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**THE REPUBLIC OF CHINA IN THE 1970s:
STRIVING FOR A FUTURE OF GROWTH,
EQUITY, AND SECURITY**

YUNG WEI*

This paper presents a general survey of the social, economic and political development in the Republic of China since 1970. The basic approach is that of modernization research and international-relations analysis. In the first part of the paper, the pace of economic growth and social progress are reviewed. In the second part of the paper, the problems and progress in the distribution of income, land ownership, educational opportunities and political participation are examined. Finally, in the last part of the paper, the external environment of the Republic of China and the question of security are discussed.

The rapid economic growth in Taiwan, Republic of China (ROC), has been fully discussed by many social scientists in the western world and does not need further elaboration. To sum up, between the years 1952 and 1972, real national income has increased 484.3 percent; industrial production, 1,700.6 percent; export, 2,605.4 percent; and import, 1,373.7 percent. This rapid

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economic growth has made the ROC, which has under its effective control a territory comparable in size to Switzerland, one of the major trading nations of the world. What needs to be stressed here is that the rapid economic growth on Taiwan has been accompanied by notable progress in the areas of education, health, communication and transportation.

As a result of accelerated growth, significant changes have occurred in the Taiwanese economy (Table 1). Agricultural production decreased from 35.51 percent of the total economy in 1951 to 15.66 percent in 1972. In the same period, industry increased from 19.42 percent to 36.56 percent; and commerce, from 19.50 to 23.78 percent. A drastic increase of population, from 8.1 million in 1952 to 15.3 million in 1972, provided the needed manpower for agriculture and industry; yet at the same time enlarged the ratio of dependent population and prevented a more substantive gain in per capita income. Rapid population growth has quickened the pace of urbanization in Taiwan: Urban population swelled from 47.6 percent of the total population of the island in 1952 to 61.1 percent in 1972. This urbanization process brought much needed labor to the various industrial and commercial establishments in urban areas; at the same time, however, it also created a heavy demand on housing, transportation and other public services and facilities in the bigger cities.

Along with the overall economic growth, substantive gains were also shown on most social and cultural indicators. For instance, the average life expectancy of the people of Taiwan achieved an increment of more than ten years between 1952 and 1972; that of male from 56.5 to 66.8 and that of female from 60.7 to 72. Daily calorie intake increased from 2,078 to 2,738; and daily protein intake (in grams), from 49 to 74.6. The percentage of school age children attending primary schools climbed from 84 percent to 98.13 percent; and the percentage of college age youth enrolled in institutions of higher learning jumped from 1.4 percent to 12.5 percent. All these figures testify to the dramatic improvement of the quality of life on Taiwan as a result of sustained social and economic progress.

It must be pointed out, however, that starting from 1971, the Republic of China has experienced a series of challenges to her international position and economic development. The Nixon trip to Mainland China and the withdrawal of the ROC from the United Nations brought considerable difficulties to the diplomatic front of the ROC, but a significant growth of trade continued after 1971. It was not until 1973, when the world economy was hit by

Table 1
Social and Economic Indicators of Modernization on Taiwan

Items	Year	
	1952	1972
Per capita income (US \$)	110	395
Population growth rate	3.8% (1953)	2.0%
Population in urban areas	47.6%	61.1%
Life expectancy		
Male	56.5	66.8
Female	60.7	72.0
Infant mortality	3.7%	1.6%
Consumption of electricity	32 degrees	236 degrees
Motor vehicles per thousand residents	0.3	63.3
Per capita mails	7.7	45.6
Per capita daily calorie intake	2,078	2,738
Per capita daily protein intake	49g	74.6g
Percentage of college age youths (18-21) in college	1.4%	12.5%
Percentage of middle school age youths (13-17) in middle school	12.5%	57.8%
Percentage of school age children in primary schools	84.0%	98.13%
Illiteracy rate (of population 15 years old and older)	34.7% (1965)	23.8%
Television ownership per thousand residents (sets)	1.4 (1963)	54.6

Data Source: *Taiwan Statistical Data Book, 1973* (Taipei: Council for Economic Cooperation and Development, Executive Yuan, 1974); and *She Hui Fa Chan Chih Piao (Indicators of Social Development)* (Taipei: Council for Economic Cooperation and Development, Executive Yuan, 1974).

serious inflation and a drastic increase of the price of oil, that Taiwan's economy began experiencing the process of stagflation. During the 1973-74 period, many of the problems inherent in the ROC economy became apparent. Among the more obvious problems were: a lack of large-scale firms and factories as well as trading companies; inadequate basic supporting facilities such as large seaports, power, transportation, and communication networks keeping up with Taiwan's rapid economic growth; labor shortage and wage increase, which have cut down the competitiveness of the products of the ROC in the international market; an outflow of farm population to urban centers, which reduced the productivity of the rural areas and increased the price of farm products.

To cope with these problems, the government of the ROC (GRC) shelved the Sixth Four-Year Plan, which no longer suited the new economic situation, and devised a new Six-Year Plan for economic development. The more important goals and measures in the new Six-Year Plan include: (1) transforming Taiwan's economy from labor intensive to capital and technology intensive; (2) increasing and diversifying energy supplies by completing the nuclear power plants, exploring for oil and gas, seeking multiple sources of crude oil importation, and expanding oil distilling facilities; (3) promoting farm mechanization, improving the living conditions in rural areas, and developing high-value farm products for export; (4) completing the major construction projects in transportation and communication, including the electrification of the railroad system, the north-south superhighway, the international airport at Tao-yuan, the new Taichung and Suao harbors, and the northern railroad; (5) completing the building of the large steel factory and expanding the facilities for processing aluminum and copper ores; and (6) establishing a large export network, bringing in new technology and management methods, and encouraging the export of more advanced industrial products and high-precision instruments. In addition to these measures dealing with economic development, the Six-Year Plan also includes programs for social development such as family planning, public housing and urban renewal, pollution control, health insurance, an antipoverty program, and a manpower plan. It also calls for the establishment of an industrial park at Hsin-chu, where National Tsing-hua University is located.

It is still too early to determine the effect of this new plan for economic development. Judging by the performance of the Taiwan economy in 1976, the Six-Year Plan has made moderate progress. For example, according to the report made by the premier to the Legislative Yuan in September 1976, the price increase of both wholesale and retail goods during the period of January-June 1976 has been rather limited: the former registered an increase of 2.06 percent and the latter 3.43 percent in comparison with the previous year. During the same period, exports increased to US\$7.1 billion, which is 38.8 percent higher than that of the same months in 1975. Exports exceeded imports by US\$125 million, which compares quite favorably with the trade deficit of US\$277 million between January and June in 1975. The newest estimation of real economic growth during 1976 is somewhere between 10 and 11 percent. Judging by these records, we may conclude that the

economy of Taiwan has been able to achieve significant growth with price stability in the past year.

It ought to be pointed out, however, that the increment of the capability of the Taiwanese economy and society is not the only concern of the GRC. While growth has been an important goal, distribution or allocation of values also has been a primary concern. The concern can be traced back to the teaching of Dr. Sun Yat-sen, who advocated land reform as a prerequisite for economic development and social justice. Moreover, this emphasis on distribution by the GRC also reflects its determination in building Taiwan into a model province having an appeal to the people of Mainland China where the Chinese Communists preach an egalitarian philosophy yet have not yet been able to deliver anything more than one of the lowest living standards of the world.

Owing to its conscientious efforts toward a more equal society, the government of the Republic of China has achieved significant progress toward equality in land ownership, income distribution, educational opportunities and political participation. First, let us examine the case of land ownership. It has often been asserted that one of the major reasons for the Nationalist defeat on Mainland China was the failure to carry out the land reform program envisaged by Dr. Sun Yat-sen. Since the Chinese Nationalists retreated to Taiwan, a successful and peaceful land reform has been realized on the island. Through a series of policy measures such as the reduction of land rent, sale of public land to the peasants, and ownership of the land by the former tenants, the GRC has by and large achieved its goal of equalization of land ownership on Taiwan.

The effectiveness of the land reform can be measured by the ratio of tenant farmers, semi-self-tilling farmers, and self-tilling farmers. In 1949, the ratio was 39 percent for the tenant farmers, 25 percent for semi-self-tilling farmers, and 36 percent for the self-tilling farmers. After the land reform, the proportion became 10, 12, and 78 percent respectively in 1971. The effect of the redistribution of land can be further illustrated by using a widely used measurement of inequality, the Gini index. As the data in Table 2 indicate, the Gini index for land distribution for Taiwan in 1952 was 0.618. In 1960, the figure was reduced to 0.457, which indicates a much lower level of inequality in land ownership in Taiwan. In comparison to Columbia, India, Mexico, the Philippines, and the U.A.R., Taiwan has the highest equity in the distribution of land in rural areas.

Table 2
Gini Index of Land Concentration in Selected Countries*

Country	Year	Gini Index (C)	Year	Gini Index (E)	Decline in Gini Index, in Percentage $\frac{(C) - (E)}{(C)} \times 100$
Colombia	1960	0.864	1969	0.818	5.32
India	1953-54	0.628	1960-61	0.589	6.14
Mexico	1930	0.959	1960	0.694	27.64
Philippines	1948	0.578	1960	0.534	7.26
Taiwan	1952	0.618	1960	0.457	26.08
U.A.R.	1952	0.810	1964	0.674	16.74

* In Hung-Chao Tai, *Land Reform and Politics* (Berkeley: University of California Press, 1974), p. 310.

Concomitant with the more equal distribution of land ownership in Taiwan is the increase of educational opportunities and a more equal distribution of those opportunities among different sectors of the population in Taiwan. In 1946 when Taiwan was restored to China, there were only four colleges, 215 middle schools, and 1,130 primary schools on the island. Since then, a phenomenal growth has occurred at all levels of education. The 1972 educational data showed that there were 81 universities and colleges, 842 middle schools, and 2,193 primary schools on Taiwan. The ratio of school-age children and youths in educational institutions at various levels has also witnessed a dramatic increase, with the colleges registering the highest rate of increase.

In addition to the numerical increase in educational opportunities, there are further indications that the opportunities for education have increased substantially for the tenant farmers. According to data released by the Land Institute of Taiwan, the number of former tenant farmer's children attending primary schools has increased 257 percent between 1948 and 1971; those attending middle schools, 2,827 percent; and those enrolling in colleges, 16,820 percent. These facts are made more significant when one realizes that between 1952 and 1971, the population employed in agricultural activities in Taiwan has increased only 128.45 percent.

In addition to land ownership, income distribution is another important measurement of social and economic equality. Simon

Kuznets, a leading economist, has theorized that inequality of income distribution tends to be wide in the earlier phases of growth and then to narrow in the later phases of growth. The Taiwan experience does not conform to this theory. According to data recently released by the Statistical Bureau, DGBAS, of the GRC, the Gini index on income distribution in Taiwan has declined from 0.36 in 1964 to 0.31 in 1975. This compares quite favorably with the records on the Republic of Korea (0.40), India (0.41), Thailand (0.48), and the Philippines (0.45). The same source also reveals, however, that the rural population has a lower income but a more equal distribution. The urban population, on the other hand, has a higher income but a more uneven distribution. In order to rectify the unequal distribution between the urban and rural population, the government of the ROC has made great efforts to raise the income of farmers, for example, by setting guaranteed prices for farm products and by offering large amount loans and grants to stimulate agricultural activities. The government has also tried to reduce the size of the poor sector of the population by launching a series of anti-poverty programs. Reports recently released by Bureau of Social Affairs of the Taiwan Provincial Government show that through various programs, the size of poorest section of the population has been significantly reduced.

Now let us turn to the opportunities for political participation. It should be said at the outset that several factors have complicated the distribution of political power on Taiwan. First, there is the existence of two major provincial groups among the population of Taiwan: the Taiwanese, who constitute about 84.4 percent of the total population of Taiwan, and the Mainlanders, who make up about 13.6 percent. The Taiwanese are further divided into two subgroups: the Min-nan group, originally from Fukien, and the Hakka group, originally from Kwangtung. The former constitutes about 73.72 percent of the total population, and the later constitutes 12.68 percent.

A second factor that has made distribution of political power in Taiwan more complex was the transplantation of a national elite from Mainland China to Taiwan in 1950. The third factor has been the continuing claim of the GRC to be the government of all China, thus having to maintain a national elite structure on the island. Finally, the existence of a notable disparity in political representation among different provincial groups also poses a problem with respect to distribution of political power on the island.

During the Japanese occupation of Taiwan, from 1895 to 1945, the Chinese on Taiwan had a very limited opportunity for anything remotely related to political activities. The Japanese monopolized all administrative positions, from the Governor-General of the colonial government down to head master of village schools. After the departure of 480,000 Japanese, their political and occupational positions were largely taken over by the Taiwanese, especially those in the smaller cities and villages. Since 1951, provincial elections have been held in Taiwan. Many Taiwanese found an avenue into politics by participating in political activities at the provincial level. Today the overwhelming majority of the provincial assemblymen and women are Taiwanese; and almost all the city mayors and county magistrates are Taiwanese. The governorship of Taiwan is now occupied by Mr. Hsieh Tung-ming, an elder Taiwanese statesman who commands much respect among the local population.

Since 1969, the deadlock of political participation at the national level has been broken. With the holding of supplementary elections in 1969, 1972, and 1975, a sizable number of new members has been added to the three branches of the representative bodies at the national level: the Legislative Yuan, the National Assembly, and the Control Yuan. Looking to the future, the GRC is committed to the enlargement of political participation in Taiwan, particularly for the local Taiwanese and the young. As many governments in Asia have altered their constitutional government after the "Nixon shock," the determination of the GRC to maintain a constitutional democracy under very trying conditions deserves due credit.

After the examination of problems of growth and equity in the Republic of China, we may now turn to problems of national security. It goes without saying that since 1971 the ROC has experienced increasing difficulties in its external relations. But it is equally true that through various practical measures, the GRC has effectively defeated the attempt of Mainland China to isolate the ROC. In many places where official ties have been broken, alternative mechanisms have been set up to carry out consular and other intersystem relations. Trade between the ROC and states with which the ROC has no formal ties often has increased after the severance of relations. Canada, for instance, stands out as a district example. It must be made perfectly clear that the ROC takes no pride in having only semiofficial or paradiplomatic relations with the majority of the states of the world. Efforts have

been made to restore our ties with the nations of the world or at least to elevate the level of existing relations.

Of all the diplomatic ties with countries of the world, those between the ROC and the United States are considered by the people of Taiwan as the most important, for the United States has been an ally for more than thirty years and has provided the ROC with the generous economic assistance that made the Taiwan "miracle" a reality. Trade between the ROC and the United States exceeds 4.8 billion dollars and is crucial for the continuing growth of Taiwan's economy. It is most disturbing, therefore, for the government and the people of the Republic of China to see a long-time friend and ally moving toward the so-called "normalization" with the Mainland. Today the ROC has an embassy in Washington, D.C. and the Chinese Communists have a Liaison Office there. It is not a situation in which the people of the ROC feel comfortable. But because the ROC treasures so much the close ties built over many decades and considers these ties so important to our security and prosperity, the situation is reluctantly tolerated.

With Mainland China in constant turmoil and its leaders humiliated one after another in successive purges, it is very difficult for the people of the ROC to understand why some people in the United States are so eager to push for further "normalization" with the Chinese Communists who are busy trying to put their internal affairs back to normal. One may point to the Soviet factor. It should be remembered, however, that the Russians themselves have tried to control Mainland China through military and economic aid, only to be chased out of China and to become the primary target of Chinese Communist verbal assaults. Without thousands of miles of common boundaries and a common ideological base similar to that between the Soviet Union and Communist China, how can the United States develop any kind of influence over the communist political system, which still produces huge amounts of propaganda attacking the United States?

Still others point out that only Japan is important to the United States policy in Asia. As a frequent traveller to Japan, this author can testify that not all the Japanese leaders and scholars of international relations enjoy the "honor" of being the nation singled out by the United States as the latter's only important ally in Asia. Without the smaller trilateral relations between the Republic of Korea, Japan and the Republic of China, the larger trilateral relations between Europe, United States and Japan may soon become devoid of substantive meaning, for without South

Korea and the Republic of China as its two fronts, Japan will have to reassess its international relations and defense postures.

The Republic of China has adopted a very cautious and straightforward policy to safeguard its security. The ROC government has repeatedly declared that under no circumstance will it enter into any negotiation with the Chinese Communists, that the ROC will stay in the democratic camp, and that it will not make nuclear weapons. It is a policy of principles, prudence and pragmatism, for doing any of the three things could create immediate danger in the ROC's external and internal environments. According to the assessments of most military specialists, the ROC is fully able to defend herself against the Chinese Communists. But logistic support in terms of advanced weaponry from the United States is important. Furthermore, the likelihood of a hot war in the Taiwan Straits is not high in the near future. Nevertheless, the government and the people of the ROC do not like to take chances. For this reason, substantial efforts have been made to achieve self-sufficiency and self-reliance in the production of weapons and weapon systems. To the extent that it will not deter further economic growth, funds have been allocated to further strengthen the ROC's defense capability and to develop new military equipment.

In the final analysis, a country's security lies in the faith, confidence and determination of its own people. The people of the Republic of China believe that they have a model of development and modernization that is much more effective and much more humane than the one used by the Chinese Communists on Mainland China. They believe that, given the opportunity of free choice, the people of Mainland China will choose the system successfully tried out in Taiwan. Thus, the security in the minds of the people of the ROC grows out of their conviction of the superiority of their model of modernization which has brought to them prosperity, equality, and the maintenance of their cultural heritage in an industrial society. It was with this conviction that the people of the ROC have succeeded in weathering many storms since 1971. They are determined to prove to the world that in an international system beset with power politics, their course of action will prove to be not only morally right but politically wise.¹

1. For a more elaborate treatment of the subject matter, see Yung Wei, "Modernization Process in Taiwan: An Allocative Analysis," *Asian Survey*, Vol. 16, No. 3, pp. 249-69, (March, 1976); and Yung Wei, "Unification or Confrontation: An Assessment of Future Relations between Mainland China and Taiwan," in Ray E. Johnston, ed., *The Politics of Division, Partition, and Unification* (New York: Praeger, 1976), pp. 67-79.

Dr. Chiu thanked Dr. Wei for presenting the paper and then invited Mr. M. T. Wu, Director of Chinese Investment and Trade Office in New York City, to present his paper on "Investment and Trade Climate in the ROC." Mr. Wu cited the factors contributing to the ROC's growth and discussed investment incentives and prospects of trade. He said the new emphasis now will be on upgrading technology.

[The following is the text of Mr. M. T. Wu's paper.]
