

# Power and Corruption in Taiwan

CHAO-YUNG HSUEH

*President Chen Shui-bian and the Democratic Progressive Party (DPP) had a pretty rough ride in 2005-06. Election losses, corruption scandals, government paralysis, and internal party divisions have all left the party floundering. President Chen is confronting a crisis of confidence and fighting for political survival. Over the past six years under his rule, the island has suffered from dirty politics, rampant corruption, ethnic tension, and economic mismanagement. The DPP came to power in 2000 with an image of integrity. However, the DPP is perceived as having perpetuated the corrupt system rather than having corrected it. It seems now that corruption has become the driving force for the entire state machine.*

*Corruption is multi-faceted and needs to be fought on different fronts simultaneously. While helpful, democracy is by no means a cure for corruption, nor is economic liberalization a panacea for ending public sector crime. The necessary strategies are a combination of law enforcement, prevention through institutional reforms, and public support. The battle against political corruption can be won in Taiwan—and it will be won if the political leadership demonstrates political will. Without this, nothing will change.*

**KEYWORDS:** power; corruption; scandal; Democratic Progressive Party (DPP); regime legitimacy.

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CHAO-YUNG HSUEH (薛朝勇) (Ph.D. in International Studies, Warwick University, United Kingdom, 1996) is currently an assistant professor of international relations at Ching Yun University (清雲科技大學), Taiwan. He can be reached at <cyhsueh@cyu.edu.tw>.

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"Next to tyranny, corruption is the great disease of governments."<sup>1</sup>



In a speech delivered just days before the 2000 presidential election and entitled "Crossing the Faultline: Holding a Grip on the Following Key Five Years," the president of Academia Sinica, Lee Yuan-tseh (中央研究院院長李遠哲), said that Taiwan was facing a critical choice between "falling from grace" (向下沉淪) and "taking a leap forward" (向上提升). He urged people to make serious comparisons and give some serious thought to which candidate was more determined, capable, and sincere about implementing the reforms needed to help Taiwan make a leap forward. On March 10, 2000, Chen Shui-bian (陳水扁), the Democratic Progressive Party (DPP, 民主進步黨) presidential candidate, visited Lee in his Academia Sinica office. And on March 13, despite strong criticism from his colleagues that his endorsement of Chen would jeopardize Academia Sinica's political neutrality and badly damage its reputation, Lee declared that "Chen is the only candidate capable of really rooting out the endemic corruption in Taiwan's politics."<sup>2</sup> Now, however, President Chen is fighting for his political survival.

Millions of Taiwanese voted for Chen in the hope that he would change a political culture that many saw as corrupt and favoring vested interests. The suspicion now is that Chen has delivered more of the same. Regretfully, even though the reform-minded Chen won the presidency in the March 2000 polls largely on the strength of promises to root out corruption, "black and gold" (黑金) (i.e., improper ties among government, business, and organized crime) money politics and cronyism still dominate Taiwan's political realm.

Over the past six years under the rule of President Chen, the island has suffered from dirty politics, rampant corruption, and ethnic tension, as well as economic mismanagement. Taiwan's democracy is increasingly a

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<sup>1</sup>John T. Noonan, Jr., *Bribes* (New York: Macmillan, 1984), 700.

<sup>2</sup>Dennis Normile, "Taiwan: Academy Head Touted for Top Political Post," *Science* 287, no. 5461 (March 2000): 2127-29.

fraud. Money buys votes, influence, and office. Corrupt political elites, working hand-in-hand with greedy businesspeople and unscrupulous investors, are putting private gain before the welfare of citizens and economic development. The abuse of political power for private gain deprives the neediest of vital public services, creating a level of despair that breeds conflict and violence.

In this paper we will address the following issues in the light of the scandals surrounding the first family and the widespread corruption in Taiwan. In addition to reviewing the literature on corruption, we will endeavor to find out why the ruling elite of the DPP has followed in the footsteps of its predecessor the Kuomintang (KMT, 國民黨) in practicing "black and gold" politics. Looking at the bigger picture, we ask why a country like Taiwan has become more corrupt since democratization, and what the relationship is between corruption and democratization. We speculate whether corruption will cause people to lose trust and confidence in the government, whether it will further deepen the DPP's legitimacy crisis, and finally, what measures Taiwan should take to effectively combat corruption.

## **The Analytical Framework**

### *Why Does Power Corrupt?*

In the nineteenth century Lord Acton wrote: "Power tends to corrupt; absolute power corrupts absolutely." Power certainly seems to corrupt quite a few politicians. Early in their careers, many of them are eager to change the system. They want to help the poor and disadvantaged and to root out corruption and unjust privilege. Yet when they actually get into positions of power, it is a different story. The old slogans become memories. Instead, it becomes a higher priority to placate and reward powerful bureaucracies in both the government and corporate sectors. Most of all, it becomes a priority to increase the power and wealth of politicians themselves.<sup>3</sup>

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<sup>3</sup>Brian Martin, *Information Liberation: Challenging the Corruptions of Information Power* (London: Freedom Press, 1998), 1-7.

A few social scientists have studied the corrupting effects of power. Pioneering sociologist Robert Michels studied the tendency of political parties to become less democratic. Even in the most revolutionary parties, the leaders have gained greater power and become entrenched in their positions. The party organization becomes an end in itself, more important than the party's original aim. Michels concluded that every organization is affected by these tendencies.<sup>4</sup>

Pitirim Sorokin and Walter Lunden examined the behavior of powerful leaders, such as kings of England. They found that those with the greatest power were far more likely to commit crimes, such as theft and murder, than ordinary citizens.<sup>5</sup> This is striking evidence that power tends to corrupt.

#### *Analytical Approach to Corruption*

Economists and political scientists have taken the lead in recent research on corruption worldwide. International debates on how to approach the phenomenon are ongoing, but a general and widely accepted definition is "*the abuse of public office for private gain.*"<sup>6</sup>

Although corruption is omnipresent, Manzetti and Blake suggest that it is most pervasive where: (1) the institutional mechanisms to combat corruption are weak or not used; (2) extensive government control and regulation of economic resources provide ample opportunity for corrupt exchanges; and (3) corruption is so generalized at all societal levels that it is accepted and tolerated.<sup>7</sup> Klitgaard summarizes the basic ingredients of corruption as being equal to monopoly power plus discretion

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<sup>4</sup>Robert Michels, *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy*, translated by Eden and Cedar Paul (New York: Dover, 1959).

<sup>5</sup>Pitirim A. Sorokin and Walter A. Lunden, *Power and Morality: Who Shall Guard the Guardians?* (Boston: Porter Sargent, 1959).

<sup>6</sup>Cheryl W. Gray and Daniel Kaufmann, "Corruption and Development," *Finance and Development*, no. 3 (March 1998): 7-10; and Susan Rose-Ackerman, "Democracy and 'Grand' Corruption," *International Social Science Journal* 48, no. 3 (1996): 365-80.

<sup>7</sup>Luigi Manzetti and Charles H. Blake, "Market Reforms and Corruption in Latin America: New Means for Old Ways," *Review of International Political Economy* 3 (Winter 1996): 662-97.

minus accountability.<sup>8</sup>

In "Economic Analysis of Corruption: A Survey," Aidt identifies four approaches to corruption in the economic literature:<sup>9</sup> (1) efficient corruption: corruption facilitates beneficial trade and promotes allocative efficiency by correcting preexisting government failures; (2) corruption with a benevolent principal: the major result of this approach is that if the government wants both to implement socially beneficial policies and optimize the working of its institutions, it will have to design institutions that allow some positive (optimal) level of corruption; (3) corruption with a non-benevolent principal: government officials abuse their power to extract rents from the private sector; this approach starts from the assumption that all agents can be corrupted; and (4) self-enforcing corruption: self-enforcing corruption theories assume that history plays a crucial role; the returns to being corrupted, it is argued, depend on how much corruption is inherited from the past.

### *Effects of Corruption*

Corruption is a universal problem. No nation is immune. According to Transparency International, the anti-corruption watchdog, crooked politicians, officials, and businessmen around the world steal billions of dollars of public money every year, depriving national and local governments of resources to provide health care, sanitation, education, and other vital services. The organization's chairman, Peter Eigen, said, "There is no end in sight to the misuse of power by those in public office." He called it a "worldwide corruption crisis" affecting countries on every continent. Indeed, it is hard to think of any democratic nation that does not have some corrupt politicians.<sup>10</sup>

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<sup>8</sup>Robert Klitgaard, *Controlling Corruption* (Berkeley: University of California Press, 1988), 75.

<sup>9</sup>Toke S. Aidt, "Economic Analysis of Corruption: A Survey," *Economic Journal* 113 (November 2003): F632-52.

<sup>10</sup>Shaun Bowler, "They've Only Themselves to Blame: Politicians, Scandals, and Trust in Government in the United States and Britain" (Paper presented at the Midwest Political Science Association, Chicago, April 2-5, 2003).

Corruption poses a serious development challenge. It also generates economic distortions in the public sector by directing public investment away from areas such as education and into projects where bribes and kickbacks are more plentiful. Corruption also lowers compliance with construction, environmental, or other regulations; reduces the quality of government services; and increases budgetary pressures on government. The World Bank has identified corruption as the "single greatest obstacle to economic and social development. It undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends."<sup>11</sup>

In the political realm, corruption can seriously undermine democracy and good governance. Corruption in elections and in legislative bodies reduces accountability and representation in policymaking; corruption in the judiciary suspends the rule of law; and corruption in public administration results in the unequal provision of services. More generally, corruption weakens government institutions by encouraging disregard for official procedures, the siphoning off of resources needed for development, and the selection or promotion of officials without regard to performance.

Using the data on perceptions of corruption and the data on confidence in government from the Euro Barometer, Della Porta finds corruption is inversely related to trust in government.<sup>12</sup> Anderson and Tverdova find that citizens in corrupt countries express lower levels of trust in, and lower evaluations of, political systems.<sup>13</sup> Utilizing data from the East Asia Barometer, Chang and Chu find a strong trust-eroding effect of political corruption in Asian democracies. They conclude that institutions ultimately become personal instruments of corrupt leaders. Corruption

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<sup>11</sup>World Bank, "Anti-Corruption Strategy," <http://www.roadmap.depkeu.go.id/Ina/Files/artike1002.doc>.

<sup>12</sup>Donatella Della Porta, "Social Capital, Beliefs in Government, and Political Corruption," in *Disaffected Democracies: What's Troubling the Trilateral Countries?* ed. Susan Pharr and Robert Putnam (Princeton, N.J.: Princeton University Press, 2000), 202-31.

<sup>13</sup>Christopher J. Anderson and Yuliya V. Tverdova, "Corruption, Political Allegiances, and Attitudes Toward Government in Contemporary Democracies," *American Journal of Political Science* 47, no. 1 (January 2003): 91-109.

spawns mistrust of institutions and contributes to the de-legitimization of the political system.<sup>14</sup>

Seligson uses national sample survey data, with a total N of over 9,000, from four Latin American countries to test the effect of corruption experiences on belief in the legitimacy of the political system. He finds that independent of socioeconomic, demographic, and partisan identification, exposure to corruption erodes belief in the political system and reduces interpersonal trust. The evidence seems clear that corruption carries with it important political costs.<sup>15</sup> In his article and his discussion with Citrin, Miller argued that scandals could erode trust in government more broadly.<sup>16</sup>

In many cases, corruption scandals, reports, and debates have led to mobilization and political action from below, and presidents have even been toppled in elections where corruption issues have been high on the agenda. At the same time, entrenched and systemic corruption, and the many cases of much talk on corruption but little action, serve to make people deem the entire political system dishonest and illegitimate, with withdrawal and political apathy as the consequence.<sup>17</sup>

### *The Impact of Corruption on Regime Legitimacy*

Legitimacy is a psychological property of an authority, institution, or social arrangement that leads those connected to it to believe that it is appropriate, proper, and just. Because of legitimacy, people feel that they ought to defer to decisions and rules, following them voluntarily out of obligation rather than out of fear of punishment or anticipation of reward. Being legitimate is important to the success of authorities, institutions, and

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<sup>14</sup>Eric C.C. Chang and Yun-han Chu, "Corruption and Trust: Exceptionalism in Asian Democracies?" *Journal of Politics* 68, no. 2 (May 2006): 259-71.

<sup>15</sup>Mitchell A. Seligson, "The Impact of Corruption on Regime Legitimacy: A Comparative Study of Four Latin American Countries," *Journal of Politics* 64, no. 2 (May 2002): 408-33.

<sup>16</sup>Jack Citrin, "Comment: The Political Relevance of Trust in Government," *American Political Science Review* 68, no. 3 (September 1974): 973-88; and Arthur H. Miller, "Rejoinder to 'Comment' by Jack Citrin: Political Discontent or Ritualism?" *ibid.*, 989-1001.

<sup>17</sup>Inge Amundsen, "Political Science Perspectives on Corruption," in *Corruption: A Review of Contemporary Research*, ed. Jens Andvig et al. (Bergen, Norway: Chr. Michelsen Institute, 2001), 44.

institutional arrangements since it is difficult to exert influence over others based solely on the possession and use of power.<sup>18</sup> When material and other inducements are insufficient to win the compliance of citizens, states rely on political legitimacy in order to survive. This legitimacy is "an acceptance, even approbation, of the state's rules of the game, its social control, as true and right."<sup>19</sup>

In the past, the concept of legitimacy has been variously employed to explain wars, state-building, democratizations, democratic breakdowns, revolutions, and much else. Scholars of comparative politics are again taking seriously both the causes<sup>20</sup> and consequences of legitimate states.<sup>21</sup> Several scholars have argued that controlling corruption is more important than elections and human rights for enhancing regime legitimacy in new democracies.<sup>22</sup> Corruption not only violates the basic democratic principles of equality, transparency, and fairness, but it is also believed to foster the likelihood of a democratic breakdown by undermining the legitimacy of the democratic system in general and trust in its core institutions in particular.<sup>23</sup>

There is perhaps no more common and profound obstacle to the consolidation of new democracies than widespread corruption by holders of state power at all levels.<sup>24</sup> In addition to its being illegal, corruption

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<sup>18</sup>Tom R. Tyler, "Psychological Perspectives on Legitimacy and Legitimation," *Annual Review of Psychology* 57 (January 2006): 375-400.

<sup>19</sup>Joel Migdal, *Strong Societies and Weak States* (Princeton, N.J.: Princeton University Press, 1988), 32-33.

<sup>20</sup>Michael G. Schatzberg, *Political Legitimacy in Middle Africa: Father, Family, Food* (Bloomington: Indiana University Press, 2001); and Muthiah Alagappa, *Political Legitimacy in Southeast Asia: The Quest for Moral Authority* (Stanford, Calif.: Stanford University Press, 1995), 11-65.

<sup>21</sup>Pierre Englebert, *State Legitimacy and Development in Africa* (Boulder, Colo.: Lynne Rienner, 2000).

<sup>22</sup>See note 15 above; and William Mishler and Richard Rose, "Comparing Regime Support in Democratic and Non-Democratic Countries," *Democratization* 9, no. 2 (2002): 1-20.

<sup>23</sup>Carsten Q. Schneider, "Prospects for the Consolidation of Latin American Democracies: Rethinking the Role of Corruption and Institutional Trust," *Sociologia*, no. 42 (May 2003): 65-90.

<sup>24</sup>Andreas Schedler, Larry Diamond, and Marc F. Plattner, eds., *The Self-Restraining State: Power and Accountability in New Democracies* (Boulder, Colo.: Lynne Rienner, 1999).

violates the fundamental normative principles of democracy, namely the equality of its citizens and the transparency and openness of the democratic process of decision-making.<sup>25</sup> In the words of Della Porta and Meny, "Beyond its impact on the functioning of mechanisms and institutions, corruption, by striking at the very roots of democracy, compromises the values of the system. Corruption substitutes private interest for the public interest, undermines the rule of law, and denies the principles of equality and transparency."<sup>26</sup>

### *Anti-Corruption Strategies*

Corruption is a complex phenomenon that is almost never explained by a single cause. If it were, the solution would be simple.<sup>27</sup> There is widespread recognition among practitioners and academics alike that there are no universally applicable types of anti-corruption strategies. Rather, each country must carefully tailor and implement its own particular strategy. The choice of strategy should depend on how widespread or isolated corruption is in a given country, on the state of the governing institutions and their ability to engage in efforts to counter corruption, and on a whole range of political and economic factors.

Jain has noted that solutions to corruption are threefold: *pre-emption* by reducing the incentive for the agent to provide the third party with access to discretionary power; *policing* in which the agent's use of the discretionary power is monitored; and *prosecution* of the misuse or abuse of that discretion in the service of a third party.<sup>28</sup> Corruption takes multiple forms and needs to be fought on different fronts simultaneously. Responses

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<sup>25</sup>Sandholtz Wayne and William Koetzle, "Accounting for Corruption: Economic Structures, Democratic Norms, and Trade" (1998), <http://www.democ.uci.edu/democ/papers/>.

<sup>26</sup>Donatella Della Porta and Yves Meny, "Introduction: Democracy and Corruption," in *Democracy and Corruption in Europe*, ed. Donatella Della Porta and Yves Meny (London: Pinter, 1997), 5.

<sup>27</sup>Vito Tanzi, "Corruption Around the World: Causes, Consequences, Scope, and Cures," International Monetary Fund Working Paper, no. 63 (1998): 30.

<sup>28</sup>Arvind K. Jain, "Corruption: A Review," *Journal of Economic Survey* 15, no. 1 (2001): 71-121.

to corruption, therefore, include institutional reforms to limit authority, improve accountability, and change incentives, as well as societal reforms to change attitudes and mobilize political will for sustained anti-corruption interventions.

From an institutional perspective, corruption arises where public officials have wide authority, little accountability, and perverse incentives. This means the more activities public officials control or regulate, the more opportunities exist for corruption. Furthermore, the lower the probability of detection and punishment, the greater will be the risk that corruption will take place. This institutional perspective suggests fighting corruption through the following:<sup>29</sup> (1) reducing the role of government in economic activities (to limit authority); (2) strengthening transparency, oversight, and sanctions (to improve accountability); and (3) redesigning terms of employment in public service (to improve incentives).

Where corruption is widespread, tackling it in isolation is likely to be ineffective. Sustainable anti-corruption efforts depend on a variety of institutions performing their part and on appropriate degrees of horizontal accountability and independence. Successful anti-corruption strategies must therefore be holistic, including as many institutions and levels as possible and practically feasible. Good illustrations of such an approach are strategies based on the concept of the National Integrity System (NIS),<sup>30</sup> where twelve pillars of anti-corruption institutional arrangements are listed and transformed into qualitative questions. By answering all the questions in the NIS, a nation can evaluate its "status of institutional well-being" with regard to preventing corruption. This system represents the sum total of the institutions and practices within a given country that address aspects of maintaining the honesty and integrity of public and private sector institutions. From the executive, legislature, and judiciary to the private sector, the media, and civil society organizations, each pillar

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<sup>29</sup>Phyllis Dininio and Sahr John Kpundeh, *A Handbook on Fighting Corruption*, Occasional Paper Series, USAID (Washington, D.C., 1999), 13.

<sup>30</sup>Jeremy Pope, *Confronting Corruption: The Elements of a National Integrity System: The TI Sourcebook 2000*. <http://www1.transparency.org/sourcebook/>.

of the NIS, and its relationship to other pillars, is crucial to the equilibrium of the system as a whole. Although not a strategy in itself, the NIS is a good example of a holistic approach to anti-corruption that can be used as a basis for designing and implementing national anti-corruption strategies.

At the same time, it is crucial and helpful to design new forms of governing structure to manage public affairs in a "boundary-spanning" environment.<sup>31</sup> That is to say, civil servants and politicians need new managerial skills and codes of ethics to encompass the new governing situation.<sup>32</sup> Chen and Tsai also advocate the importance of strengthening the ethical (internal) standards of public servants in the reform process.<sup>33</sup>

### **The Rise of the DPP: Integrity and Reform**

#### *The KMT's Corruption and Fall*

Historically, corruption and nepotism seem to be embedded in the cultural ethos of Taiwan. Although corruption had long been considered to be a national problem, it was only after the transition from martial law to an elected government in the 1990s that the issue of corruption began to gain momentum, so that today it is one of the most important issues confronting the people of Taiwan.

The core of Taiwan's corruption problem is the nexus of financial and political interests, especially at a high level. Corruption in Taiwan is the foundation on which the state and political system are built. The weaknesses of the legal monitoring and auditing systems have been exploited

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<sup>31</sup>"Boundary-spanning" is a concept describing job tasks or responsibilities beyond the traditional managerial area. Boundary-spanning can be internal to the firm (extending beyond traditional organizational departments) or external to the firm (crossing between channel members).

<sup>32</sup>Jeroen Maesschalck, "The Impact of New Public Management Reforms on Public Servants' Ethics: Toward a Theory," *Public Administration* 82 (February 2004): 465-89.

<sup>33</sup>Don-yun Chen and Hsiu-chuan Tsai, "The Ethical Foundation of National Development: Anti-Corruption and Ethical Codes for Public Servants," *Taiwan minzhu jikan* (Journal of Taiwan Democracy) 3, no. 3 (September 2006): 185-99.

to the hilt. The gaining of wealth was the sole aim of the individual in the society and thus gaining respectability depended on gaining wealth no matter what its source.

During the KMT's five decades in power it took advantage of its dominant position to accumulate a vast real estate and business empire, and to set up its own monopolies. The KMT's alliance with local factions and its party assets reflect the weakness of using legal standards to define political corruption in an authoritarian context, as the KMT was able to design the legal framework that legitimized ruling party corruption.<sup>34</sup>

Democratization unfortunately had the effect of encouraging further corruption. The key stimulus, though, came from the influence of several unfortunate side-effects of democratization on the political process. First, politics and campaigning became extremely expensive, forcing politicians to become dependent on contributions from well-heeled businesspeople. Second, the growing power of legislatures gave small groups of politicians the power to bestow favors, such as government contracts. Third, Taiwan began a huge program of infrastructure expansion in the early 1990s, which created lucrative opportunities for those with political connections. Fourth, when Lee Teng-hui (李登輝) challenged the KMT old guard, he turned for support to rich businesspeople and local patronage-oriented political factions as a counterweight to the bureaucratic power wielded by his conservative rivals in the party and the government. Finally, Taiwan's dynamic economy produced substantial resources to grease the wheels of political corruption in general.<sup>35</sup>

Initially, the arrival of competitive party politics did not present a threat to political corruption. While the opposition did make some anti-corruption appeals in the 1980s, as late as 1991 it was not yet a central electoral issue. The DPP first made political corruption a central issue in the 1992 Legislative Yuan (立法院) elections. These elections set a

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<sup>34</sup>Dafydd Fell, "Democratisation and Political Corruption in Taiwan," <http://www.soas.ac.uk/taiwanstudiesfiles/workingpapers/>.

<sup>35</sup>Cal Clark, "The 2000 Taiwan Presidential Elections," [http://www.asiasociety.org/publications/taiwan\\_elections.html](http://www.asiasociety.org/publications/taiwan_elections.html).

precedent that was followed in almost all subsequent elections, of employing anti-corruption attacks to discredit the KMT.

As democratic competition became more intense and the KMT became more "Taiwanized," the power of corrupt local factions and conglomerates moved up to the national level, leading to increased vote-buying, gangster-party links, and party-consortium collusion. Especially under the various Lee Teng-hui administrations, the constraints that limited corruption in the past greatly eased.<sup>36</sup> The fact that both big business and local factions began to gain political influence through the Legislative Yuan is evident from the high proportion of business and factional candidates representing the KMT in elections since 1989.<sup>37</sup>

*The 2000 Presidential Election: The Rise of the DPP*

In the 2000 presidential campaign the most consistent DPP anti-corruption theme was the link between the KMT and a number of allegedly "black-gold" politicians and the idea that only a change of ruling party could defeat "black-gold." In the campaign, Chen Shui-bian gave far more attention to the "black-gold" candidates than to any others. A quote from Chen's first TV debate reflects the DPP's tone since the mid-1990s:

According to surveys about 70 percent of the people think that under KMT rule the "black-gold" question is getting worse. From grass-roots financial institutions to big public construction projects, from the insider trading on the stock exchange to corruption in military purchase cases the KMT has relied on a system of corruption that reaches all levels of our country. Since the end of martial law the KMT has relied on gangsters and money politics to maintain its power. So hoping for the KMT to tackle "black-gold" is like dying charcoal white, it is impossible. Only if Abian [Chen Shui-bian] is elected can the danger of "black-gold" be dealt with.<sup>38</sup>

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<sup>36</sup>Ramon H. Myers, Linda Chao, and Tai-chun Kuo, "Consolidating Democracy in the Republic of China on Taiwan, 1996-2000," in *Assessing the Lee Teng-hui Legacy in Taiwan's Politics*, ed. Bruce J. Dickson and Chien-min Chao (Armonk, N.Y.: M.E. Sharpe, 2002), 73-90.

<sup>37</sup>Shiau Chyuan-jenq, "Elections and the Changing State-Business Relationship," in *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave*, ed. Hung-mao Tien (Armonk, N.Y.: M.E. Sharpe, 1996), 223-24.

<sup>38</sup>See note 34 above.

The DPP won the presidential election in 2000 and came to power with a clean image. Since his first inauguration, President Chen has repeatedly emphasized that the government must be decisive and resolute in eliminating "black-gold" politics and cleaning up elections. The Taiwan government has declared that the elimination of corruption is one of its primary goals. To achieve this objective, the Ministry of Justice mapped out an "Action Plan for the Elimination of Corruption and Organized Crime" in July 2000.

However, it seems now that corruption has become the driving force of the entire state machine. The whole state system is adjusted to serving the interests of its corrupt members and to attending to sociopolitical and economic relations existing in society. President Chen has brought into being an integrated corruption system and, within this system, a new social class of corrupt officials. It took the KMT fifty years to become corrupt, but only six years for the DPP.

This phenomenon prompts the following questions: Why has the DPP ruling elite followed in the footsteps of the KMT toward "black-gold" politics? Why does a new democracy like Taiwan become more corrupt after democratization? What is the relationship between corruption and democratization?<sup>39</sup>

### **The DPP's Political Corruption Crisis**

A recent survey published by Transparency International (TI), the leading global non-governmental organization devoted to combating corruption, revealed disturbing news. In forty-five out of the sixty-nine countries surveyed, a majority of respondents thought that political parties constituted the most corrupt institution.<sup>40</sup>

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<sup>39</sup>I would like to thank the anonymous reviewers for raising these insightful issues.

<sup>40</sup>"Transparency International Global Corruption Barometer 2006," [http://www.transparency.org.ru/doc/Global Corruption Barometer2006](http://www.transparency.org.ru/doc/Global%20Corruption%20Barometer2006).

Taiwan ranked 34th, with a score of 5.9, among the 163 countries surveyed in TI's 2006 Corruption Perceptions Index. Among Asian countries, Singapore was perceived as the least corrupt country, with a score of 9.4. Other Asian countries with a score of 5 or above include Hong Kong (15th), Japan (17th), South Korea (42nd), and Malaysia (44th). China scored 3.3, ranking 70th.<sup>41</sup>

Among the many important messages of the TI report, two stand out. First, in the public's perception, political corruption is by no means limited to the so-called Third World with its young democracies but is very much a global phenomenon. Second, political corruption continues to have a devastating impact on the public's confidence in political institutions, particularly political parties and parliaments, in all parts of the world. At the same time, transitions from authoritarianism to democracy do not automatically lead to an end to political corruption.

#### *Factors Causing Grave Corruption in Taiwan*

Countries in a situation of political and economic transition are the most corrupt. When authoritarian control is challenged and destroyed through economic liberalization and political democratization, but has not yet been replaced by democratic checks and balances or by legitimate and accountable institutions, the level of corruption will increase and reach a peak before it is reduced by increasing levels of democratic governance. Indeed, the level of corruption is substantially reduced only by democratic consolidation or "deep democracy."<sup>42</sup>

Political parties are considered to be key actors who abuse their powerful position in the political system to extort bribes, to supply their members and followers with lucrative positions in the public sector and related corporations, to shape political and economic institutions to the benefit of affiliated interest groups, or to channel public resources into

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<sup>41</sup>"The 2006 Transparency International Corruption Perceptions Index" (November 6, 2006), <http://www.transparency.org/>.

<sup>42</sup>Inge Amundsen, "Political Corruption: An Introduction to the Issues" (Working Paper, Chr. Michelsen Institute, Bergen, Norway, 1999).

the hands of supporters.<sup>43</sup>

The factors causing grave corruption in Taiwan are complex. Among other things, the lack of a sense of the rule of law might be the most important one. To win a majority of seats and thus control the government, parties compete with each other for votes. Election campaigns are costly, and therefore campaign finance is an important issue in political competition. Both candidates and party leaders might be willing to accept payoffs or illegal donations offered by wealthy donors in exchange for promises of future favors. For parties, the potential rewards for victory in the election are very high. They include the opportunity to shape the country's political and economic institutions, thus ensuring future benefits for the party's supporters and the chance to enter the next elections as incumbents. Given these high stakes, parties face increased inducements to engage in corrupt transactions. Similarly, party supporters want to invest as much money as possible to make sure that the winner of the election will advance their interests.

The DPP is not only shaping political agendas and institutional and economic development, it also monitors the bureaucracy, controls the distribution and management of public resources, and supervises the activities of public corporations. With strong party control over state institutions and society, the DPP is tempted to abuse its influence to secure private gain for party members and supporters. President Chen's authority is not limited to the allocation of government resources or to personnel decisions about government and state-owned enterprises. His power reaches all levels of economic activity. The corruption scandals associated with the DPP provide evidence that countries with the greatest degree of government intervention may be expected to be the most corrupt.<sup>44</sup>

High-ranking party officials have used their connections and insider knowledge to rig privatization bids, to secure cheap government loans, and

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<sup>43</sup>For a more comprehensive analysis on party corruption, see Verena Blechinger, "Corruption and Political Parties," in *Sectoral Perspectives on Corruption* (November 2002), <http://www.usaid.gov/ourwork/democracyandgovernance/publications/>.

<sup>44</sup>Nicholas A. Lash, "Corruption and Economic Development," *Journal of Economic Asymmetries* 1, no. 1 (May 2004): 85-105.

to acquire resources for themselves and their associates. Financial and banking chiefs are often appointed on the basis of their party connections, especially in cases where party leaders owe their party's survival to the support and funding of powerful individuals. The process of privatizing state-owned enterprises has also provided opportunities for corruption. Numerous instances have come to light in which DPP officials and cabinet ministers have used their inside knowledge of government to secure interests in profitable state enterprises for themselves, party supporters, or their family members.

We may also expect corruption based on the assumption that the DPP faces the prospect of losing power after 2008;<sup>45</sup> hence it would be more likely to maximize its efforts to gain personal profit. Chang has found that incumbents' uncertainty regarding their prospects of winning reelection increased their propensity for corruption.<sup>46</sup> Such money-chasing politics have become the breeding ground for all kinds of social evils, from manipulation by the privileged class, to collusion between officials and businessmen, and a widening gap between rich and poor. The DPP was founded with the intention of enhancing the representation of previously disadvantaged sections of society. However, once in power, the DPP was seen to perpetuate the corrupt system rather than modify it.

### *Scandals Surrounding the First Family and the DPP*

A series of scandals has caused one of the biggest political crises of Chen's presidency. His main mission is no longer independence or clean government, but mere survival.<sup>47</sup> Chen's son-in-law, Chao Chien-ming (趙建銘), was accused of involvement in an insider trading scandal and a spate of other misdeeds, including taking kickbacks from pharmaceutical

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<sup>45</sup>Some have argued that the DPP came to power mainly because of the KMT split at the time of the 2000 presidential election. The KMT was defeated again in 2004 owing to a mystery-shrouded shooting (two magic bullets) incident.

<sup>46</sup>Eric C.C. Chang, "Electoral Incentives for Political Corruption under Open-List Proportional Representation," *Journal of Politics* 67, no. 3 (August 2005): 716-30.

<sup>47</sup>Edward Cody, "For Chen, a Dream in Disarray: Taiwan's Separatist Leader May Have to Settle for Survival," *Washington Post*, November 7, 2006, A16.

companies and helping people to acquire high positions in government enterprises and other institutions in exchange for bribes. Apart from his son-in-law's troubles, President Chen has been taken to task by the public for the questionable behavior of his wife, Wu Shu-chen (吳淑珍). Accusations of misconduct by the first lady have never ceased over the years. Mrs. Chen has also come under public criticism recently for telling lies. A renewed judicial probe into allegations that she received vouchers from an up-market department store has reportedly revealed that her earlier denial of having taken such gifts is untrue. At the same time, President Chen is being accused of alleged irregularities concerning the use of his special state affairs expense allowance, with as much as 77 percent of his total expenditure failing to comply with the rules.

Chen Che-nan (陳哲男), a former close aide to the president, was detained on suspicion of having accepted bribes from a businessman to help him solve legal problems. Ma Yung-cheng (馬永成), deputy secretary-general to the president, was also accused of embezzling billions of Taiwan dollars from two investment syndicates. Another scandal involved Hsieh Ching-chih (謝清志), vice chairman of the National Science Council, whom police detained on suspicion that he illegally profited from an engineering contract linked to a high-speed rail project. The DPP suffered its latest blow with the arrest of the vice interior minister for allegedly taking bribes over a cable car construction project.

These cases illustrate the high degree of corruption at all levels in the DPP. As the ruling party, the DPP has attracted new elements who are driven by personal interests rather than ideals. The DPP had campaigned on a platform of stamping out corruption but since it has come to power it has fallen prey to this weakness. What is ironic is that Chen Shui-bian became famous for opposing "black-gold" politics. Who would have thought that just a few years later he would fall into the mire of corruption himself?

Whatever the outcome, these scandals have seriously dented the ruling DPP's image as a party of honest government. The scandals have also sparked opposition calls for the embattled leader's resignation. High-ranking officials, as well as grass-roots members of the DPP, have been

eager to distance themselves from President Chen and his family in order to somehow manage the crisis, protect themselves, and prevent the situation from worsening. In one twist, Chen has come under fire from some deputies of his party who have urged him to start sharing power by consulting other party leaders on major government decisions. Others have called for presidential primaries to be held ahead of schedule, in the hope that choosing a new leader will repair the DPP's tarnished image.

Some party members claim that the first family and some senior aides in the Presidential Office have tainted the DPP's "clean and moral" image. DPP Legislator Lee Wen-chung (李文忠) said the party as a whole must confront the question of why, two years after the president's re-election, the party is dogged by a spate of corruption allegations. Wang Hsing-nan (王幸男), another DPP legislator, said the party should prepare for opposition after the 2008 presidential polls, as the scandal has dealt it a deadly blow. "Our supporters have long rallied behind the DPP, allowing the party to seize power slightly more than ten years after its establishment. However, the event is a disgrace to the party and has disappointed them," said the party's parliamentary whip Chen Ching-chun (陳景峻).

The scandal would be bad enough if it was just about party members, but it goes deeper than that, involving a whole nexus of political and economic interests around President Chen and to some degree in concert with him. A recent opinion poll showed that a record 70 percent of the electorate were unhappy with Chen's performance over the past six years and felt pessimistic about the remaining two years of his presidency (see table 1).

The poll results suggest that the public's overall satisfaction with Chen increased right after he assumed the presidency. What voters expected most from the DPP was the elimination of "black-gold" politics, and this is an area of government performance that won a higher public approval rating. However, polls in the following consecutive years demonstrated a slide in confidence in President Chen's administration, with public approval at nearly 45 percent, down from 80 percent when he first entered office. Chen's public approval rating then plunged to its lowest level, 16 percent, amid a series of corruption scandals that allegedly involve his

**Table 1**  
**Approval Rating for President Chen Shui-bian, 2000-2006**

<b>Date</b>	<b>Satisfied (%)</b>	<b>Dissatisfied (%)</b>
June 21, 2000	79	5
October 4, 2000	45	42
December 28, 2000	39	48
May 17, 2001	46	45
May 16, 2002	44	46
November 19, 2002	36	50
May 19, 2003	42	46
December 16, 2003	40	50
March 21, 2004	44	33
September 30, 2004	41	40
May 19, 2005	32	47
December 4, 2005	21	62
January 14, 2006	20	63
May 27, 2006	16	75
October 18, 2006	18	73
2007~present	20	70

**Sources:** newspapers of various years.

family and aides. From that point onwards, it has hovered at around 20 percent.

The scandals are a huge personal embarrassment to Chen, who promised when he came to power in 2000 to clean up government after fifty years of corruption-tainted rule by the KMT. The scandals surrounding President Chen and his family indicate a tendency among many Taiwanese politicians to maximize profit during their term in office. The Chens' lack of self-restraint may ensure the future of their family, but such advances come at the expense of the DPP's credibility.

What is surprising is that dozens of young DPP cadres and other ruling party members have openly vented their anger at Chen, saying that they have lost faith in him and do not believe that he can continue to perform his role as the leader of the country. Tragically, the DPP used party

discipline to suppress such criticism from party members. Leaders of the ruling party have led denunciation campaigns against party members who publicly spoke out against corruption among the party leadership, thus preventing critical party members from being selected to stand for re-election on the party list.

### *The Loss of Trust in the DPP Government*

Generally speaking, trust in political institutions, like trust in fellow citizens, is a major aspect of liberal democratic theory. Trust fosters the legitimacy of political systems and aids their capacity to deliver effective and coherent policies. Well-functioning institutions create trust and vice versa. From this it becomes clear that the topic of trust in institutions is especially important for new democracies in their struggle to survive and ensure a minimum level of democratic quality.<sup>48</sup> Low levels of institutional trust are found to reduce the effectiveness of government and the political involvement of citizens, and this ultimately undermines regime legitimacy.<sup>49</sup> Thus, improving levels of trust is part of the challenge of legitimizing, and thus consolidating, democracy.<sup>50</sup>

Welch and Hibbing find that incumbents charged with corruption involving questions of morality could see their support diminish by as much as 10 percent of a two-party vote in U.S. congressional elections.<sup>51</sup> The DPP's recent major electoral defeat is a good case in point. On December 3, 2005, Taiwan held elections for mayors, magistrates, and members of county and city councils. While these elections were local in scope,

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<sup>48</sup>William Mishler and Richard Rose, *Trust in Untrustworthy Institutions: Culture and Institutional Performance in Post-Communist Societies* (Glasgow: University of Strathclyde, 1998).

<sup>49</sup>William Mishler and Richard Rose, "What Are the Origins of Political Trust? Testing Institutional and Cultural Theories in Post-Communist Societies," *Comparative Political Studies* 34 (January 2001): 30-62.

<sup>50</sup>Larry Jay Diamond, *Developing Democracy: Toward Consolidation* (Baltimore: Johns Hopkins University Press, 1999).

<sup>51</sup>Susan Welch and John R. Hibbing, "The Effects of Charges of Corruption on Voting Behavior in Congressional Elections, 1982-1990," *Journal of Politics* 59, no. 1 (February 1997): 226-39.

they were seen as an important test for President Chen and his ruling party, particularly in the wake of the scandals involving the DPP. The largest opposition party in Taiwan, the KMT, swept the board, winning fourteen of the twenty-three county magistrate and city mayor positions, compared with six for Chen's DPP. With these results, the election proved to be more of a DPP defeat than a KMT victory. Even so, the elections marked a comeback for the KMT and put the party in a good position ahead of the 2008 presidential elections.

One of the public's motives for voting against the DPP was disillusionment and anger with the corruption plaguing Chen's party. As a party built on the idea of political reform, the DPP is paying a heavy price for its hypocrisy. The difficult situation that Chen and his party find themselves in today is mainly the result of losing the public's trust. The problem now plaguing President Chen is not just a scandal-triggered political crisis; he is also confronting a crisis of confidence. According to the latest polls, more than 70 percent of the electorate do not have confidence in him. Scandals do lower regard for individual politicians and government leaders.<sup>52</sup>

### *Corruption and Democratization*

In recent years a great deal of attention has been paid to the topic of citizens' regard for government,<sup>53</sup> particularly the decline in this regard.<sup>54</sup> Recent research indicates that corruption may erode the links between citizens and the government in new democracies. Citizens perceive corruption, and they connect these perceptions to their judgments regarding

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<sup>52</sup>Brian Newman, "Bill Clinton's Approval Ratings: The More Things Change, the More They Stay the Same," *Political Research Quarterly* 55, no. 4 (December 2002): 781-804; and Harold D. Clarke, Marianne C. Stewart, and Paul F. Whiteley, "New Models for New Labor: The Political Economy of Labor Party Support, January 1992-April 1997," *American Political Science Review* 92, no. 3 (September 1988): 559-75.

<sup>53</sup>Norris Pippa, ed., *Critical Citizens: Global Support for Democratic Governance* (Oxford: Oxford University Press, 1999); Max Kaase and Kenneth Newton, *Beliefs in Government* (Oxford: Oxford University Press, 1995); Hans-Dieter Klingemann and Dieter Fuchs, *Citizens and the State* (Oxford: Oxford University Press, 1995).

<sup>54</sup>Russell J. Dalton, *Citizen Politics: Public Opinion and Political Parties in Advanced Industrial Democracies* (London: Chatham House, 2002).

incumbent leaders and political institutions. Political corruption raises several issues regarding the relationship between citizens and their governments. At one level, when the highest authorities are frequently implicated in electoral manipulation, financial scandals, or the abuse of public resources to achieve personal benefits, their authority and legitimacy may be seriously undermined.<sup>55</sup>

Some view corruption as a "common and profound obstacle to the consolidation of new democracies."<sup>56</sup> Corruption imposes a severe cost if it leads citizens to view democratic governance with indifference or hostility. Some evidence already exists indicating that citizens do link corruption to opinion about political actors. Specifically, Morris found evidence of a strong link between people's perceptions of corruption and their levels of trust in government.<sup>57</sup> Seligson, using a measure of actual experience with corruption, reports strong relationships between the corruption variable and system support.<sup>58</sup> Using data from the United Kingdom and the United States, Bowler shows that scandals involving legislators can have a negative influence on their constituents' attitudes toward institutions and the political process.<sup>59</sup>

It is all to the good if people correctly perceive corruption, and then transfer those perceptions into negative evaluations of incumbent officials and even features of a nation's political system. However, it would be troubling if views on corruption caused citizens to turn their backs on democracy. If this is the case, there exists the very real possibility that political corruption in Taiwan poses a tangible threat to democratic stability.

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<sup>55</sup>Damarys Canache and Michael Allison, "Corrupted Perceptions: The Effect of Corruption on Political Support in Latin American Democracies" (Paper presented at the 24th International Congress of the Latin American Studies Association, Dallas, Texas, March 27-29, 2003).

<sup>56</sup>Larry Diamond, Marc F. Plattner, and Andreas Schedler, "Introduction," in Schedler, Diamond, and Plattner, *The Self-Restraining State*, 1.

<sup>57</sup>Stephen D. Morris, *Corruption and Politics in Contemporary Mexico* (Tuscaloosa: University of Alabama Press, 1991).

<sup>58</sup>See note 15 above.

<sup>59</sup>See note 10 above.

Multiparty systems with active party competition can generally be considered less vulnerable to corruption. Drury, Kriekhaus, and Lusztig argue that although corruption certainly occurs in democracies, the electoral mechanism inhibits politicians from engaging in corrupt acts that damage overall economic performance and thereby jeopardize their political survival.<sup>60</sup> Doig and Marquette hold the same view that elections can act as an effective deterrent against corruption: "Citizens who are fed up with cronyism and corrupt politicians can express their dissatisfaction at the ballot box."<sup>61</sup> This assumes that electoral rules are in place to punish the corrupt and to allow political parties to act as effective opposition. This also assumes that the promotion of the democratic electoral process does not offer the potential for corruption. Party competition provides voters with an alternative when they do not approve of the ruling party's politics, and it thus prevents parties from carrying out extortion. However, Chang argues that the nature of intra-party competition under open-list proportional representation triggers candidates' needs for illegal resources to fund their campaigning, making political corruption a necessary evil in the eyes of candidates.<sup>62</sup> Building on work by Abueva and others, this indicates that corruption may be an integral consequence of the democratization process, providing access to wealth and power to those groups who may not have access otherwise, and creating political institutions dependent on patronage, such as political parties.<sup>63</sup>

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<sup>60</sup>A. Copper Drury, Jonathan Kriekhaus, and Michael Lusztig, "Corruption, Democracy, and Economic Growth," *International Political Science Review* 27, no. 2 (February 2006): 121-36.

<sup>61</sup>Alan Doig and Heather Marquette, "Corruption and Democratization: The Litmus Test of International Donor Agency Intentions?" *Futures* 37 (2005): 213.

<sup>62</sup>See note 46 above.

<sup>63</sup>Jose Veloso Abueva, "The Contributions of Nepotism Spoils and Graft to Political Development," in *Political Corruption: Readings in Comparative Analysis*, ed. Arnold J. Heidenheimer (New Brunswick, N.J.: Transaction Books, 1970), 534-39; Jon Moran, "Democratic Transitions and Forms of Corruption," *Crime, Law and Social Change* 36, no. 4 (2001): 379-93; and Doug Perkins, "When Is Political Corruption Good for Democracy? A Comparative Analysis of Political Machines" (Paper presented at the 2000 Annual Meeting of the American Political Science Association, Washington, D.C., August 31-September 3, 2000).

Has democratization resulted in increased corruption or has it created a cleaner political system in Taiwan? By analyzing campaign strategies of the DPP since the early 1990s, Fell laid out some evidence that the DPP made political corruption a central issue in challenging the legitimacy of the KMT, and in turn destroyed the pillars of the KMT party-state such as its party assets, vote-buying, and the corrupt patron-client relationship with local factions. The bottom line is: Taiwan established a case in which democratization fostered opposition parties that can successfully tackle political corruption and even alter corrupt norms of governance. Fell concludes that Taiwan reveals that multiparty democracy has a potentially positive role in tackling political corruption and that it contributes to the creation of a cleaner political system.<sup>64</sup> However, the reality revealed by recent corruption scandals seems to contradict the arguments advanced by Fell.<sup>65</sup> We find that corruption increased in Taiwan as a result of weak institutions of state restraint. In many new democracies there is a widespread perception that corruption has actually worsened during the democratic transition.

### **Strategies and Measures to Combat Corruption**

The effort to reduce or eliminate corruption has become a worldwide campaign pursued by almost every nation and supported by a range of international programs. International organizations such as the World Trade Organization, various United Nations agencies, the Organization for Economic Cooperation and Development, the Organization of American States, the European Union, and the Council of Europe are now addressing corruption as an important policy concern. Lenders such as the World Bank and the International Monetary Fund, along with some regional financial institutions, have begun to recognize corruption as a problem

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<sup>64</sup>See note 34 above.

<sup>65</sup>Fell was correct at the time of writing (2002), since few scandals had yet been exposed.

that adversely affects their work. Consequently, a lot of human and financial resources are being devoted to curbing corruption.

Corruption has become the evil most resented in Taiwan. The issue of corruption has been central to any discussion of the political environment there. Sadly, the frequent pledges of the government have been perceived as nothing more than campaign slogans. However, disappointed as many people might feel, there are still optimists who are looking for ways to make the government more honest and accountable. What, then, are the strategies and initiatives that Taiwan can adopt to combat corruption?

### *Privatization and Transparency*

It is suggested that economic liberalization, such as reducing trade restraints, deregulating prices, eliminating subsidies, and privatizing state assets, may reduce corruption. Reducing the role of government in economic activity and instituting routine and transparent measures for privatization have direct impacts on corruption by reducing opportunities for bribe-seeking<sup>66</sup> and rent-seeking.<sup>67</sup>

However, in recent years, academics and commentators in the mass media have argued that liberalization and privatization have significantly increased corruption. They maintain that these reforms respond to the vested interests of corrupt elites. Tanzi points to the many instances of corruption that have surrounded the privatization of state assets in the former Soviet bloc countries.<sup>68</sup>

By removing the government from economic activities, opportunities for recurrent corrupt dealing in sales, employment, procurement, and financing contracts are eliminated. However, as many privatization programs have revealed, the process of privatizing state-owned enterprises and government services itself is vulnerable to corruption. To ensure the integrity of the process, privatization requires special measures of

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<sup>66</sup>Center for Democracy and Governance, "Promoting Transparency and Accountability: USAID's Anti-Corruption Experience" (USAID, 2000), 6.

<sup>67</sup>Paul Starr, "The Meaning of Privatization," *Yale Law and Policy Review* 6 (1988): 6-41.

<sup>68</sup>See note 27 above.

transparency. In addition, successful privatization programs require adequate regulatory and commercial legal frameworks to protect consumers and investors and to create conditions for competition. Without these frameworks in place, privatizing government operations may only shift rent-seeking from the public to the private sector. Indeed, in many developing and transitional countries, unregulated or poorly administered privatization has enriched insiders through skewed prices and conversion of public monopolies to private ones.<sup>69</sup>

### *Mobilizing Political Will*

The existence of political will, commitment, and leadership has been repeatedly recognized by practitioners and policymakers as essential to the success of national strategies.<sup>70</sup> The basic problem of corruption is the lack of political will to deal with the problem. Because politicians and elites are the main beneficiaries of widespread corruption, they have limited political will for reform.<sup>71</sup> Politicians and officials may express sufficient political will to pursue reform but it is always reform on specific terms and a key term is the political survival of the reformers.

Political will is a critical starting point for sustainable and effective anti-corruption strategies and programs. Without it, Kpundeh argues, governments' promises to reform the civil service and strengthen transparency and accountability remain mere rhetoric.<sup>72</sup> Clearly, the expression of political will to combat corruption is often seen as a rhetorical device employed by leading political figures to increase their credibility with constituents, civil society, and institutions. Political will to fight corruption cannot therefore be assessed by a textual analysis of presidential speeches

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<sup>69</sup>Dininio and Kpundeh, *A Handbook on Fighting Corruption*, 16.

<sup>70</sup>Carolien J.K. Haarhuis and Frans L. Leeuw, "Fighting Governmental Corruption: The New World Bank Programme Evaluated," *Journal of International Development* 16 (2004): 547-61.

<sup>71</sup>See note 42 above.

<sup>72</sup>Sahr John Kpundeh, "Political Will in Fighting Corruption," in *Corruption and Integrity Improvement Initiatives in Developing Countries* (New York: United Nations Development Program [UNDP], 1998), 91-110.

and other public statements. Just because one leader refers to their personal commitment to fighting corruption more than another does not mean that their words are supported by their actions.

Political will is, for reasons of personal and political advantage, conditional and limited by political and economic imperatives. There are often limits, implicit or explicit, on who may be prosecuted or investigated. The president, his close relatives, and leading supporters are normally beyond intense scrutiny. Political will declines in direct proportion to the proximity of corruption to the political elite. Conversely, political will strengthens the closer corruption comes to predecessors, critics, rivals, and opponents of the government.<sup>73</sup>

Electing an honest head of state or government does not necessarily guarantee the launch and implementation of an effective reform program: support from a broad section of society is critical to its success. In fact, "institutionalized political will" is most effective with an inclusive base of the constituencies. In order to neutralize resistance, efforts must be sustained through independent institutional arrangements which operate within a system of checks and balances.<sup>74</sup>

### *The Role of Civil Society and the Media*

Wang finds that Taiwan has its advantages in terms of anti-corruption laws, organization, law enforcement workforce, congressional supervision, a free media, and the right to information. Technically, Taiwan is in a good position to enforce anti-corruption laws. However, the problem is with Taiwan's political culture: some quarters of society do not necessarily deem corruption a dishonor. Hence, the government's anti-corruption campaigns often fail to achieve satisfactory results.<sup>75</sup>

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<sup>73</sup>Robert Williams, "Political Will" (2004), <http://www.u4.no/themes/aacc/acpoliticalwill.cfm>.

<sup>74</sup>Kpundeh, "Political Will in Fighting Corruption," 105. The term "institutionalized political will" refers to the creation of agencies and procedures that are designed to establish transparency and accountability in governance.

<sup>75</sup>Wang Jaw-hwa, "Gongwu bumen jianquan neikong guanli fangzhi tandu xingwei zhi yanjiu (A study on internal control as a key element of anti-corruption efforts in the public establishment) (M.A. thesis, National Taiwan University, 2006).

The private sector may lack the will to overcome corrupt systems. In addition, citizens face the problem of mobilizing collective action and turning their convictions into changes in public administration. They may feel that individual acts are ineffective and risky, and collective action is inhibited by a lack of institutions. Civil society and a free press therefore play a crucial role in anti-corruption activities as they can exert pressure on government for greater transparency and accountability.<sup>76</sup> Along with information disclosure and transparency, an informed public is the best means to prevent corruption. Only if politicians and party leaders know that their activities are closely watched and the chances of exposure are high, will they refrain from corrupt activities. A robust, independent media, trained in ethical reporting and investigative journalism techniques, can both increase the risks of exposure for corrupt officials and educate the public on the costs of corruption.

#### *The Establishment of an Independent Investigation Department*

Pope and Vogl have noted that national anti-corruption agencies are too politicized to be effective. Anti-corruption agencies face numerous obstacles and are under substantial political pressure not to fully investigate charges of corruption. Pope and Vogl conclude that if anti-corruption initiatives are to be successful, there needs to be a distinct national government agency dedicated to stamping out corruption. To be effective, such an agency requires the following: broad political support, political independence, open access to documentation, leadership with integrity and credibility, and the perception that it is acting within the law.<sup>77</sup>

Hong Kong and Singapore are countries that have shifted quickly from being very corrupt to being relatively clean. What are the most prominent features of these success stories? Anti-corruption bodies, such as the Independent Commission Against Corruption (ICAC) in Hong Kong and

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<sup>76</sup>Peter Eigen, "The Role of Civil Society," in *UNDP, Corruption and Integrity Improvement Initiatives in Developing Countries*, 83-89.

<sup>77</sup>Jeremy Pope and Frank Vogl, "Making Anticorruption Agencies More Effective," *Finance and Development*, no. 6 (June 2000): 9.

Singapore, are usually credited with much of the progress in fighting corruption. The ICAC in Hong Kong was set up in 1974. It has adopted a three-pronged approach of investigation, prevention, and education to fight corruption. With the support of the government and the community, Hong Kong has now become one of the least corrupt places in the world.<sup>78</sup>

Singapore is one of the few countries in the world where corruption is under control. This is due mainly to a strong political will to curb corruption, firm action against corrupt individuals regardless of their status and background, and a general public who do not accept corruption as a way of life. After independence in 1965, the new political leaders took it upon themselves to set good examples for public officers to follow. The anti-corruption law is reviewed regularly to ensure that offenders do not escape prosecution and that corruption does not pay. Today, Singapore is a nation where syndicated corruption is rare and corruption in the public service is generally petty in nature. This is due to the following factors: (1) the political will of leaders who are fully committed in their fight against corruption; (2) Singapore's anti-corruption laws, which are adequate and provide sufficient punishment to deter corruption; and (3) the fact that the organization charged with the investigation of corruption is given a free hand to act against the corrupt irrespective of their social status, political affiliation, color, or creed.<sup>79</sup>

Not long ago, politics in South Korea were considered by many as among the most corrupt in the region, if not in the world. In 2004, however, that country experienced tremendous changes. President Roh Moo-hyun gave prosecutors a free rein to investigate parties and politicians for corruption and even encouraged investigations of his own camp. As a result, some of Roh's own supporters, among them "honorable" members of parliament, were arrested and have been put behind bars.

In Japan, in addition to cases referred to them by the police, public prosecutors are authorized to conduct criminal investigations into any

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<sup>78</sup>"About the ICAC—History," <http://www.icac.org.hk/eng/abou/index.html>.

<sup>79</sup>"Singapore Inside 2006 Edition," <http://www.nexus.gov.sg/documents/sginsightsbklet06.pdf>.

type of crime as they see fit. They are expected to conduct preliminary investigations of alleged bribery offences committed by high-ranking government officials and politicians in the national government.

Japan's Public Prosecutor's Office Law provides that no person in the office of public prosecutor can be removed or disadvantageously treated, even by the minister of justice, without reasonable cause. Moreover, the Law stipulates that, for the purpose of protecting the exercise of prosecution rights, especially for the purpose of eliminating any political pressure on and interference in the investigative procedures of a public prosecutor, the minister of justice may only command the prosecutor-general of the Supreme Public Prosecutor's Office with respect to investigations or prosecutions of individual cases. This means that the Ministry of Justice cannot interfere directly with criminal investigations conducted by any public prosecutor. In this way, the independence of the public prosecutor is secured. Public prosecutors remain neutral in exercising their prosecution rights against political groups.<sup>80</sup>

The above examples are encouraging. Taiwan urgently needs to establish a special investigation team to investigate top-level political corruption, major fraud, and economic crime.<sup>81</sup> To avoid interference by political parties, the head of the team should be appointed by the prosecutor-general rather than by the president.

Some people do not rate anti-corruption bodies such as those mentioned above very highly. They doubt whether they are really able to ensure the confidentiality of their investigations. They say that major corruption investigations in recent years have been influenced by politics and have thus led to controversy. There has been an erosion of public trust in the activities of prosecutors. To be credible, they feel that the establishment of such institutions must go hand-in-hand with a good example set by honest leadership, and that they need to be independent from political

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<sup>80</sup>Tamotsu Hasegawa, "Investigation of Corruption in Japan," *Resource Material Series* no. 56 (Paper presented at the 113th International Training Course, UNAFEI, 2000).

<sup>81</sup>Taiwan High Prosecutors Office (台灣高等法院檢察署) announced that a special anti-corruption investigation team will be launched at the beginning of April 2007.

interference. Otherwise, anti-corruption bodies are easily rendered useless or, worse, misused for political gain.

For these reasons members of any such special investigation team in Taiwan should be barred from joining political parties or attending political events in order to avoid political bias. They should be courageous when facing challenges from the nation's leaders. Presidents are very powerful, and prosecuting them requires strength of will. Such action requires months if not years of public exposure and mounting disgust; gutsy, fearless law enforcement officials; and judges who do not flinch in the face of power.<sup>82</sup>

### Conclusion

Corruption has endangered Taiwan's democracy, and it has become the main source of public discontent. It is hindering economic growth and the further development of democracy. Corruption wastes resources by distorting government policy against the interests of the majority and away from its proper goals. It turns the energies and efforts of public officials and citizens toward easy money instead of productive activities. It hampers the growth of competitiveness, frustrates efforts to alleviate poverty, and generates apathy and cynicism.

Corruption is likely to remain a factor in Taiwan until there has been substantial change in the country's political culture and economic structure. Instead of trying to eliminate corruption altogether, Taiwan should act now to redesign its regulatory structures and procedures so as to reduce the opportunities for corruption to flourish and take over. While helpful, democracy is by no means a cure for corruption, nor is economic liberalization a panacea for ending public sector crime. The strategies necessary to combat corruption should combine law enforcement, prevention through institutional reforms, and public support.

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<sup>82</sup>Miren Gutierrez, "The Prosecution of Presidents," *Mail & Guardian*, August 1, 2003.

Democratic governments must be accountable to their electorates; however, they must also be subject to restraint and oversight by other public agencies. It is not enough that citizens control the state; the state must control itself. The government should not be able to thwart the rule of law in a normal democracy. The courts should ensure legality. The government should not manipulate the legal system and employ extra-judicial and political pressures to block the investigation and punishment of corruption. The courts must not be captives of the government. It is also essential to raise people's awareness about the costs of corruption, decrease tolerance for corrupt behavior, and change the expected norms of ethical behavior. A successful, long-term sustainable strategy to break the cycle of systemic corruption must include mobilizing pressure from a broad spectrum of society.

In this effort, it is important from the outset that the political will is present to obtain legislative or administrative changes effective enough to contain corruption. A head of state or government must demonstrate the political will to fight corruption; however, success requires a broad base of support and engagement. No matter how fiercely a president is committed to fighting corruption, he cannot succeed on his own. He needs the engagement of the political parties, the civil service, and the ordinary people of Taiwan. More importantly, public support for eliminating corruption can be attained only when political leaders are deeply imbued with a sense of integrity, responsibility, and sacrifice. All three are needed to ensure changes in moral and ethical attitudes and to achieve meaningful reforms.

Hong Kong and Singapore have demonstrated that corruption can be reduced significantly. If they can make it, then there is no reason why Taiwan cannot. The battle against political corruption can be won in Taiwan—and will be won, as long as the political leadership demonstrates political will. Without this, nothing will change.

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