

The Taiwanese Development Model Since 1960

According to Thomas Gold Taiwan offers a text book case of an elite-led revolution leading to social transformation. The stability of hard authoritarianism of the Taiwanese government laid the groundwork for Taiwanese development. The KMT's cohesiveness and political domination plus the economic development aid supplied by the United States also helped to provide good conditions for Taiwanese growth in the beginning. Once the KMT gained control of Taiwan they redistributed the land and launched a program of rehabilitation and industrialization. This period was responsible for the nationalization of many businesses formerly owned by the Japanese and the start of industrial production in Taiwan marked by a shift away from agriculture to industry. During the early period of industrialization Taiwan tried to create domestic markets for its goods. During the period from 1960 to 1973 Taiwan pursued export expansion in the area of industrial goods. During this period U.S. aid directed at Taiwan declined as did the islands geopolitical significance. To make up for this decline Taiwan focused on increasing its exports. The growth of the Taiwanese economy during this period according to Gold laid the ground work for the growth of opposition movements and loosening of the KMT'S grip on power. According to Gold this was because the changes in the Taiwanese economy brought about a middle class, a better educated populace, and a dispersion of industry through out the country. The Period from 1973 to 1984 Gold calls the time of industrial upgrading and the emergence of a political opposition. During this period Taiwan faced the oil shock, and increase in export prices due to a labor shortage that doubled workers salaries, a further loss of geopolitical prestige, and the growth of dissent and political opposition. Taiwan industrially during this time improved the quality and quantity of its exports.

The Taiwan industrial model was that of a elite run bureaucracy that tightly controlled its nations citizenry in authoritarian ways. This authoritarian government was able to effectively channel the energies of Taiwan toward modernization. This authoritarian government became a victim of its own success because as living and education standards rose the citizenry demanded a shift away from hard authoritarianism.

Taiwan is not a very good industrialization model for other countries to use outside of East Asia. This is because many of the factors that allowed Taiwanese industrialization were unique to Taiwan. First, Taiwan was colonized before 1950 by a developmentalist power, Japan to which is had close ties even after 1950. Second, Taiwan was the recipient of financial aid during its critical early years because of a inter-core competition for hegemony between China and the United States. Third, Taiwan benefited by having a implacable foe with a very different vision of development. Fourth, Taiwan was given breathing space following 1949, this enabled Taiwan to revive production and consolidate power without foreign powers interfering. All these factor make Taiwan unique from other nations that would try to copy it. One of the elements that nations should not copy from the Taiwan Model according to Gold is Taiwan's harsh authoritarian government which was much too strictly authoritarian and had a hard time changing as the attitudes of the Taiwanese people changed. (Gold's book was published years before the 1996 democratic elections in Taiwan) But Gold does say that Taiwan's development model does have some lessons that could be copied in other nations seeking to industrialize. These are a official commitment to development, land redistribution, fostering of agriculture, creation of extra-ministerial ministries to guide development, strategic credit allocation, collection and efficient management of data concerning the economy, investment in infrastructure and human capital, and proper allocation of foreign assistance. Taiwan's development model was a combination of an orwellian state and effective ways of industrializing. Taken as a

whole the repressiveness of the Taiwanese model makes it undesirable for government to adopt; but other aspects of Taiwan's industrial policy could prove effective for countries outside of the pacific rim.