there are now close to a mil-lion Taiwanese expatriates living and working in the PRC. Taiwanese companies and businessmen have invested more than US$150 billion in mainland China and have reinvested the bulk of their profits to ex-pand their operations. With more than 70,000 business projects across

the mainland, Taiwanese firms have penetrated into China's remotest corners.

The geographic proximity and cultural affinity between the two Chinese societies, along with increased economic exchange and social contacts, make Taiwan a plausible social and political model for the PRC. While most PRC residents learn about Taiwan via state-controlled and government-censored news media, many urban dwellers access Taiwan-based news and entertainment programs via satellite TV and the Internet. Some PRC-based websites copy and paste articles from Taiwan's leading newspapers, thereby circumventing the ban on those papers' sites. The reach of Taiwan-based mass media and popular culture has been intensively felt not only in the PRC's urban centers, but throughout Chinese-language cyberspace. During 2011, two of the top three media stars with the most "followers" (almost nine million) on Sina Weibo (China's version of Twitter) were from Taiwan.[1]

Taiwanese political commentators, political comedians, and talk-show hosts have become household names in China. Some of Taiwan's best-known social critics have blogs that attract large numbers of Internet users ("netizens") from mainland China. The PRC's urban middle class closely follows and discusses all the major twists and turns in Taiwanese politics. When mainland Chinese visitors come to Taiwan for the first time, they often stay up late into the night, glued to the television, watching political talk shows and satires. On the evening of Taiwan's 2008 presidential election, an estimated 200 million mainland Chinese viewers watched the ballot counting via satellite TV or the Internet. One of the hottest online discussion topics in mainland China today is about the implications of major political events in Taiwan.

Just as Taiwan's mass media have been instrumental in spreading news about Taiwan's democratic experience, many Taiwan-based social actors have contributed to China's political liberalization with information, ideas, and practical knowledge. Taiwanese NGOs working on a broad range of social issues—from the environment to consumer rights to assisting battered wives—have developed extensive networks with like-minded organizations throughout China. For instance, Taiwan-based religious groups have played a key role in reviving the traditional religions, in particular Buddhism and Taoism, on the mainland, paving the way for official recognition of the legitimacy of Buddhism by the PRC.[2] Other NGOs, meanwhile, have helped to spread the ideas and practices of civic action. In 2007, the Tzu Chi Foundation, Taiwan's largest Buddhist charitable organization, became the first overseas religious organization officially to be registered in the PRC, and it has developed the most extensive private charity network to date in mainland China.

Taiwanese entrepreneurs have also helped to lead the social transformation that has been taking place in China over the last two decades. In

addition to being investors, employers, and providers of modern managerial know-how and access to international markets, they have played a significant role in shaping local governance, especially in the areas of regional planning and industrial development. There are hundreds of Taiwanese chambers of commerce across China, and they engage with local governments on a range of policy issues. Taiwanese experts and businessmen have helped to develop industrial, science, and trade zones in many provinces, including Fujian, Guangdong, Hubei, Jiangsu, and Shanghai. Taiwanese advisors and entrepreneurs have transformed Kunshan, a rural town in Jiangsu, into the world's premier production center for computer and telecommunications equipment, and all medium-sized Chinese cities aspiring to become high-tech hubs now emulate the "Kunshan model."

Taiwan has also become a critical source of know-how for developing a modern law-bound state, a prerequisite for liberal constitutionalism. PRC experts and bureaucrats have carefully scrutinized every aspect of Taiwan's legal system. Because Taiwan's legal system is based on German code law rather than on Anglo-Saxon common law, it has had greater influence than Hong Kong on the revamping of China's legal system. Taiwanese legal scholarship has been the greatest overseas source of ideas in China's recent efforts to overhaul its civil and criminal codes, litigation and bankruptcy procedures, and regulatory frameworks. Lee & Li, one of Taiwan's leading law firms, collaborates closely with two top Chinese law schools—Tsinghua University Law School and Zhejiang University Law School—holding a joint graduate seminar on business and law each year and sending its senior partners to both schools as guest lecturers.

Cross-Strait exchange and cooperation between academics and professionals have also increased in recent years—most notably, in the fields of finance and banking, public administration, management science, local governance, and survey research. Many former Taiwanese government officials and scholars specializing in public administration have helped the senior cadres of various Chinese ministries to better understand the mechanisms of internal control and horizontal accountability that are built into Taiwan's state bureaucracy in such areas as budgeting, auditing, administrative procedures, and civil-service exams. When the PRC's Ministry of Civil Affairs revised the rules and procedures for China's local elections, officials looked to Taiwan's election laws and procedures and sought the input of Taiwanese experts.

Taiwan's government has played only a limited role in fostering the cross-Strait engagement. In fact, under presidents Lee Teng-hui (1988–2000) and Chen Shui-bian (2000–2008), the Taiwanese government created a number of obstacles to cross-Strait exchange that impeded Taiwan-based social actors from unleashing their full potential in China. The 2008 presidential election, won by the KMT's Ma Ying-

jeou, ushered in a new era of cross-Strait rapprochement. Recognizing the importance of Taiwan's soft power yet knowing that conventional public diplomacy could provoke China into taking countervailing measures, President Ma's government has refrained from taking an explicit role in coordinating cross-Strait cultural exchange. Spontaneous private initiatives enjoy more room for maneuver, as they are seemingly less offensive, intrusive, and threatening.

Similar Challenges

The leaders of the CCP have closely observed and drawn lessons from Taiwan's democratic transition and particularly from the collapse of the KMT's hegemony after its electoral debacle in 2000.[3] Many in the party elite see strong parallels between the fate of the KMT and the possible future of the CCP. The genesis and early organizational development of the two parties were not only strikingly similar but also intimately intertwined.[4] Both emerged in the early twentieth century with the aims of rebuilding state and society out of the ashes of imperial China and saving the nation from predatory imperialist powers. Each adopted a Leninist configuration—clandestine, organized by cells, vanguard-led, presumably mass-based, and committed to the principle of democratic centralism. With self-proclaimed (and competing) historical missions— a nationalist one for the KMT and a socialist one for the CCP—both parties superimposed themselves onto the state and society, achieving institutional hegemony.

After 1949, the KMT evolved quite differently than did its communist rival. Nonetheless, the one-party authoritarian regime installed by the KMT on Taiwan conformed to many of the organizational and operational characteristics of classic Leninist parties in terms of the centralization of power in the paramount leader, the symbiosis between party and state, and the way in which the party-state penetrated society.[5] Moreover, for more than thirty years the KMT (much like the CCP) organized the society that it governed, structured the political arena in which it operated, and articulated a worldview that lent substance and coherence to its political domination.[6]

The postwar KMT regime differed in key ways from its Marxist-Leninist counterparts, however. First, the KMT was closely linked to the West ideologically, as well as through a security alliance and an economic partnership. Second, the party recognized private-property rights, supported a market economy, and partially institutionalized the rule of law. Third, the KMT attracted the support of a distinctive development coalition based on the country's export-led industrialization. Paradoxically, since China opened up to the West in the late 1970s and embarked on a path of market-oriented reform, the CCP has similarly deviated from the classic Leninist model. With its epic transition from totalitari-

anism to developmental authoritarianism, the CCP has drawn closer to the KMT's political trajectory.

After presiding over more than three decades of rapid economic growth and social transformation, the CCP now faces a set of five major political challenges to its hegemony similar to those faced by the KMT in the late 1970s and early 1980s. Taiwan's ruling party responded to these challenges with a series of strategic and institutional adjustments that might have appeared incremental or even cosmetic, but were in fact quite consequential. The first challenge was how to replace a bankrupt guiding ideology and discredited revolutionary mandate with a new foundation for regime legitimacy. The second-generation KMT leadership under Chiang Ching-kuo (CCK), the son of founding president Chiang Kai-shek and president himself from 1978 to 1988, shelved the mission of "recovering the mainland and reunifying China" and replaced it with "building up Taiwan" and "shared affluence" (*junfu*). The leadership worked to realize this new vision through ambitious projects for modernizing the island's infrastructure and upgrading its industrial sector. The KMT regime also boosted its legitimacy by adopting a populism anchored in a compassionate, approachable, and public-spirited leadership that exemplified the Confucian virtues of unselfishness, frugality, and self-discipline.

In recent years, the PRC has adopted similar approaches for tacking this first challenge. President Jiang Zemin's (1993–2003) vision of the "well-off society" (*xiaokang shehui*) and his successor Hu Jintao's call for a "harmonious society" and for China's "peaceful rise" represent the CCP's latest efforts to redefine the regime's *raison d'être* in a way that will resonate with a majority of the people. Other parallels to the Taiwanese approach include President Hu's adopting the populist motto of the "New Three People's Principles" (*sange weimin*),[7] and PRC premier Wen Jiabao's amiable leadership style, which is strikingly similar to that of CCK, who often visited villagers and workers and immediately rushed to areas devastated by natural disasters.

The second challenge faced by the KMT and later by the CCP was how to reestablish the party's social foundation as new social forces emerged outside its organizational scope. The KMT's second-generation leadership tried to transform it from a vanguard into a catchall party and from a revolutionary to a ruling party. The KMT vigorously recruited new members not just from its old constituencies (including mainlanders, the military, public-sector employees, teachers, and members of farmers' and fishermen's associations), but also from the expanding entrepreneurial, professional, and urban middle classes that had benefited from the state's export-led industrialization strategy. More specifically, CCK tried to rejuvenate the party's old and fading membership with younger technocrats, foreign-educated scholars, and talented native Taiwanese groomed through the party's academy. At its peak in the mid-1980s,

party membership reached almost 18 percent of the entire adult male population.

In 2004, the CCP leadership decided to broaden its party base, just as the KMT had a few decades earlier. With a new guiding principle known as the "Three Represents," enshrined in the PRC's constitution that year, the CCP cast its lot with the beneficiaries of its economic reform. No longer a vanguard party of the "three revolutionary classes" (peasants, workers, and soldiers), the party now claims to represent advanced productive forces, advanced culture, and the fundamental interests of the great majority of the Chinese people (the "Three Represents"). While this effort to coopt private business owners, intellectuals, and professionals is often derided as window dressing, it reflects the party's efforts to adapt itself to the changed economic and social environment in China.[8]

Dealing with a More Plural Society

The third challenge was how to safeguard the party's monopoly on organized social life from the encroachment of autonomous social movements and bottom-up civic organizations. As early as the 1950s, the KMT party apparatus had incorporated business and professional associations, labor unions, farmers, state employees, journalists, the intelligentsia, students, and other targeted groups into state-sponsored corporatist organizations. During the 1960s and 1970s, these organizations functioned as private-sector arms of both the state bureaucracy and the party. But with the growing importance of private enterprise, the KMT had to formally recognize the economic might of the private sector. Beginning in the early 1980s, the existing business associations became functional conduits for soliciting policy input and coordinating industrial policy. In particular, representatives from the "big three" national organizations—the Federation of Industry, the Federation of Commerce, and the blue-ribbon National Council of Industry and Commerce—were elevated to the party's top echelon and granted membership on the KMT Central Standing Committee.

The KMT leadership adopted a two-pronged approach for dealing with the emergence of autonomous labor and environmental movements, consumer-rights groups, and other public-interest advocacy organizations outside the existing corporatist structure. First, it enacted the Civic Organization Law (1989) to register and regulate these voluntary groups. And second, it elevated the bureaucracies in charge of labor affairs, the environment, and consumer protection to ministry-level agencies and selectively coopted moderate leaders of social movements into the new ministries' advisory bodies. As the legal space and mobilizing power of grassroots NGOs expanded, the reach of the party-state into associational life necessarily receded.

The CCP today is reigning over a society undergoing epochal transformation, and as state-society relations evolve, the level of the state's control over its citizens declines. All kinds of new actors, especially foreign-trained professionals, have emerged in key areas such as the state bureaucracy, the export sector, and higher education. This has transformed the ruling establishment and created a more plural society, along with new forms of political discourse and political participation. It has also necessitated new legal, regulatory, and market structures. In order to absorb newcomers into the party and government, the CCP has had to introduce new organizational rules—largely merit-based or market-based—that have replaced the old hierarchical structure of the socialist command economy.[9]

The CCP regime is also dealing with waves of social protest. Beneath the veneer of rapid economic growth and political stability, there are myriad simmering social grievances against the government. These stem from the widening gap between rich and poor, legal discrimination against uprooted migrants from the countryside, corruption and abuse of power by local officials, land expropriation without proper compensation, and environmental degradation. Like the KMT in the early 1980s, CCP leaders have shown adaptability, and at times even tolerance, in dealing with popular protest. The regime has adjusted its national fiscal priorities in order to mitigate the negative consequences of uneven development, has improved the state's administrative and regulatory capacities to deal with emerging social problems and market failures, and has instructed local authorities to handle incidents of social unrest carefully in order to prevent them from escalating.

The CCP regime must also contend with an explosion of associational life in China.[10] Grassroots NGOs, which typically evade regulation by declining to comply with difficult registration procedures, have proliferated, posing a significant challenge to the party-state's once-omnipresent control over organizational space. Likewise, an increasing number of underground religious sects and even organized criminal gangs have undermined the state's governance capacity. Nevertheless, the regime has had some success in maintaining ties with certain key constituencies (workers, youth, women, businessman, scientists and engineers, and literary and art circles)—by reinvigorating existing mass organizations. At the same time, the party has put other segments of society, such as underground religious movements, dissident intellectuals, human-rights lawyers, and independent labor movements, on a tighter leash.

The most notable development is the rapid expansion of intermediary organizations between the state and the private sector. With the party's approval, business and industrial associations such as the All-China Federation of Industry and Commerce were established alongside their government-agency counterparts and formally assimilated into the hierarchy of state-sanctioned organizations. Both private and state-owned

enterprises have become involved in a tug of war with government agencies and with each other to gain policy advantages, often setting the agenda, providing alternative options, and pressing for favored outcomes.

Every day a torrent of information and opinion passes through cyberspace. In its attempts to police China's netizens, the regime is fighting an impossible battle.

The fourth challenge that has confronted both the KMT and the CCP is how to contain and harness the rise of demand-driven mass media and alternative sources of information that compete with official organs. During the 1970s and early 1980s, the KMT still imposed rigorous censorship over mass media, films, and publications. It stopped issuing new licenses for newspapers and restricted the maximum number of pages that newspapers were allowed to publish. Nevertheless, the growing demand for independent news and critical opinion steadily eroded the KMT's monopoly on the supply of information and ideas. Party-owned newspapers gradually lost readers to KMT-affiliated but privately owned newspapers, which often evaded monitoring agencies in order to gain wider circulation. Independent publishers constantly played hide-and-seek games with law enforcement and found ways to turn decent profits off reprints of banned books and magazines. Despite granting some leeway to independent print media, however, the KMT still kept a tight grip on radio and television and managed to foster a broad consensus supporting orderly and incremental political change.

Similarly, the CCP today is grappling with the political consequences of the rapid commercialization and internationalization of the media in China, and like the KMT it fiercely guards its ownership of electronic media. The CCP faces a much greater challenge than did the KMT of the late twentieth century, however, as the CCP's policing power has been overwhelmed by the explosion of online social media. In December 1997, China had about 670,000 Internet users; by December 2010, this number had shot up to 457 million. As Yang Guobin put it, "[T]his communication revolution is a social revolution because the ordinary people assume an unprecedented role as agents of change."[11] Every day a torrential flow of information and opinion passes through cyberspace, as billions of messages are transmitted wirelessly. In its attempts to police China's netizens, the regime is fighting an impossible battle against time and technological innovation.

The fifth major challenge to the one-party state in both Taiwan and China has been how to deal with contending economic interests and with the rising popular demand for political representation and participation engendered by socioeconomic modernization. Of all the institutional adjustments that the KMT leadership introduced during the 1970s and

early 1980s, none had a greater impact than allowing limited popular elections for national representative bodies. Under the pretext of a protracted civil war, the KMT had suspended national elections for almost a quarter-century and extended indefinitely the tenure of incumbent representatives elected on the mainland in 1948. A series of devastating diplomatic setbacks in the early 1970s compelled the KMT to introduce a limited electoral opening in 1972, which was then expanded in 1980 and again in 1989. Each time, more seats in the Legislative Yuan and the National Assembly were decided by popular election.

This historic opening did not seem risky at the time. After all, the KMT had developed a proven formula for controlling limited popular elections at the local level: The party had introduced elections at the township, city, and county levels as early as 1950 and for the Taiwan Provincial Assembly as early as 1954, seeking to incorporate the native Taiwanese elite into the party-building process and provide the authoritarian system with a modicum of democratic legitimacy. At the grassroots level, the KMT incorporated existing patron-client networks into the party structure. Within each administrative district below the provincial level, the KMT kept at least two competing local factions striving for public offices and rents. The fierce competition among these factions effectively blocked the entrance of opposition candidates into local elections. On top of this, the central leadership could enjoy an overall electoral victory that was delivered by disparate local factions. Thus for almost three decades, the KMT faced a weak and unorganized opposition consisting primarily of defiant local factions that had no national political ambitions and posed little threat to the KMT's dominant position.

Yet the gradual opening of the national representative bodies set in motion the regime's demise, as Taiwan's socioeconomic development had already made the island ripe for a democratic opening. In the second half of the 1970s, a loose coalition formed of anti-KMT independent candidates with national political aims, which came to be known as *dangwai* (literally "outside the party"). *Dangwai* candidates used the electoral process to foster popular aspirations for democratic reform and a separate Taiwanese identity. Emboldened by their electoral success in the 1977 provincial-assembly and county-magistrate elections, the *dangwai* coalition steadily moved closer to becoming a quasi-party, and in 1986 finally founded the Democratic Progressive Party (DPP) in open defiance of martial law.

Chiang Ching-kuo's decision to tolerate the formation of the DPP and his announcement a week later that he intended to lift martial law and many other longtime political bans essentially sealed the fate of the authoritarian regime. This incumbent-initiated political liberalization was intended to be the first part of a guided transition, or "democratization in installments."[12] With a multistage constitutional-reform process, the

KMT managed to ensure an orderly sequencing of democratic openings and to extend the transition period to almost a decade. It was able to do so in part because the DPP lacked the capacity to impose its reform schedule and agenda on the incumbent regime. The KMT's socioeconomic-development program had been broadly based, and the party had already locked in the support of key constituencies, thereby limiting the range of mobilization and confrontation strategies available to the opposition.

Taiwan's experiences have demonstrated that it is possible for a hegemonic party to engineer a peaceful and gradual transition away from one-party authoritarianism on the basis of a successful record of economic modernization.

As a result, the KMT was able to engineer a transition from a one-party authoritarian regime to "a one-party-dominant regime" (a system best exemplified by Liberal Democratic Party rule in Japan), making Taiwan perhaps the only case among the third-wave democracies in which a quasi-Leninist party not only survived an authoritarian breakdown but turned the crisis to its advantage. Had a political cleavage over national identity not emerged and led to an intra-party split, the KMT might possibly have kept power for much longer after the democratic transition.

The CCP leadership today recognizes that China's rapid socioeconomic transformation has already brought about a growing demand for accountability, representation, and participation. It feels compelled to lower the barriers for various kinds of stakeholders to join the policy-making process and to make the system more responsive to the increasingly diverse demands of Chinese society.[13] Before long, China's urban sector will demand further political opening. Taiwan's "democratization in installments" could be a useful model for the next generation of CCP leaders, who will be under increasing pressure to find a viable exit strategy. The island's experiences have demonstrated that it is possible for a hegemonic party to engineer a peaceful and gradual transition away from one-party authoritarianism on the basis of a successful record of economic modernization.

Although there are numerous parallels between the rocky political terrain that the second-generation KMT leaders encountered during the late 1970s and early 1980s and the delicate political situation that the CCP leadership finds itself in today, the strategic options available to the two sets of incumbent elites are not identical. Much more than the Chinese party-state, the KMT regime was severely constrained by three structural vulnerabilities. First, the KMT was vulnerable to the influence and pressure of foreign actors. Taiwan had been highly dependent on the United States for access to markets, security guarantees, and meaning-

ful participation in international organizations such as APEC and WTO. Before its transition, Taiwan had been a relatively small and strategically insecure society that needed to democratize in order to regain international legitimacy and maintain the support of its most vital ally, whereas the PRC today is a rising global power and a strategic rival to the United States.[14]

Second, the ideological foundation of the KMT's postwar authoritarian order was intrinsically shaky, anchored as it was on the disputed claim that the ROC government remained the sole legitimate government representing the whole of China. The mainlander-dominated KMT leadership had been fighting an uphill battle—defending its extraconstitutional arrangements (martial law) amid a global wave of democratization, insisting on the "One China" principle when almost all major nations had shifted their diplomatic recognition to the PRC, and upholding a Chinese identity in opposition to an emerging Taiwanese identity. Toward the second half of the 1980s, it became increasingly difficult for the KMT to deny the necessity of redistributing power from the mainlander elite to native-Taiwanese citizens through democratic means.

Third, the KMT was constrained by its own ideological and institutional commitments. The ROC's 1947 Constitution embraced democratic norms and upheld the right to dissent and to open political contestation, at least in principle. The KMT had defended Taiwan's postwar authoritarian arrangements on the grounds that the country was under imminent military threat from its communist rival across the Strait. Authoritarian rule was founded on a system of extraconstitutional legal arrangements and emergency decrees that replaced or superseded many important provisions in the 1947 Constitution. The cross-Strait détente of the early 1980s began to soften the people's siege mentality, however, and undermined the regime's rationale for maintaining a state of emergency. It became increasingly difficult and costly for the KMT to suppress the popular demand for returning to constitutional "normality." Yet the KMT remained strong because of its ability to engineer electoral dominance and because it had a unified political coalition behind its development strategy, which had impressively addressed issues both of growth and equality. Therefore, the option of peacefully transforming authoritarian rule was readily available.

The CCP's Freedom of Action

The structural conditions that Hu Jintao's generation inherited are in many respects less stringent than those of Taiwan two decades ago. First of all, the CCP regime is unencumbered by the kind of ideological or institutional commitments that had constrained the KMT. The CCP has committed itself to the development of "socialist democracy," not Western-style liberal democracy. The party's monopoly on power is still

enshrined in the PRC's constitution, which precludes public contestation for power. In addition, while Chinese nationalism turned out to be a liability for the KMT elite, it remains the CCP's most valuable political asset. Hu Jintao's vision of China's peaceful rise, which addresses the popular yearning for China's preeminence on the world stage, serves as an important pillar of legitimacy for the regime.

Furthermore, in terms of ideology, Western ideas and values have yet to establish themselves, especially in the face of two strong ideological counterweights: First, the CCP's socialist legacy has been reinvigorated by the so-called New Leftists, who are critical of neoliberal economics, characterize U.S. democracy as a plutocracy, and advocate a stronger role for the state in addressing inequality, regional disparities, and the rampant corruption and injustice brought on by privatization. Second, there has been a resurgence, with the support of the regime, of Chinese cultural identity, philosophy, and worldviews—notably, Confucianism, which is presented as a compelling alternative to Western liberalism as the country retreats from communism.[15]

Of all the world's transitional societies, China—due to both its size and its history of anti-imperialist struggle—is the least susceptible to the sway of the United States or any of the industrialized democracies. On the contrary, China enjoys a growing strategic and economic capacity for creating a more hospitable external environment, especially within its own orbit of political and economic influence in Asia. Moreover, the world today is vastly different than the one in which Taiwan began its transition. The global tidal wave of democratization has receded, giving way in the developing world to what Larry Diamond has dubbed a "democratic recession."[16] Even the advanced Western democracies, long admired by China's liberal-minded intellectual elite, are steadily losing their attractiveness as the European fiscal crisis deepens and the political paralysis that has gripped Washington since 2008 lingers.

At the same time, the limited electoral pluralism that the CCP has allowed at the local level has not yet reached the critical point where it could set in motion the self-propelling dynamics of institutional evolution that Taiwan experienced. Yes, village elections have become a normal feature of grassroots political life, and they represent an important step forward in China's quest for a more accountable political system. But the impact of village-level democracy within an overarching authoritarian environment is limited.[17]

The local and national People's Congresses—the representative bodies that are entrusted with the formal power to enact laws, pass the budget, and elect top executive officials at all levels of government—are perhaps more promising. The pluralization of economic interests and deepening social stratification in China have already had an impact on elections for the local People's Congresses, as well as on the role that their deputies have played in setting policy priorities and drafting laws

and regulations. China's emerging business-owning and professional class, however, is not yet the kind of autonomous social force that incubated Taiwan's political opposition, however. China's economic structure today is far more state-centric and state-dominated than was Taiwan's twenty years ago. China's state-owned enterprises still occupy the commanding heights of the economy, and most private firms rely on state actors to ease the resource constraints of China's regulated markets. In addition, state involvement in decision making at the firm level, especially in the areas of corporate governance, labor relations, and finance, remains a core feature of China's state-guided capitalism. Furthermore, a majority of private capital holders are inextricably linked to the agents and institutions of the party-state.[18] As a result, for the foreseeable future the CCP will still be able to exert its supremacy over the local and national People's Congresses and keep today's limited political pluralism in check.

There are two starkly different lessons to be drawn from Taiwan's transition experience with regard to China's democratic future. On the one hand, the eventual demise of the KMT's one-party regime suggests that developmental authoritarianism, despite its organizational capacity and adaptability, will eventually become the victim of its own success. A highly resilient developmental authoritarian regime may find ways to slow or mitigate the corrosive effect of rapid socioeconomic modernization on its political hegemony, but there is no way to stop it.

On the other hand, a well-entrenched hegemonic party such as the CPP can drag out the process of gradual political liberalization over a long period of time. This is likely to be even truer for the CCP than it was for the KMT, as China is far more powerful than was Taiwan and is thus operating in a less restrictive external environment. If the CCP can avoid an irreparable intraparty split (which often results from power struggles over succession under authoritarianism), sustain the momentum of economic growth, and adequately address China's growing regional disparities and economic polarization, it is not inconceivable that the CCP could retain its hegemonic status in China for quite a while yet.

In order to do so, the party would have to adopt the right balance of coercion and materialist payoffs, along with a blend of populism and nationalism; it must rebuild the state's governing capacity and adapt the existing representative institutions and consultative mechanisms to accommodate an increasingly complex economy and pluralistic society; it will have to combine eclecticism and pragmatism in dealing with socioeconomic issues; and it must selectively coopt emerging social forces and constantly replenish its pool of talent. This was largely how the second-generation KMT leaders stretched out Taiwan's political-liberalization process and concomitant authoritarian weakening over almost two decades (from the early 1970s to the late 1980s) amid rapid socioeconomic change and a deterioration of its international standing.

No matter how the CCP elite sizes up its strategic options, Taiwan's democratic trajectory still constitutes a crucial and illuminating social experiment in the eyes of mainland Chinese citizens. Competing interpretations of Taiwan's democratic experience will continue to shape the parameters of public discourse on the mainland as the intellectual debate over China's political future gains momentum.

At the same time, Taiwan-based political, economic, and social actors are potentially powerful catalysts for democratic change in China. Taiwan's transformative power lies not just in its experience with economic modernization, social pluralism, and democratic development, but also in its "Chinese-ness." The people of Taiwan in their daily lives have preserved and practiced Chinese social customs; dietary habits; conceptions about the body and health; notions of life, death, fate, and the supernatural; and family-based ethics. The elements of modernity embodied in the Taiwanese model are inspirational, while the island's shared linguistic and cultural heritage with China makes Taiwan's way of life relevant, comprehensible, and accessible. On Taiwan, modernity and tradition have combined to form a vibrant and constantly evolving society.

 The improvement in cross-Strait relations since March 2008 has accelerated the flow of exchange and deepened social ties between the two sides. As more and more mainland Chinese visitors and exchange students set foot on the island for the first time, Taiwan's influence on the PRC grows. If the island is to have a real impact on the mainland, however, it must first improve the overall quality of its young democracy and make its citizens proud of their political system. Over the long run, Taiwan can maximize its political leverage if its next generation of leaders is willing to engage with China about the long-term prospect of a reunified political community founded on democratic principles and rules. The tail can wag the dog only if the tail is still attached to the dog.

Maximizing the island's soft power of democracy is the best and perhaps the only strategy available to Taiwan for protecting its long-term interests. Doing so will enhance the ROC's capacity to steer the future course of cross-Strait relations despite the growing imbalance between the two sides in hard power. This strategy will also allow Taiwan to become a significant and constructive player in East Asia and on the world stage. If Taiwan fails to seize this critical opportunity, it risks becoming increasingly vulnerable, irrelevant, and marginalized.

NOTES

1. The two TV stars are *Xiao* (Junior) S and Tsai Kang-yung.

2. Taiwan-based Buddhist organizations were the principal sponsors of the inaugural meeting of the World Forum on Buddhism. This meeting, which was endorsed by the Chinese government and held in Hangzhou in 2006, was widely regarded as a watershed event.

3. In fact, following Taiwan's historic power rotation in 2000, the CCP's Central Party School (CPS) commissioned a special research project to determine what lessons the Party should draw from the KMT-directed political opening and its eventual fall from power. I was invited by the China Reform Forum, an offshoot of the CPS, to give a presentation about what caused the KMT's eventual fall from power in front of the CPS's vice-president and senior research staff.

4. Bruce J. Dickson, *Democratization in China and Taiwan: The Adaptability of Leninist Parties* (New York: Oxford University Press, 1997), ch. 1.

5. For the quasi-Leninist features of the postwar KMT, see Yun-han Chu, *Crafting Democracy in Taiwan* (Taipei: Institute for National Policy Research, 1992), ch. 2, and Tun-jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan," *World Politics* 41 (July 1989): 471–99.

6. Yun-han Chu, "The Legacy of One-Party Hegemony in Taiwan," in Larry Diamond and Richard Gunther, eds., *Political Parties and Democracy* (Baltimore: Johns Hopkins University Press, 2001), 266–98.

7. On 18 March 2003, a day after assuming the presidency, Hu Jintao proposed the "New Three People's Principles" (*xin sanmin zhuyi* or *sange weimin*): to use the power for the people (*quan weimin shuoyong*), to link the sentiments to the people (*qing weimin shuoji*), and to pursue the interest of the people (*li weimin shoumo*).

8. Bruce J. Dickson, "Dilemmas for Party Adaptation: the CCP's Strategies for Survival," in Peter Hays Gries and Stanley Rosen, eds., *State and Society in 21st-Century China: Crisis, Contention, and Legitimation* (London: RoutledgeCurzon, 2004), 141–58.

9. Edward S. Steinfeld, "China's Other Revolution," *Boston Review*, July–August 2011.

10. Shaoguang Wang and Jianyu He, "Associational Revolution in China: Mapping the Landscapes," *Korea Observer* 35 (Autumn 2004): 485–533.

11. Guobin Yang, *The Power of the Internet in China: Citizen Activism Online* (New York: Columbia University Press, 2009).

12. This concept was coined by Masahiro Wakabayashi in *Taiwan—Bunretsu kokka to minshuka* [Taiwan: democratization in a divided country] (Tokyo: University of Tokyo Press, 1992), 17.

13. Andrew Mertha, "'Fragmented Authoritarianism 2.0': Political Pluralization in the Chinese Policy Process," *China Quarterly* 200 (December 2009): 995–1012.

14. Larry Diamond, "Why China's Democratic Transition Will Differ from Taiwan's," in Bruce Gilley and Larry Diamond, eds., *Political Change in China: Comparisons with Taiwan* (Boulder, Colo.: Lynne Rienner, 2008).

15. Daniel Bell, *China's New Confucianism: Politics and Everyday Life in a Changing Society* (Princeton: Princeton University Press, 2008).

16. Larry Diamond, "The Democratic Rollback: The Resurgence of the Predatory State," *Foreign Affairs* 87 (March–April 2008): 36–48.

17. Thomas P. Bernstein, "Village Democracy and Its Limits," *Asien* 99 (April 2006): 29–41.

18. Christopher A. McNally and Teresa Wright, "Sources of Social Support for China's Current Political Order: The 'Thick Embeddedness' of Private Capital Holders," *Communist and Post-Communist Studies* 43 (June 2010): 189–98.