CONFLICT DISPLACEMENT AND REGIME TRANSITION IN TAIWAN
A Spatial Analysis

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INTRODUCTION

THE process of democratization is typically characterized by the predominance of a conflict over the speed and scope of political opening and democratic reform. In the literature, the conceptual distinction between the four types of political actors that are commonly involved—hard-liners and reformers within the authoritarian bloc and moderates and radicals within the opposition[1]—presupposes the existence of an underlying ideological dimension that can be broadly conceived as a continuum from political liberalism to conservatism. By this formulation, the breakdown of an authoritarian regime necessarily entails a cleavage that divides both the organized elites and the electorate into two camps: the opponents of the authoritarian regime and its defenders. During the later stages of the transition, when the founding elections are convoked and the old regime pledges to surrender its power formally to a democratically elected civilian government, the conflict between opponents and defenders of the authoritarian regime could soon be displaced by other issues. Since issues constitute the agenda that foreshadows political outcomes, it is important to explore the role of conflict displacement in democratic transition.[2]

[1] Guillermo O'Donnell and Philippe Schmitter, "Tentative Conclusions about Uncertain Democracies," in Guillermo O'Donnell, Philippe Schmitter, and Lawrence Whitehead, eds., *Transition from Authoritarian Rule: Prospects for Democracy*, pt. 4 (Baltimore: Johns Hopkins University Press, 1986); Adam Przeworski, *Democracy and the Market* (Cambridge: Cambridge University Press, 1991); Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).
[2] For how agendas influence political choices in various contexts, see William H. Riker, ed., *Agenda Formation* (Ann Arbor: University of Michigan Press, 1993).

How the displacement of conflicts actually proceeds is always historically and contextually specific, that is, contingent on the legacy of the authoritarian regime. In Eastern Europe and to some extent in Latin America as well, the demise of authoritarian regimes was accompanied by socioeconomic crises. As a consequence, the restructuring of the political system was entangled with fundamental changes in the structure of property rights.[3] In the cases of East Germany, the former Soviet Union, and Yugoslavia, where the legitimacy of the authoritarian regime was inseparable from the legitimacy of the state's claim over the territorial structure of authority, the process of regime transition was inevitably engulfed by interethnic struggle.[4] Historical trajectories and structural constraints in general determine in part what new conflict dimension will emerge once the old one runs its course.

This article uses the conceptual framework of conflict displacement to examine posttransition party competition in Taiwan. The approach differs from the existing literature on democratic transition in that it emphasizes the linkage between the elite and the electorate through the politicization of social cleavages. Because it focuses on the strategic interaction among elite groups and the struggle over institution building, most of that literature[5] tends to overlook the importance of electoral politics in the posttransition process of democratic consolidation.[6] It is

[3] For an extensive comparison of political and economic reforms in Latin America and Eastern Europe, see Przeworski (fn. 1).

[4] See Larry Diamond and Marc Plattner, eds., *Nationalism, Ethnic Conflict and Democracy* (Baltimore: Johns Hopkins University Press, 1994).

[5] For instance, O'Donnell and Schmitter (fn. 1); Terry L. Karl and Philippe Schmitter, "Modes of Transition and Types of Democracy in Latin America, Southern and Eastern Europe" (Manuscript, Stanford University, 1990); Przeworski (fn. 1); John Higley and Richard Gunther, eds., *Elites and Democratic Consolidation in Latin America and Southern Europe* (Cambridge: Cambridge University Press, 1992); Scott Mainwaring, Guillermo O'Donnell, and J. Samuel Valenzuela, eds., *Issues in Democratic Consolidation: The New South American Democracies in Comparative Perspective* (Notre Dame, Ind.: University of Notre Dame Press, 1992); Adam Przeworski et al., *Sustainable Democracy* (Cambridge: Cambridge University Press, 1995).

[6] For example, Karl and Schmitter (fn. 5) emphasize that transition to democracy typically requires a bargain of "fundamental pacts" among the contending organized elites and the resultant reinstitution, adoption, or drafting of a constitution. On different paths to democratic consolidation, Michael Burton, Richard Gunther, and John Higley suggest that "settlements" and "convergence" are two principal forms in which elite disunity can be transformed into consensual unity. See Burton, Gunther, and Higley, "Introduction: Elites and Democratic Consolidation," in Higley and Gunther (fn. 5). More recently, Juan Linz and Alfred Stepan have proposed that the condition of democratic consolidation involves three dimensions: behavioral, attitudinal, and constitutional. According to Linz and Stepan, a democratic regime is consolidated when, behaviorally, no significant political actors seriously attempt to overthrow the democratic regime or encourage domestic or international violence to secede from the state; attitudinally, a strong majority of the public believe that any further political change must emerge from within the parameters of democratic formula even in the face of severe political and economic crises; and constitutionally, all the actors in the polity become habituated to the resolution of conflict according to the specific laws, procedures, and institutions sanctioned by the new democratic process. See Linz and Stepan, "Towards Consolidated Democracies: Five Arenas and Three Sur-

our contention that the process of democratic transition cannot be fully explained without an understanding of the incentive mechanism that motivates contending elites to deviate from the conflictual course of interaction and adhere to democratic rules of the game. Specifically, we argue that elite consensus on the rules of democratic governance can be achieved if (1) new, crosscutting issues are available, (2) competing elite groups have differential advantages for mobilizing electoral support on different issues, and (3) coalitional realignment is possible in both electoral and legislative politics. These three conditions provide incentives for competing political forces to accept the values of democratic institutions and avoid confrontational strategies. The incentives reside in the possibility that different political groups can win public support in different issue areas; hence in the long run political outcomes are no longer zero-sum.[7]

In identifying the dimensions of the conflict system, we apply the spatial-analytic methodology to survey data collected four months prior to the 1992 Legislative Yuan election.[8] The 1992 election constituted a watershed that initiated the process of democratic consolidation in Taiwan. Not only did the election give birth to the first democratically elected national legislature in the history of Taiwan, but it also resulted in a significant shift in relative party strength within the legislative arena. More importantly, over the long term, it ushered in a critical change in the terms of partisan conflicts and the composition of party coalitions. A new conflict on socioeconomic justice with an emphasis on anticorruption measures is developing over the traditional cleavage on national identity. Because of the presence of a new issue, political elites in Taiwan are undertaking a partisan realignment in both electoral and legislative politics, a process we consider conducive to both the transition to democracy and the consolidation of the new regime.

In the following, we first trace the historical trajectory of regime transition in order to provide a structural explanation of the displacement of subethnic conflicts by socioeconomic ones. Next, using data from the General Survey on Social Changes designed primarily by the

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mountable Obstacles" (Paper delivered at Consolidating the Third Wave Democracies: Trends and Challenges, an international conference cosponsored by the Institute for National Policy Research and the National Endowment for Democracy, Taipei, August 27–30, 1995). In our view, all three formulations lack a theoretical foundation that can account for the "change of heart" on the part of the elites in making pacts, reaching settlements, and/or changing behavior.

    [7] Giovanni Sartori, *The Theory of Democracy Revisited*, pt. 1 (Chatham, N.J.: Chatham House, 1987).

    [8] James M. Enelow and Melvin J. Hinich, *The Spatial Theory of Voting: An Introduction* (Cambridge: Cambridge University Press, 1984).

authors for the Institute of Ethnology of Academia Sinica, we present
the results of a spatial analysis. We then evaluate the tremendous im-
pact of the dimensional change on the coalitional behavior of the major
political parties and factions in both electoral and legislative politics.

THE ENTANGLEMENT OF DEMOCRATIC REFORM
AND NATIONAL IDENTITY

In Taiwan a number of prevailing structural conditions constrained the
ability of the opposition to develop an alternative socioeconomic pol-
icy agenda in the early phase of the transition. Instead, the opposition
had to rely mostly on democratic reform issues to build up its electoral
support. At the same time, these prevailing conditions precipitated two
concurrent developments—the politicization of subethnic cleavage and
the emergence of a crisis in national identity—that compounded the
conflict over democratic reform.

Unlike most Latin American and East European cases, political lib-
eralization of the Kuomintang (KMT) authoritarian regime was not
triggered by any major socioeconomic crisis or external market shocks.
Nor was it accompanied by popular demand for major socioeconomic
reforms. Rather, the transition was triggered by a protracted process of
diplomatic derecognition and facilitated by the cumulative effects of so-
cial and political mobilization brought about by rapid industrialization
and strong economic growth.[9] On the eve of democratic opening, an
export-oriented industrialization (EOI) strategy had already been in
place for more than two decades. The societal support for the regime-
sponsored development program was much more broadly based as
compared with the secondary import-substitution strategies launched by
many authoritarian regimes in Latin America during the same period.[10]
The society was relatively devoid of the highly divisive conflict over the
distribution of wealth that might have been exploited by the opposition
and translated into a left versus right polarization. As a result, in the be-
ginning of democratic transition the conflicts over the scope and speed
of reform overshadowed the issue of socioeconomic justice.

[9] For an analysis of the enabling conditions and the triggering factors for the transition from au-
thoritarianism in Taiwan, see Tun-jen Cheng, "Democratizing the Quasi-Leninist Regime in Taiwan,"
World Politics 42 (July 1989); and Yun-han Chu, *Crafting Democracy in Taiwan* (Taipei: Institute for
National Policy Research, 1992).
[10] See Stephan Haggard, *Pathway from the Periphery* (Ithaca, N.Y.: Cornell University Press, 1990);
and Gary Gereffi and Donald L. Wyman, eds., *Paths of Industrialization in Latin America and East Asia*
(Princeton: Princeton University Press, 1990).

The momentum for political reform was reinforced by a popular demand for a redistribution of power. The conflict over democratic reform became closely intertwined with the underlying subethnic cleavage because the power structure of the party-state had long been dominated by a mainlander elite under the old regime. Democratization that broadened political participation would have led to a transfer of political power from mainlanders to Taiwanese. Specifically, expanded elections and the enhanced importance of national representative bodies would have facilitated the ascent of an election-based elite, who were predominantly native members in the KMT power structure and would have strained the relationship between the local elite and the party's national leadership.

The evolution of conflict over democratic reform was further complicated by the fact that the subethnic cleavage is inseparable from the conflict over national identity. For several decades the old regime justified its legitimacy and control of political power by the mainlander elite on the basis of the so-called One-China Principle.[11] As a result, struggles over democratic reform and the distribution of political power were unavoidably entangled with issues of national identity and relations with the mainland. The conflict over national identity complicated the negotiation of a political pact between the reformers and the hardliners, as well as between the incumbent and the opposition, because the issues involved concepts of exclusive legitimacy and they yielded competing demands that could not easily be broken down into bargainable increments.[12] In the end the state became the arena in which competing forces strove for power to erect a new cultural hegemony and impose its own vision of nation building in the direction of either Taiwanization or Sinicization.[13] This clash was qualitatively different from the interethnic strife and secessionist struggles that eventually led to the disintegration of the former Soviet Union and Yugoslavia because it involved a de jure revision of the territorial structure and not a de facto one. Nevertheless, the dangers of both political polarization and external intervention inherent in any process involving the revision of the territorial structure of state were still present.

[11] The One-China Principle maintains that there is only one China, Taiwan is a part of China, and the government of the Republic of China is the sole legitimate government representing the whole of China.

[12] See Donald L. Horowitz, "Democracy in Divided Societies," in Diamond and Plattner (fn. 4).

[13] As Eric J. Hobsbawn reminds us, in modern history it is the state that makes the nation, and not the nation that makes the state. See Hobsbawn, *Nations and Nationalism since 1780* (London: Cambridge University Press, 1990), 44.

During the 1980s the expanding electoral avenues were employed by the opposition as an effective mechanism to create a growing popular demand for democratic legitimacy and Taiwanese identity. Since 1983 the Tangwai, which would become the Democratic Progressive Party (DPP), had escalated its confrontation with the regime on the sensitive issue of Taiwan's future.[14] Many Tangwai/DPP leaders linked the goal of democratization directly to the issue of Taiwanese identity and the principle of self-determination. Because it cut across socioeconomic strata, this subethnic cleavage was an effective counterstrategy to the KMT's broad-based socioeconomic development program. It was also an issue that could unite Tangwai/DPP members holding different social and economic interests under a common umbrella.[15] As the political environment became even more open by the late 1980s, the radical wing within the DPP steadily pushed the party to harden its position on independence for Taiwan. By 1991 the party discarded the earlier version of its constitutional reform proposal, which had been intentionally vague on the question of sovereignty, and put forward a new draft constitution for the "Republic of Taiwan."

The conflict over democratic reform and national identity not only divided the opposition but, to an even greater extent, also created a schism within the KMT itself. After the mid-1980s, the KMT leadership began to feel political pressure from the opposition as electoral support for Tangwai candidates steadily grew. The mainlander strongman, the late President Chiang Ching-kuo, responded to the emerging crisis with a series of political reforms to prevent the crisis from deepening after his death. During the last few years of his life, Chiang single-handedly quelled dissenting voices within the old guard, removed some of the hard-liners from strategic positions, and appointed a reform-minded Taiwanese, Lee Teng-hui, as his successor.

The death of Chiang in January 1988 hastened the breakdown of one-party authoritarian rule. Lee decided to stay the course of reform—indeed even going further than Chiang has intended—because he was eager to step out from the shadow of his predecessor and to consolidate his own power base. However, the process of Lee's political accession was ripe for a power struggle. The struggle that ensued was as much

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[14] The Tangwai, which literally means "outside the Party," is the code name for the opposition camp before the founding of the Democratic Progressive Party in 1986.

[15] Fu Hu and Yun-han Chu, "Electoral Competition and Political Democratization in Taiwan," in Tun-jen Cheng and Stephan Haggard, eds., *Political Change in Taiwan* (Boulder, Colo.: Lynne Rienner, 1991).

about the redistribution of power as about control of the direction of democratic reform and mainland policy.

The cohesion of the ruling party suffered from the ensuing formation of two competing power blocs, which was triggered by the new foreign policy initiated by Lee. In mid-1989 Lee startled many senior members of the KMT Central Standing Committee by sending a high-level delegation to the 1989 annual meeting of the Asian Development Bank in Beijing and by directing the Ministry of Foreign Affairs to seek dual recognition. In the eyes of some KMT leaders, the first move amounted to a de facto recognition of the PRC regime, whereas the second move marked a clear departure from the long-standing One-China Principle. Factionalism crystallized after Lee nominated Lee Yuan-tsu as his running mate, over the objection of many senior KMT leaders. Rivals of the president fought back by threatening to put up a challenger in the (indirect) presidential election. Lee got out of this quandary by agreeing to nominate as premier the mainlander defense minister, Hau Pei-tsun, who enjoyed a strong power base in the military and security apparatus and was a strong defender of the One-China Principle.

Since then the coalition centered around President Lee has been called the "mainstream faction." The coalition of Lee's political rivals, who surrounded Premier Hau, became known as the "nonmainstream faction." The nonmainstream faction questioned Lee's commitment to Chinese nationalism and objected to his effort to seek accommodation with the opposition party. The mainstream faction, for its part, characterized the nonmainstream faction as a conservative group interested only in preserving its past prerogatives and identifying more closely with mainland China than with the twenty-one million people on the island.

Between 1990 and 1992 the two camps clashed over almost every major policy issue. First, the nonmainstream faction favored broader economic and cultural exchange across the Taiwan Strait, while Lee resisted lifting the ban on direct air and sea links with mainland China. Second, the nonmainstream faction considered the proponents of Taiwan independence to be secessionists and urged the government to take legal action against them. They also insisted that leaders of the Taiwan independence movement overseas should be barred from entering the country. Lee, however, pushed steadily for the eradication of the so-called black list and for removal of the legal bans on the promotion of Taiwan independence. Third, the nonmainstream faction opted for

minimum change to the R.O.C. constitution because it had been
adopted when the Nationalist government still exercised effective gov-
ernance over most of China and thus represented the quintessential
legal embodiment of the One-China Principle. Lee, instead, favored
more extensive revision of the constitution and was eager to transform
the political system from a parliamentary system to a presidential one.
The locus of contention eventually centered on the electoral system for
selecting the president: the nonmainstream faction preferred indirect
election, akin to an electoral college system, whereas Lee favored pop-
ular election. Popular election was viewed by the nonmainstream fac-
tion as a pretext for further expansion of presidential power and
potentially a vehicle for self-determination.

During the same period, Lee actively sought a dialogue with the
DPP. The DPP obtained from the KMT mainstream faction satisfactory
answers to their various political demands, including ending the Period
of Mobilization and Combating Rebellion; abolishing Article 100 of
the Criminal Code;[16] transferring the power to dissolve political parties
from the Political Party Commission under the Executive Yuan to the
Council of Grand Justices under the Judicial Yuan; making a commit-
ment to hold direct popular elections for the presidency by 1996; hold-
ing steadfast against party-to-party talks between the CCP and the KMT;
continuing the ban on direct air and sea links between Taiwan and
mainland China; and making a concerted diplomatic effort to join the
United Nations and its related agencies.

Essentially, the nonmainstream faction, locked as it was into a per-
manent minority position, was fighting a losing battle. Each time a
conflict arose, the mainstream faction, led by President Lee, managed
to enlist the support of native politicians, mustered public support, and
even secured cooperation from the DPP on certain legislation. Further-
more, the accumulated animosity and distrust hardened the resolve of
Lee and his allies to accelerate institutional reform, especially in a di-
rection that would effectively undermine the power base of his rivals.
Nevertheless, the logic of strategic alliance compelled the DPP to side
with Lee at all crucial junctures of the power struggle between the
mainstream and nonmainstream factions, as the goal of Taiwan inde-

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[16] About mid-1991 the arrest of four college students on charges of sedition sparked a series of
large-scale popular demonstrations. Student leaders and some leading intellectuals called for repealing
the stringent article on treason and sedition, known as Article 100, of the Criminal Code. Lee capitalized
on the event by instructing the Executive Yuan to set up a task force to review various proposals for re-
vising it. This judicious move eventually led to a revamping of Article 100 a year later. The revision re-
moved from the article all those ambiguities that had given the security and law-enforcement
personnel wide leeway in charging people with serious crimes. See *China Times*, May 10, 1993.

pendence became the only consensual benchmark against which all strategies vis-à-vis the two factions could be evaluated. In this light, the nonmainstream faction, not the KMT overall, was regarded as the primary political opponent because it represented the major obstacle to the DPP's nation-building cause. The tacit grand coalition between the DPP and the mainstream faction culminated in their joint effort to oust Hau Pei-tsun around the end of 1992. During the campaign of the 1992 Legislative Yuan election, the call for removing Hau from the post of premier was the top item on the DPP platform. Hau was also vigorously attacked by members of the Wisdom Club, a KMT parliamentary clique that was closely associated with the president. After the election, the transfer of executive power from the hands of mainlanders to the native elite was largely completed with the departure of Hau and the appointment of Lien Chan, a Taiwanese and an ally of Lee, as the new premier.

THE EMERGENCE OF SOCIOECONOMIC JUSTICE AS A POLITICAL ISSUE

The downfall of Hau and the marginalization of the nonmainstream faction precipitated a drastic shift in the parameters of party competition and the coalitional behavior. First, the logic of electoral competition set the KMT mainstream faction and the DPP on a collision course, since their common political adversary, the KMT nonmainstream faction, had been forced out of the ring. Once both sides no longer felt threatened by the nonmainstream faction, Taiwanese solidarity lost its appeal. Second, the process of the displacement of conflicts set in. After the convocation of founding elections and a thorough Taiwanization of the KMT leadership, the appeal to democratic ideals and Taiwanese identity exhausted its electoral utility. Suddenly the DPP found out that it could put forth few new demands for democratic reform that could gain widespread popular support. Neither could it continue to characterize the KMT as an "émigré regime," since the ruling party was now in the firm grip of President Lee. Furthermore, while its formal position on the question of the future of Taiwan stood in stark contrast to the KMT's official stance on reunification, the DPP found that its mainland policy and foreign policy proposals were converging with those of the KMT mainstream faction. Even its once-powerful campaign for joining the UN quickly fizzled when President Lee decided to move on applying for UN membership and wrested control over foreign policy agenda setting from the DPP. The DPP became the victim of its own success.

Finally, except for a few zealots, most DPP leaders conceded after the defeat in the 1991 National Assembly election that it was impossible for the DPP to build a winning electoral majority on the issue of national identity. DPP leaders perceived that the party might become captive of its own uncompromising position on national identity and lock itself into a position of permanent opposition. Waving the banner of Taiwan independence helped DPP candidates consolidate the support of the party's traditional followers but turned away the stability-minded business elite and the middle class. These developments compelled the DPP leadership to reexamine the political compass, adjust its political agenda, and refurbish its electoral strength with a set of new issues. This time around, the DPP rediscovered the potential of the socioeconomic justice issue, which it had ignored during its founding years.

Two parallel developments in the late 1980s and the 1990s helped sharpen DPP's competitive edge on the socioeconomic agenda. First, the restructuring of the economy since the mid-1980s had induced the concentration of business ownership and increased the entry barriers for micro and small enterprises. It also adversely affected income distribution. The Gini coefficient of household income distribution revealed a clear trend toward greater income disparity between the rich and the poor during the period. The ratio between the income of the top 20 percent of households and that of the bottom 20 percent was 4.10 in 1980, one of the world's lowest. By the end of 1992 the ratio rose substantially, to 4.98.[17] Moreover, during the go-go years between 1986 and 1990, the skyrocketing of the real estate market and of stock prices contributed to a serious maldistribution of wealth. The "money game" substantially increased the wealth of asset owners, while it impoverished lower- and lower-middle-income families. The majority of the disadvantaged groups, who were left out of the money-chasing game but had to bear the burden of the rising cost of living, acquired a strong sense of relative deprivation. The discontent was also very strong among members of the urban middle class under age forty. The National Wealth Survey, conducted for the first time by the government in 1991, disclosed a shocking polarization over the distribution of asset ownership. The value of the assets owned by the wealthiest 20 percent of households was worth 17.8 times that of the poorest 20 percent. These developments undermined the social support for the existing development program, which no longer delivered "growth with equity."

[17] Medhi Krongkaew, "Income Distribution in East Asian Developing Countries: An Update," *Asian Pacific Economic Literature* 8 (November 1994).

Against this new social context, the DPP formally introduced its Welfare State platform during the campaign of the 1992 Legislative Yuan election. The platform promised an array of entitlement programs, including universal health insurance, subsidized housing, and government-guaranteed retirement income.

Second, the triumph of the native Taiwanese leadership in taking control of the KMT and the government was not without its cost. The institutional insulation between the party-state central leadership and the business sector began to wear thin. As the trend toward indigenization of the party-state power structure accelerated, the penetration of social forces into the state through personal connections resumed. More important, the power struggle compelled competing blocs within the party leadership to bring in new allies from outside. The mainstream faction vigorously reached out to the business community and local factions because it started from a weaker power base within the party-state.

As a result, corruption, which had long been a problem in local elections, now became a factor at the national level. This corruption involved local faction-orchestrated election financing and campaigning; it institutionalized vote buying, relentless pork-barreling, and outright bribes for replenishing campaign chests. KMT local party officials actually encouraged this structured corruption and even provided the legal shield for illegal vote-buying practices because this seemed to be a sure way to contain the electoral success of the opposition candidates.[18] Vying for the political support of local elites, the KMT national leadership had no choice but to tolerate these illegal practices by a vast majority of its own members. In addition, expanded elections and an increasingly important parliament provided the business elite with new opportunities for political investment and influence buying in the policy-making process. The emerging political clout of the business elite eroded the autonomy of the state bureaucracy. Consequently, the Legislative Yuan became a horse-trading arena for state officials, party officials, and lawmakers who acted as surrogates for special business interests. With elected politicians rising in the power structure of the KMT, the party gradually transformed itself from a coalition of mainlander state elite and collateral native politicians to one of socioeco-

[18] On the corruption in electoral politics, see Ming-tong Chen and Yun-han Chu, "Quyuduzhan Jingji, Difang Paixi yu Shengyiyuan Xuanju: Yixiang Shengyiyuan Houxuanren Beijing de Fenxi" (Regional oligopoly, local factions, and provincial assembly elections: An analysis of the socioeconomic background of candidates, 1950–1986), *National Science Council Proceedings-C: Social Sciences and Humanity* 3 (January 1992).

nomically conservative state elites, local factions, and big business. In-
creasingly, the KMT could not uphold its image as the embodiment of
an all-class political alliance.[19]

These developments provided the DPP with a new window of oppor-
tunity. Through effective muckraking efforts in the Legislative Yuan,
the DPP soon turned the collusion among the KMT leadership, big busi-
ness, and corrupt local factions into a serious political liability for the
mainstream faction. There were major scandals of corruption and shady
financial deals involving many KMT politicians and government offi-
cials. These scandals lent credibility to the DPP's attack on "money pol-
itics" and made it increasingly difficult for the KMT leadership to avoid
the issue of political corruption. Public concern over money politics fi-
nally precipitated an islandwide popular campaign against vote buying
during the 1992 Legislative Yuan election.

These concerns not only enabled the DPP to define a new dimension
of partisan cleavage within the electorate but also divided the KMT in-
ternally. Some second-generation mainlander politicians who enjoyed
substantial popular support in metropolitan areas decided to pick a new
fight with the mainstream faction. The first major contention between
the KMT Young Turks and the mainstream faction erupted over the
issue of land-tax reform. Tax reform was vigorously promoted by Wang
Jian-chuan, the finance minister and an ally of Premier Hau. Wang,
widely known for his distaste for money politics, adopted a measure to
control land speculation and to levy taxes on windfall profits. The pol-
icy was very popular among both the young urban middle class and in-
tellectuals who could not afford home ownership, especially in the
greater Taipei metropolitan area. But the same measure irritated not
only landowning big business and local factions but also farmers in the
south, who hoped to profit from selling their land. Wang was publicly
criticized by President Lee for promoting such a draconian measure
and was later pressured to resign. The departure of Wang was immedi-
ately followed by the departure of another nonmainstream cabinet
member, Jaw Shau-kang, the head of the Environmental Protection
Agency (EPA). He complained that his tough stance in support of envi-
ronmental protection policies was undermined by influential business-
men close to the president. Both men later ran in the Legislative Yuan
election without party endorsement and emerged as the top vote get-

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[19] Yun-han Chu, "The Realignment of State-Business Relations in Taiwan's Regime Transition," in
Andrew McIntyre, ed., *The Changing Government-Business Relations in the Pacific Rim Countries*
(Ithaca, N.Y.: Cornell University Press, 1994).

ters in their respective multimember districts. This development pointed to the possibility that both the DPP and the KMT nonmainstream faction could line up voters on a new issue dimension on which the incumbent KMT mainstream leadership enjoyed no initial advantage.

A SPATIAL ANALYSIS OF PARTY COMPETITION

The essence of democracy, according to E. E. Schattschneider, dwells in the exploitation of social conflicts by political leaders and organizers in involving the public to participate in the decision-making process.[20] The public, however, is not just a passive actor to be mobilized in whatever way elites desire. On the contrary, its interests and orientations determine the parameters within which elites can act safely and effectively.[21] In particular, heterogeneous public interests and orientations provide contending elites with rational incentives to participate in elections because the chance of winning is increased when there are crosscutting issues that can be exploited. In this sense, the displacement of conflicts plays an important role in regime transition not in terms of the strategic maneuver on the part of the organized elites but in its potential for contributing to the consolidation of democracy.

A full explanation of conflict displacement requires substantiating the micro foundation of the macrolevel contours of partisan competition in Taiwan described in the previous section. In this section, we present the results of a spatial analysis to examine the parameters of elite maneuver in terms of the ideological orientations of the electorate.[22] In spatial analysis, political competition takes place in a latent ideological space in which politicians (or political groups) are situated. On the one hand, the voters' preferences are a function of the proximity of the politicians' ideal points. And on the other hand, the politicians develop their positions in competition with others to win more electoral support. The objective of spatial analysis is to recover the dimensions of the ideological space, to construct maps of politicians' and voters' ideal points in the space, and to interpret the dimensions of the space. We provide a brief introduction to the methodology of spatial analysis in Appendix 1.

[20] E. E. Schattschneider, *The Semisovereign People* (Hinsdale, Ill.: Dryden Press, 1975).

[21] Lowell Field, John Higley, and Michael G. Burton, "A New Elite Framework for Political Sociology," *Revue Européenne des Sciences Sociales* 28, no. 88 (1990), 164.

[22] The only work we are aware of that uses the spatial-analytic framework to study electoral competition in Taiwan is Emerson M. S. Niou and Peter C. Ordeshook, "A Game Theoretic Analysis of the Republic of China's Emerging Electoral System," *International Political Science Review* 13, no. 1 (1992).

MEASUREMENT AND DATA

The data used in this study are part of the General Survey on Social Changes conducted by the Institute of Ethnology of Academia Sinica in July 1992, about midway between the National Assembly election of December 1991 and the Legislative Yuan election of December 1992.[23] The sampling frame of the survey followed a multistage area probability design. Through a series of steps, cities, counties, districts, townships/villages, and precincts were selected with probability proportionate to their population of adults between the ages of twenty and sixty-four. The valid unweighted sample size is 1,408.

A section of the survey questionnaire was designed by the authors of this article specifically for spatial analysis. The main item, used as a "thermometer" in this study, asked, "From the perspective of the development of the society as a whole, please evaluate the following political figures. For those who, if given the role of a key policy-maker for the country, would bring about the worst outcomes, please give a score of zero (0). On the other hand, for those who you think would bring about the best outcomes, please give a score of ten (10). Between the worst and the best, please give an appropriate score." Among the eighteen politicians listed under the question, eleven were included in this study on the basis of name recognition rate and relative importance in politics. Brief biographical data for the included politicians are given in Appendix 2.

In addition to the thermometer item, respondents were also asked to evaluate the same politicians for two aspects of personal qualities: p'o-li (daring and resolution; capability) and ch'in-ho-li (likability). The two scores were combined to yield a single valence score that is normalized to a scale of 0–10.

To prepare data for spatial analysis, a series of procedures was employed to filter out respondents who either made a less-than-serious effort in answering questions or produced missing values that are not allowed in the analysis.[24] First, respondents who were not able to recognize the names of any of the eleven selected politicians were excluded. Second, those who recognized names but failed to assign a

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[23] The survey itself is part of a multiyear project funded by the National Science Council of the Republic of China and covers the period between 1989 and 1994. Our Taiwan-based coauthor, Yun-han Chu, is the codirector of the project and concurrently serves as the coordinator of the political science section.

[24] Missing values in the valence items are not a problem since, in the version of the Cahoon program (see Appendix 1) that we use, the mean valence scores, rather than the individual scores, are entered as part of the program input.

legitimate score, even to a single politician, were also dropped. Third, respondents who passed the first two tests but did not see enough differences among the political figures were discarded; thus, those respondents whose scores across politicians had a zero or very small standard deviation were excluded. About 5 percent of the cases that were still in the running were eliminated by this last procedure.

For the purpose of comparing the Taipei area with the rest of Taiwan, two subsamples were created: the first included respondents from Taipei City and County, while the second included all other respondents. The filter procedures were applied to both subsamples, respectively. Each filtered subsample was then subjected to spatial analysis. For the Taipei subsample, 216 out of 325 respondents passed all three filter procedures. For the non-Taipei subsample, the number is 553 out of 1,083.

It is not surprising that Taipei, the political, economic, and cultural center, gives a higher rate of selection than the rest of Taiwan (approximately two-thirds versus one-half). The filter procedures effectively select respondents with a higher level of political sophistication. The Taipei respondents are also better educated and economically better off than the average respondent. Table 1 shows the income distribution and education level for a "population subsample" and its corresponding "filtered subsample," respectively, for Taipei and non-Taipei. Although some selection bias is inevitably introduced by excluding less sophisticated respondents, the selection rate is higher than those reported by Enelow and Hinich for the case of the United States in 1976 and 1980.[25] The rate for the Taipei subsample is especially remarkable.

Table 2 provides descriptive statistics of the thermometer scores for the two filtered subsamples. The ranking of the politicians is similar in both cases. President Lee was given the highest mean score, and the small standard deviation shows that support for him was relatively homogeneous. In contrast, his principal rival, then Premier Hau, was more controversial, as indicated by the large standard deviation. The three DPP members (Hsu, Huang, and Shih), as well as the (then) Democratic Socialist, Chu Kao-cheng, received the lowest averages, but their standard deviations are even greater than Hau's.

To implement the spatial-analytic methodology, a politician has to be chosen as the "pivot" whose thermometer scores are to be subtracted from those of the other politicians included in the analysis. The methodology is robust against the choice of the pivot. In this study, we

[25] Enelow and Hinich (fn. 8).

TABLE 1
DISTRIBUTION OF INCOME AND EDUCATION FOR POPULATION SAMPLES
AND FILTERED SAMPLES

	% of Population Sample		% of Filtered Sample	
	Taipei	Non-Taipei	Taipei	Non-Taipei
Income (per month)	(N=305)	(N=1,024)	(N=204)	(N=531)
Less than NT$10,000	29.8	33.2	26.0	21.3
NT$10,001–20,000	14.8	24.5	12.3	23.4
NT$20,001–30,000	11.5	16.3	12.3	18.6
NT$30,001–40,000	19.0	12.5	21.1	17.7
NT$40,001 (and above)	24.9	13.5	28.4	13.5
Education	(N=325)	(N=1,082)	(N=216)	(N=553)
Elementary (and below)	28.9	41.3	16.2	20.1
Junior high	9.2	17.1	11.1	19.3
Senior high	26.5	24.8	31.0	33.5
College (and above)	35.4	16.8	41.7	27.1

chose Lin Yang-kang, the head of the judicial branch of government at the time of the survey, because of his relatively centrist ideological position. Since the spatial methodology requires the pivot to be at the origin on the valence dimension, Lin's mean valence score was also subtracted from the mean valence scores of the other politicians. Not surprisingly, President Lee's score on the valence dimension is the best in both subsamples.

RESULTS AND INTERPRETATION

The dimensionality of the ideological space is determined by the eigenvalues of the covariance matrix of the thermometer scores across politicians. We found that the dimensionality is consistently two. For the Taipei subsample, the first two eigenvalues account for 66.0 percent and 14.9 percent, respectively, of the variance, while the third eigenvalue explains only 4.3 percent. For the non-Taipei subsample, the proportions are 58.6 percent, 17.1 percent, and 5.1 percent.

As explained in Appendix 1, the orientation of a spatial map can be more appropriately determined with the help of substantive prior knowledge. Since we expect the first dimension to be the traditional cleavage on national (Taiwanese versus Chinese) identity, we use subethnic origin (native Taiwanese versus mainlander) as an external criterion to delineate the first dimension. The orientation of the maps is determined by choosing the rotation angle that maximizes the correla-

TABLE 2
DESCRIPTIVE STATISTICS OF THERMOMETER SCORES[a]

Politician	Taipei (N=216)	Non-Taipei (N=553)
Lin Yang-kang	7.55 (1.84)	7.46 (2.00)
Wu Pei-hsiung	7.19 (1.91)	7.14 (1.84)
Shih Ming-teh	3.34 (2.53)	3.52 (2.59)
Lee Teng-hui	8.30 (1.68)	8.78 (1.42)
Hsu Hsin-liang	3.85 (2.48)	4.07 (2.70)
Soong Chu-yu	6.76 (2.17)	6.89 (2.15)
Wang Jian-chuan	7.07 (2.23)	6.83 (2.33)
Jaw Shau-kang	7.31 (2.02)	7.50 (1.88)
Chu Kao-cheng	5.03 (2.39)	4.84 (2.57)
Huang Hsin-jie	4.50 (2.64)	4.70 (2.62)
Hau Pei-tsun	7.45 (2.24)	7.26 (2.43)

[a]Entries are mean scores; standard deviations are in parentheses.

tion between voters' positions on the horizontal axis and their subethnic origin. The recovered spatial maps of the politicians' positions are shown in Figures 1 and 2 for the Taipei and non-Taipei subsamples, respectively. The position of Lin, the pivot, is constrained to be at the origin of the coordinate system. The voters' ideal points can also be recovered, but they are not shown on these maps.

As expected, the first dimension (the horizontal axis) on both maps clearly exhibits the traditional cleavage on national identity. The three DPP members, Hsu, Huang, and Shih, are on the far left of the dimension. The three mainlanders who belong to the KMT nonmainstream faction, Hau, Wang, and Jaw, are consistently on the right end of the dimension, a reflection of their strong Chinese identity. Falling in between are President Lee and his close mainlander associate, Soong, as well as Lin, Wu, and Chu. Lin and Wu are Taiwanese politicians who were then considered part of the pan-nonmainstream coalition. Chu, a Taiwanese sympathetic to the Chinese identity, was chairman of the Democratic Socialist Party and had severed his ties with the DPP. It is noteworthy that a considerable gap exists between the DPP group of three and all the other politicians on this dimension.

On the second dimension (the vertical axis), the spatial distribution of the politicians is dramatically different, although the pattern is largely similar for Taipei and non-Taipei. President Lee is now conspicuously at one end of the dimension, while the other end is occupied by members of the DPP as well as by Wang, Jaw, and Chu. Such a pattern is consistent with the cleavage on issues concerning socioeconomic
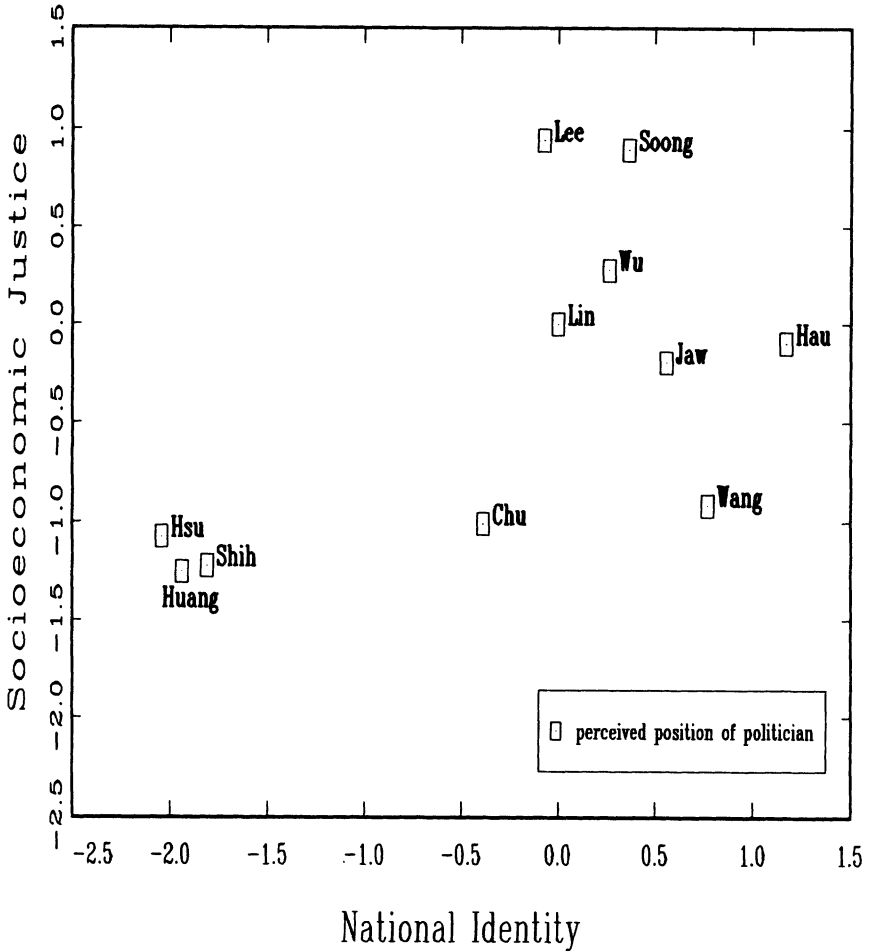
FIGURE 1
POSITIONS OF POLITICIANS: TAIPEI AREA

justice. As mentioned above, before the Legislative Yuan election in 1992, the DPP launched campaigns against money politics in order to capitalize on the financial scandals and corruption that had plagued the KMT administration. At the same time, Wang, then the finance minister, publicized antispeculation land-tax reform proposals, which soon led to his resignation from the cabinet. Jaw was also soon to resign as head of the EPA in protest against the interference of big business in the implementation of environmental protection policies. Chu wrote a public letter criticizing President Lee for his money politics, among other matters. Although these political dramas did not climax until
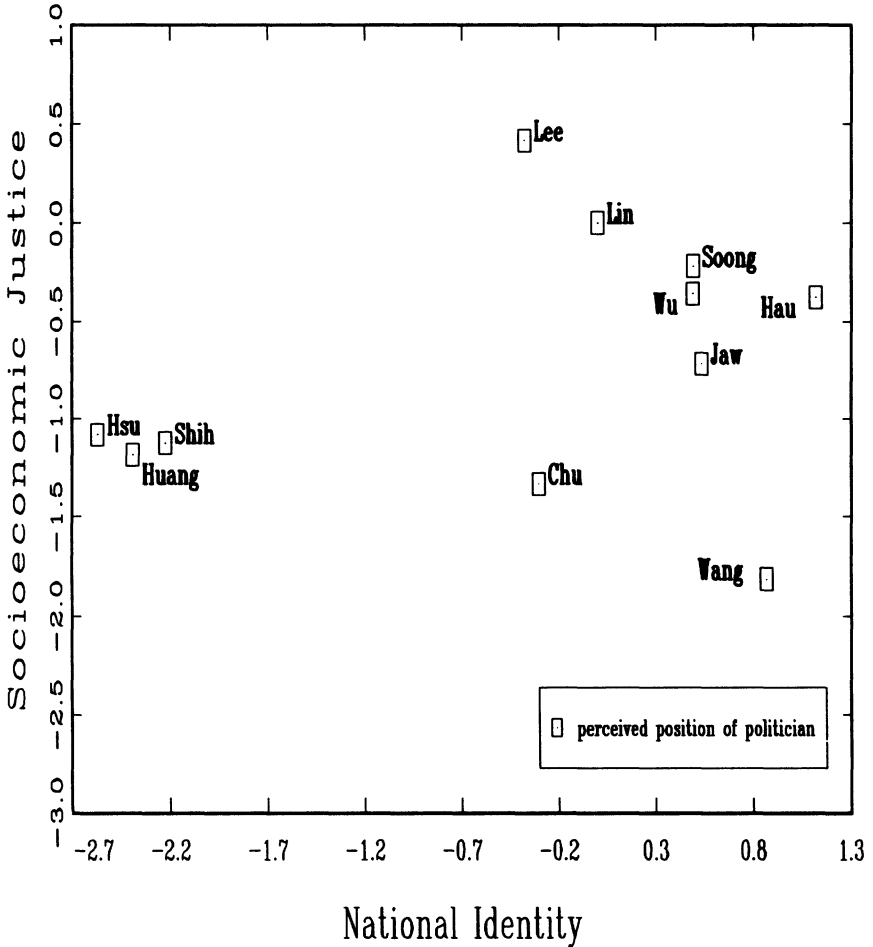
National Identity

FIGURE 2
POSITIONS OF POLITICIANS: NON-TAIPEI

after we conducted our survey, the public's sentiments about socioeco-
nomic justice had apparently been developing and were picked up by
the survey. Note that Wang's position on the dimension is perceived as
the most extreme by non-Taipei respondents, beyond even the DPP
politicians.

Since the interpretation of the dimensions depends on the rotation
of the maps, it is important to provide external checks for the validity of
the interpretation. In Table 3 we demonstrate the convergent validity
of the ideological dimensions. The 1992 General Survey on Social
Changes asked the respondents to indicate their degree of satisfaction

TABLE 3

CONVERGENT VALIDITY OF THE IDEOLOGICAL DIMENSIONS[a]

Policy Issues	First Dimension		Second Dimension	
	Taipei	Non-Taipei	Taipei	Non-Taipei
National identity				
Unification with China	−.0934	−.0687	−.0856	−.0409
Taiwan independence	−.2317**	−.1052**	−.1319*	−.1661**
Reform & stability				
Democratic reform	−.1600**	−.0097	−.0929	−.0615
Political stability	−.0733	.0810	−.1394**	−.0869*
Socioeconomic justice				
Economic equality	−.0627	−.0249	−.2203**	−.0869*
Anticorruption	−.0811	−.0507	−.1239*	−.1855**
Workers' rights/benefits	−.0318	.0362	.0056	−.1513**
Environmental protection				
Environmental protection	−.0946	.0016	−.0191	−.0729*
Valid N in subsample	216	553	216	553

* p<=.05. ** p<=.01; one-tailed test.
[a] The entries are the correlations between (a) I respondent's score on a dimension - President Lee's position on the dimension I and (b) the respondent's degree of satisfaction with KMT's performance on a policy issue. The correlations are expected to be negative according to the spatial theory of voting, that is, the closer a respondent is to Lee's position on a dimension, the more satisfied the respondent should be on KMT's performance on a policy issue that is consistent with the ideological dimension. The highest correlation within each column is underlined.

with the performance of KMT on a range of issues that we classified into four categories: national identity, reform and stability, socioeconomic justice, and environmental protection. Considering President Lee as the standard-bearer of KMT, we calculate the distance between a voter's ideal point and Lee's perceived position along each of the two dimensions. We then calculate the correlation between the distance and the respondent's degree of satisfaction on each of the issues. Theoretically, if a dimension coincides with a category of issues, high correlations should be observed because spatial proximity would then (and only then) be an indicator of the degree of satisfaction. Table 3 shows such bivariate correlations for both subsamples. Because of measurement error in the ideal points, the correlations are all attenuated, but they clearly exhibit the expected pattern. Not surprisingly, the first dimension coincides with national identity. More significantly, the second dimension has the highest correlations with issues classified as socio-

economic justice, rendering convergent validity for our interpretation of the dimension.

With the interpretation of the dimensions validated, it is possible to provide some explanation for the voters' ideological positions on the dimensions by relating them to relevant demographic variables. Tables 4 and 5 show the results of multiple regression analysis for the two dimensions, respectively. It is important to emphasize again that positions estimated by the spatial method are subject to substantial noise, and the consequences of measurement error have to be taken into account.[26]

For the first dimension, since the dependent variable (national identity) can involve large error, a small R^2 should be expected. The estimated regression coefficients should be consistent, however, since the independent variables, being demographic variables, can be reasonably assumed to be free from measurement error. Still, the standard errors of these estimates are likely to be large and hence statistical significance is more difficult to achieve. The results do show by construction that subethnic origin (native Taiwanese versus mainlander) is highly significant for both Taipei and non-Taipei areas. Sex is the only other independent variable with statistical significance in both subsamples, whereas education is significant only for the non-Taipei subsample. These results are consistent with what we know about political socialization in Taiwan. Women are more likely than men to have developed Chinese identity, so are those with higher education in comparison with those with lower education. That education is a less significant factor in Taipei is probably because the population there has a higher education level than its counterpart in non-Taipei. Living in the political, economic, and cultural center also exposes a less formally educated citizen to flows of information that serve the function of schooling. Age and social class do not exhibit statistical significance. Although insignificance could be due to inflated standard errors, there is no strong substantive reason to expect these variables to influence national identity after controlling for other variables.

For the second dimension, it is necessary to include national identity as an independent variable because of the apparent exogeneity of the first dimension. In this instance, however, not only the dependent variable but also one of the independent variables is measured with error. In

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[26] For a discussion of the consequences of measurement error in multiple regression, see William D. Berry and Stanley Feldman, *Multiple Regression in Practice* (Newbury Park, Calif.: Sage, 1985).

TABLE 4
REGRESSION OF NATIONAL IDENTITY ON DEMOGRAPHIC VARIABLES

Explanatory Variables	Taipei		Non-Taipei	
Intercept	−2.31	(−0.74)[a]	−2.47	(−1.33)
Sex[b]	−1.67	(−2.37)**	−1.61	(−3.93)**
Age[c]	−0.07	(−0.16)	0.28	(1.11)
Subethnic origin[d]	5.57	(7.37)**	3.66	(6.01)**
Education[e]	0.32	(0.87)	0.54	(2.52)**
Middle class & up[f]	1.25	(0.28)	−0.18	(−0.32)
Working class[g]	0.35	(0.28)	0.14	(0.24)
N	216		553	
Adjusted R²	0.25		0.10	

** $p <= .01$, one-tailed test.
[a] Entries are unstandardized regression coefficients; t-scores are in parentheses.
[b] 0=female; 1=male.
[c] To deflate the effect of high age, the square root of actual age is used.
[d] 0=Taiwanese (including Hakkas and Aborigine); 1=mainlander.
[e] 1=elementary school (and below); 2=junior high school; 3=senior high school; 4=college (and above).
[f] 0=working/lower/lower-middle classes; 1=upper/upper-middle/middle classes.
[g] 0=nonworking classes; 1=working class.

this case, it is known that (1) the coefficient associated with the noisy independent variable will be attenuated, and (2) the coefficients associated with the perfectly measured variables will be inconsistent if these variables are causally related to the independent variable measured with error.[27] Taking these consequences into account, we can conclude from Table 5 that, controlling for demographic variables, position on national identity has a large impact on position on the socioeconomic dimension. The effect is more than what is shown in the regressions because the ordinary least squares estimates are biased toward zero. In addition, we find that age is a statistically significant factor in the Taipei area, with young voters more inclined to support the cause of socioeconomic justice. This finding is especially interesting because young people were more likely to free themselves from the traditional cleavage and rally around a new cleavage that seemed relevant to their future. The Taipei area was also where Wang, Jaw, and DPP candidates received strong support, mostly from young voters, in the 1992 Legislative Yuan election. Also significant are the class variables: the working/lower-middle/lower classes in the Taipei area and the working class in the

[27] Kenneth A. Bollen, *Structural Equations with Latent Variables* (New York: John Wiley, 1989), 162–63.

TABLE 5
REGRESSION OF SOCIOECONOMIC JUSTICE ON DEMOGRAPHIC VARIABLES

Explanatory Variables	Taipei		Non-Taipei	
Intercept	−12.88	(−2.76)[a]**	3.41	(0.87)
National identity	−0.43	(−4.18)**	−0.13	(−1.50)#
Sex[b]	−1.41	(−1.31)	0.17	(0.19)
Age[c]	1.64	(2.67)**	0.00	(0.00)
Subethnic origin[d]	−0.19	(−0.15)	0.18	(0.14)
Education[e]	0.30	(0.54)	−0.85	(−1.87)*
Middle class & up[f]	3.53	(2.12)*	−0.90	(−0.74)
Working class[g]	3.19	(1.70)	−2.40	(−1.90)*
N	216		553	
Adjusted R²	0.11		0.01	

* p<=.05; ** p<=.01; one-tailed test.
# p=.067; one-tailed test.
[a] Entries are unstandardized regression coefficients; t-scores are in parentheses.
[b] 0=female; 1=male.
[c] To deflate the effect of high age, the square root of actual age is used.
[d] 0=Taiwanese (including Hakkas and Aborigine); 1=mainlander.
[e] 1=elementary school (and below); 2=junior high school; 3=senior high school; 4=college (and above).
[f] 0=working/lower/lower-middle classes; 1=upper/upper-middle/middle classes.
[g] 0=nonworking classes; 1=working class.

non-Taipei areas supported Wang and the DPP on matters of socioeconomic justice.[28]

TOWARD CONSOLIDATION: PARTISAN REALIGNMENT AFTER 1992

Our contention that a displacement of conflicts occurred in 1992 prior to the Legislative Yuan election is therefore substantiated at the individual level by spatial analysis and supplementary correlation and regression analyses. With the issue of democratic reform no longer at center stage, the traditional cleavage on subethnicity and/or national identity no longer stands as the single most important conflict dimension in Taiwanese politics. In a process critical to democratic transition, a new cleavage based on the issue of socioeconomic justice has emerged with significant salience in the electorate. The political elites exploited

[28] Note that we are able to make inferences about the effects of age and social class because neither is causally related to national identity. For those demographic variables known to have an impact on the first dimension, the corresponding coefficients are inconsistent, and no statistical inference can be made about their effects.

the new cleavage, and the electorate has responded. Opposing President Lee and the KMT mainstream faction on the matter are the DPP and the KMT nonmainstream faction with support from younger and socioeconomically disadvantaged voters. The new cleavage situation presents an opportunity for coalitional realignment in both electoral and legislative politics. By providing contending elites with differential edges on different dimensions, the situation turns out to be conducive to the consolidation of the new democratic regime. As the political game becomes positive-sum and the chance of winning increases, electoral and legislative maneuvers become routinized even for the most confrontational politicians in the opposition.

The result of the 1992 election created a mercurial coalitional situation in the Legislature. The DPP ended up winning fifty-three seats nationally, almost one-third of the total. Besides Jaw and Wang, several other nonmainstream candidates were also elected, putting the faction in a pivotal position that threatened to deprive the KMT mainstream faction of a safe majority. As a result, the KMT leadership needed help from the DPP for certain key legislative actions. This was exactly what happened when the nonmainstream faction threatened to boycott the confirmation of Lien, the former governor of Taiwan Province who was nominated by President Lee to replace Premier Hau. Since Lien would be the first Taiwanese to become the head of the executive branch, it would be politically suicidal for the DPP to side with the nonmainstream faction. By its strategic absence during the confirmation roll call (thus lowering the threshold of the required majority), the DPP essentially nullified the nonmainstream threat and helped remove the obstacles for Lee to accomplish his final round of power reshuffling.

The new coalitional politics takes a dramatic turn on issues more akin to antimoney politics. The KMT leadership suffered its first major legislative defeat when a sizable number of renegade KMT legislators joined the DPP to pass a stringent financial disclosure bill. On two other important bills—the construction of a $2.2 billion new Legislative Yuan complex and a multibillion bullet train railway system—maverick KMT members, once again in an expedient alliance with the DPP, staged a successful revolt against the party leadership. The two projects were voted down because it was widely believed that they involved land speculation and invited waste and corruption. It became clear that a gradual partisan realignment anchored in antimoney politics was occurring in the legislature.

More dramatic changes certify our contention about the possibility of a partisan realignment. On the eve of the KMT fourteenth Congress,

some leading figures of the KMT's nonmainstream faction, encouraged by the split of the Liberal Democratic Party (LDP) in Japan and the subsequent success of the splinter parties in the Diet election, decided to break away from the KMT and established the New Party. In surprising consistency with our analysis, the New Party avoided taking a strong position on the issue of reunification and instead stressed an anticorruption position and socioeconomic justice in its founding declaration.

The New Party has teamed up with the DPP in many major legislative maneuvers against the KMT majority. In particular, it joined the DPP in opposing the attempt to expand the power of the presidency, as in the case of the National Security Council bill; in rolling back KMT's organizational presence on college campuses, as in the case of the University Act; and in pressuring the KMT to keep its promise to hold direct elections for the provincial governor and mayors of the two municipalities on time, as in the case of local government reform bills. The two former foes in the battle of democratic reform found themselves strange bedfellows in the "post-Hau" reform politics. When it comes to the issue of national identity, however, the New Party came right back to the KMT mainstream camp, as in the case of the Plebiscite Act.[29]

Electorally, the performance of the New Party has been impressive, although its electoral strength is concentrated in the North, particularly in the greater Taipei metropolitan area. The seven founding members won 5.5 percent of the total vote in the 1992 Legislative Yuan election. In 1994 Jaw Shau-kang, who was nominated by the New Party for the Taipei mayoral election, gathered 30.2 percent of the vote in a three-way contest, losing to the DPP's candidate (43.7 percent) but winning over the KMT's incumbent (25.9 percent).

More significantly, many leading figures of the DPP have modified their antisystem posture. The newly elected mayor of Taipei, Chen Shui-bian, made good on his pledge to respect the constitutional order of the Republic of China upon his inauguration.[30] During a recent tour to the United States, the chairman of the DPP, Shih Ming-teh, publicly announced that "the DPP need not and will not declare independence once it comes to power, because Taiwan has already been independent [from the PRC] since 1949."[31] Shih's remarks were clearly motivated

[29] The New Party actually cast the decisive vote in this case to save the KMT from an embarrassing defeat. For the roll-call records of the aforementioned bills, see *Lifayuan Gongbao* (various issues, 1993–94).

[30] As a symbolic gesture, Mayor Chen attended the annual flag-raising ceremony at dawn on New Year's Day 1995.

[31] *China Times*, September 15 , 1995, p. 2.

by the perceived need to alleviate the popular worry about DPP's seem-
ingly uncompromising stance on the issue of national identity. Mean-
while, the KMT nonmainstream faction and the New Party shifted their
position on the issue of presidential elections. Both stopped challenging
the legality of the popular election of the president. Instead, both are
fielding their own candidates and running an all-out campaign to chal-
lenge Lee's reelection bid.

CONCLUDING REMARKS

Our analysis yields a number of significant findings. First, as perceived
by the Taiwanese electorate, the major political forces are competing in
a two-dimensional issue space. The existence of a socioeconomic jus-
tice dimension indicates that the traditionally predominant cleavage—
national identity—is no longer the only defining cleavage in electoral
politics as Taiwan moves into the phase of democratic consolidation. As
far as the development of the party system is concerned, the emergence
of the new cleavage holds great transformative potential, part of which
has been realized.

Second, our analysis suggests that the KMT led by the mainstream
faction is unlikely to retain electoral dominance despite its incumbency
advantage and control over preponderant organizational resources. It
becomes increasingly difficult for the KMT to cast itself as a catch-all
party when its leaders are perceived as soft on corruption and money
politics.

Third, the new cleavage cuts across the traditional subethnic demar-
cation as voters perceive prominent mainlander politicians as position-
ing themselves closer to the DPP than are members of the KMT
mainstream faction. Such a crosscutting situation makes it possible for
different political groups to form coalitions on different dimensions
and proves to be conducive to a partisan realignment. While the KMT
mainstream faction enjoys proximity to the DPP on the national identity
dimension, the nonmainstream faction and the New Party can also co-
operate with the DPP on issues related to socioeconomic justice.

These developments indicate that the regime transition has already
entered the consolidation phase. The three conditions that provide in-
centives for competing elite groups to accept the values of democratic
institutions and avoid confrontational strategies have already been met.
They are (1) the existence of new, crosscutting issues; (2) the differen-
tial advantages of competing elite groups in mobilizing support on dif-

ferent issues; and (3) the possibility of coalitional realignment in both electoral and legislative politics. In a nutshell, the 1992 Legislative Yuan election will go down in history not only as the founding election of Taiwan's transition to democracy but also as a critical election for the development of the party system. It simultaneously marks the end of the old conflict and the beginning of a new politics.

APPENDIX 1: THE THEORY AND METHODOLOGY OF SPATIAL ANALYSIS

Enelow and Hinich presented an introduction to the theory and methodology of spatial analysis with empirical applications to American presidential politics.[32] The specific method they used, originally developed by Cahoon and Hinich, provides estimates of voters' and politicians' ideal points through statistical analysis of thermometer scores acquired in a sample survey of voters.[33] In addition to the policy-oriented dimensions, the method also allows for consideration of a nonpolicy valence dimension in the voter's evaluation of the politicians' personal qualities.

Formally, let π_j denote the coordinates of politician j on the ideological dimensions and let z_m denote the coordinates of respondent m on the same dimensions. And let V_j denote politician j's position on the valence dimension. Then,

$$P_{jm} = (\|\pi_j - z_m\|^2 + aV_j)^{1/2}$$

where " $\| \ \|$ " represents the Euclidean distance is a measure that reflects both the distance between politician j's and voter m's ideal points in the predictive space and the standing of politician j on the valence dimension.[34] In order to be consistent with spatial distance, V_j is conventionally scaled such that the larger the score, the worse the politician's position on this dimension. The thermometer score, T_{jm}, that voter m gives to describe his feelings toward politician j is supposed to be based on proximity; hence

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[32] Enelow and Hinich (fn. 8).

[33] Lawrence S. Cahoon, "Locating a Set of Points Using Range Information Only" (Ph.D. diss., Carnegie-Mellon University, 1975); Lawrence S. Cahoon and Melvin J. Hinich, "A Method for Locating Targets Using Range Only," *IEEE Transactions on Information Theory*, vol. IT-22 (March 1976).

[34] In this study, we use the squared Euclidean distance as a measure of proximity. The methodology of spatial analysis, however, can accommodate other types of distance.

$$T_{jm} = c_{jm} - P_{jm}$$
$$= c_{jm} - (\|\pi_j - z_m\|^2 + aV_j)^{1/2},$$

where c_{jm} represents nonsystematic factors that are uncorrelated with P_{jm}. The Cahoon method uses factor analysis to derive estimates of π_j and z_m from empirical data observed for T_{jm} and V_j. The method is readily implementable in a Fortran program.[35]

One of the assumptions that facilitate the implementation of the Cahoon method is that the variance-covariance matrix of voters' ideal points is diagonal. Such an assumption has no empirical bearing and is made only for the purpose of mathematical expediency. The violation of the assumption is known to occasion considerable rotational distortion of the recovery of the candidates' positions.[36]

In our analysis, since we believe that the voters' ideal positions on the ideological dimensions are correlated, we have to correct for the rotational error that results from the Cahoon algorithm. We develop a strategy that utilizes our substantive knowledge about the first dimension—the traditional cleavage—of the ideological space. On the basis of such prior knowledge, we rerotate the spatial map derived from the Cahoon program by maximizing the correlation between the voters' positions on the first dimension and an external criterion that is theoretically predictive of such positions. In other words, we orient the first dimension of the ideological space according to theoretically relevant voter characteristics instead of relying on a mathematical artifact. This approach, we believe, is appropriate because we have a prior expectation about the nature of the first dimension. In addition, we also provide validity checks for the recovered second dimension.

APPENDIX 2: BIOGRAPHICAL DATA OF THE NATIONAL
POLITICAL FIGURES

—Chu Kao-cheng, a Taiwanese, member of the Legislative Yuan and founder and former chairman of the Democratic Socialist Party, which was later merged into the New Party

—Hau Pei-tsun, a mainlander, former four-star general and former premier, member of the KMT Central Standing Committee and the leader of the non-mainstream faction

[35] The program, originally developed by Lawrence S. Cahoon, is available upon request from Tse-min Lin, the primary author.

[36] Lawrence S. Cahoon, Melvin J. Hinich, and Peter C. Ordeshook, "A Statistical Multidimensional Scaling Method Based on the Spatial Theory of Voting," in P. C. Wang, ed., *Graphical Representation of Multivariate Data* (New York: Academic Press, 1978).

—Hsu Hsin-liang, a Taiwanese, former chairman of the DPP and leader of the DPP's Formosa faction

—Huang Hsin-jie, a Taiwanese, former chairman of the DPP, member of the Legislative Yuan, and a leading figure of the Formosa faction

—Jaw Shau-kang, a mainlander, former head of the EPA, member of the Legislative Yuan, the top vote getter in the 1992 Legislative Yuan election, a founding member of the New Party, and the New Party candidate for the 1994 Taipei mayoral election

—Lee Teng-hui, a Taiwanese, president of the Republic of China, chairman of the KMT, and the leader of the mainstream faction

—Lin Yang-kang, a Taiwanese, former deputy premier, member of the KMT Central Standing Committee, former head of the Judicial Yuan, and a candidate for the next presidency and rival to Lee Teng-hui

—Shih Ming-teh, a Taiwanese, former leader of the DPP caucus of the Legislative Yuan, chairman of the DPP, and leader of the Welfare State Alliance

—Soong Chu-yu (James Soong), a mainlander, former secretary general of the KMT, a close ally of Lee Teng-hui, and current governor of Taiwan

—Wang Jian-chuan, a mainlander, former minister of finance, member of the Legisltaive Yuan, and a founding member of the New Party

—Wu Pei-hsiung, a Taiwanese, secretary general of the Presidential Office, former minister of interior, and member of the KMT Central Standing Committee. He used to lean toward the nonmainstream faction but was just recently co-opted by Lee Teng-hui.