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**ACRONYMS**

- AAC Agency Against Corruption
- BOI Bureau of Investigation
- BTI Bertelsmann Transformation Index
- CPI (Transparency International) Corruption Perceptions Index
- DPP Democratic Progressive Party (Minjindang)
- KMT Kuomintang (Nationalist Party)
- MOJ Ministry of Justice
- NTD New Taiwan Dollars
- TI Transparency International
- WGI World Governance Indicators

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## I. Introduction

Corruption has been on the top of Taiwan's political and social agenda for the last three decades. In public opinion surveys, it was named the most pressing problem even during authoritarianism (Huang 1991), and the promise to eradicate corruption is the cornerstone of nearly every political campaign (Fell 2002). Nevertheless, corruption remained entrenched in Taiwan's political system until 2000, when the Democratic Progressive Party (DPP) was able to seize the presidency from the Kuomintang (KMT), who had ruled Taiwan uninterrupted since 1947. The DPP victory might be called an accident: a rift in the KMT caused two of the party's heavyweights competing against each other, splitting the party's vote pool. Owing to the fact that a relative majority suffices to be elected president, Chen Shui-bian won the race with just 39,3% of all votes. Fighting corruption had long been the most important issue in the DPP's campaign agenda (Fell 2002), and the new leadership delivered on its promise, not the least because fighting corruption weakened the KMT and helped ensure the DPP's political survival (Göbel 2004). In the subsequent presidential election, the DPP administration was rewarded for its performance, and Chen was able to defend his presidency by a narrow margin of 50,11%.

Eight years later, however, the DPP lost power again, ironically amid allegations of severe corruption against the presidential family. In 2010, former President Chen Shui-bian and his wife were convicted of bribery and money laundering and sentenced to 20 years in prison (BBC News 2009). A short time after that, three High Court judges were detained on charges of having accepted bribes for clearing a former KMT legislator from corruption charges (Chao 2010). In April 2013, the former secretary general of the Executive Yuan was convicted for corruption (AFP 2013). Besides these high-profile incidents, whistleblowers report dozens and sometimes even hundreds of alleged corruption cases (MOJ, 2013d; MOJ, 2013e; MOJ, 2013f; MOJ 2013g). These cases encompass allegations of corruption in the judiciary, the health sector, the police administration, and public procurement (MOJ 2013g). Corruption is a major concern for nearly all actors in Taiwanese society (Zhongyang Yanjiuyuan Minzuxue Yanjiusuo 1995; Yu et al. 2008).

Although the overwhelming majority of people in Taiwan are perhaps never personally confronted with corruption, Taiwanese people believe that politics are ruled by "organized crime and money" (*heijin*) (Chin 2003). However, many do perhaps not realize that their expectations of politicians, which frequently include personal favors, obtaining pork for organized interests, or even personal recognition by a famous person, are a fertile soil on which corruption can bloom (Yang 1994; Kastner 2010). Rather than being dominated by a corrupt class, their own values are a major reason that political corruption can continue.

Hence, in Taiwan there still exists a huge grey area between the customary cultivation of personal relations by means of gifts and favors, and illegal practices such as bribery and money laundering. The boundaries between the public and the private converge as one moves down from the political center to the local administrations. In society, political corruption is worst where people are uneducated and immobile. In contrast, educated professionals in urban areas seem to have become resistant to the lures of clientelistic politics (Göbel 2012).

Politicians seem to be bent on removing corruption by heavily fining bribery, embezzlement, money laundering and other abuses of public office for private gain, and measures are taken to sensitize the public to this gray area (Fawubu 2012). After all, as resolutely as nearly all Taiwanese condemn corruption; many people are not aware that by accepting favors in exchange for a vote, they are participating in the very act they condemn.

Recent policies cannot but be interpreted as serious efforts to turn Taiwan into a polity where ethic universalism prevails over the particularistic values that underlie clientelistic politics. As corruption is a hot topic in society, and as Taiwan's political parties customarily accuse each other of corruption, the pressure is huge to make true on their promise to clean up Taiwanese politics. Supporters of both parties, who grew up in a political environment dominated by practices that are today labeled "corruption", skeptically observe, evaluate and discuss the heavy-handed anti-corruption regulations that are formed, implemented and rigorously enforced.

Observers are justifiably skeptical: for the KMT, a party that had based its rule on particularism during Taiwan's long authoritarian spell, it is excruciatingly difficult to change the institutions that had made it so resilient (Göbel 2004). The DPP, which had come to power promising to rid Taiwan of corruption, but whose president provoked the largest personal corruption scandal in the history of Taiwan, needs to work hard to regain its credibility.

Although Taiwan has still a long way to go, this report illustrates that no small feat was achieved in the last decade: to develop from a polity where politics was based more on informal relations than codified rules to one where the rule of law is becoming the norm. Two interlinked factors are found to be instrumental: personal values and tough rules. The Taiwanese example confirms that attitudes change only gradually, but "changes in government can prompt a critical juncture in which a viable anti-corruption regime is forged" (Göbel 2013). This is especially the case if the institutions that incentivize corrupt behavior are fundamentally incompatible with the interests of the dominant political actors. The DPP, when it came to power, was faced with "sophisticated, complex and deeply embedded

structures” of political corruption that benefited the KMT, but could not be altered to fit the DPP. For the DPP, anti-corruption was a viable strategy for weakening the continuing political, social and economic influence of the KMT. Although a viable anti-corruption legal framework now exists, more time is needed until a truly open access order can be established. Most importantly, there is still a blind spot in the minds of those people who condemn corruption in principle, but at the same time cultivate personal relations to influence the distribution of public resources in their favor. Establishing a truly open access order requires people to resolve this paradox, which, given the importance of cultivating personal relations in Chinese culture, might take years, if not decades.

## **II. Main Part**

### **1. State of Governance: Better than the Worldwide Governance**

#### **Indicators suggest**

Corruption is a fuzzy concept that denotes behavior which can, but does not need to be illegal, and which can, but does not need to be morally questionable (Heidenheimer and Johnston 2002). Much of what constitutes corrupt behavior takes place in a moral and legal grey zone. This has two implications for the study at hand: first, corruption tends to be a secret affair, which makes it difficult to obtain reliable data on the prevalence of corruption. Second, people might judge as corruption behavior that is not illegal, and condone activities that are illegal, but morally permissible according to prevailing cultural standards. In Taiwan, these factors produce distorted images of how corrupt the country is. Although the government has fought systemic corruption resolutely for more than a decade, perception-based indicators of corruption have not improved much.

#### **1.1 Perceptions of Corruption**

The traditional corruption indicators reveal a contrasting image of corruption in Taiwan. Perceptions-based indices of corruption suggest that Taiwan has largely stagnated in the last decade. Taiwan’s CPI score leaped from 5.0 in 1996 to 5.9 in 2001, one year after Chen Shui-bian became Taiwan’s president, but oscillated between 5.6 and 5.9 in the years thereafter. When the Agency Against Corruption (AAC) was established in 2011, the score increased to a historical high of 6.1 in 2011 (Transparency International 2011). Though displaying the same trend, the oscillations in the World Bank Data are more marked. Taiwan’s “control of corruption” score increased from 0.59 in 1996 to 0.86 in 2004, declined to 0.48 in 2008, and increased to 0.90 between 2008 and 2011 (World Bank 2013). The data indicates that respondents evaluated the effect of democratization and the first years of the DPP positively, became disenchanted when allegations of corruption against Chen Shui-bian

surfaced, and supported the anti-corruption policies of the current Ma Ying-jeou administration.

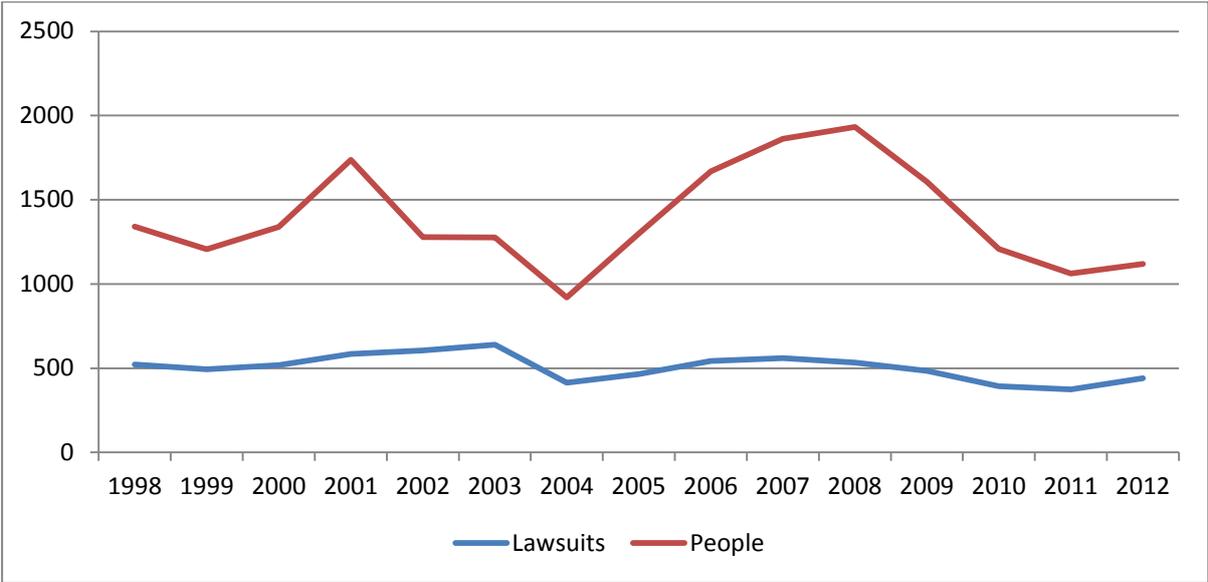
## **1.2 The Government's Anti-corruption Record**

Data on anti-corruption activities in the last decade stands in marked contrast to the perception that Taiwan is trapped in a particularistic governance regime. For example, the BTI country report 2013 states that corruption “is prosecuted rigorously under criminal law” (Bertelsmann Foundation, 2013 (forthcoming)), and official statistics on anti-corruption in the public sector support this judgment. Taiwan’s Agency Against Corruption (AAC), which began operating on July 20, 2011, provides rather detailed data on anti-corruption going back to the year 1998. The data includes measures on the number and impact of activities devoted to fighting and preventing corruption, especially in the ethics units of various government departments and the AAC itself; figures on the violation of financial disclosure and conflict of interest laws; statistics on complaints made by whistle-blowers; and data on corruption indictments. The data is partly supplied by several ministries and government departments, most notably the Ministry of Justice (MOJ), local prosecutors, the Control Yuan, and partly generated by the AAC itself. As the AAC works, and in some instances overlaps with, several bodies that had been tasked with fighting and preventing corruption in earlier administration, it provides rather detailed data going back to the year 1998. Thereby, it allows us to grasp the development of corruption over three different administrations between 1996 and 2013 (Lee Teng-hui, 1996-2000; Chen Shui-bian, 2000-2008; Ma Ying-jeou, 2008 until October 2013, when this report was completed).

One indicator that illustrates the development and impact of Taiwan’s anti-corruption programs well is the number of lawsuits filed with local prosecutors. As Figure 1 shows, the number of cases, and the number of people involved in such cases, increased after the DPP implemented its anti-corruption policies. Several of these cases involved a large number of people, as the more sudden increase in indicted individuals between 2000 and 2001 illustrates. More marked, however, is the increase of the sums involved. This suggests that the prosecutors singled out major cases. Interestingly, the increases and decreases in cases, people and sums corresponds to electoral cycles: they pick up in 2000, the year Chen Shui-bian was elected president, and wind down as his first term in office ends. They pick up again as the Chen’s second term begins, but peak in 2008, his last year in office. The numbers decrease as Ma Ying-jeou takes office, registering a slight increase in 2012, one year after the AAC had been established. This finding suggests that anti-corruption policies were an important element in electoral politics. They served to demonstrate resolve in the fight against corruption and, perhaps more importantly, to weaken the KMT. As political corruption was an important factor in the operation of the authoritarian KMT regime, and as

many civil servants remained in office after the change in government in 2000, a large proportion of those affected by the DPP's anti-corruption activities were officials of the old regime. Data on the party affiliation of those targeted by the KMT's anti-corruption drive since 2008 is unfortunately not available. In any case, the data vividly illustrate that anti-corruption was conducted in the form of political campaigns at crucial moments in time, and more research is necessary to establish which factors prompted the beginning and the end of such a campaign.

**Figure 1: Lawsuits filed with local prosecutors (number of cases and people involved)**



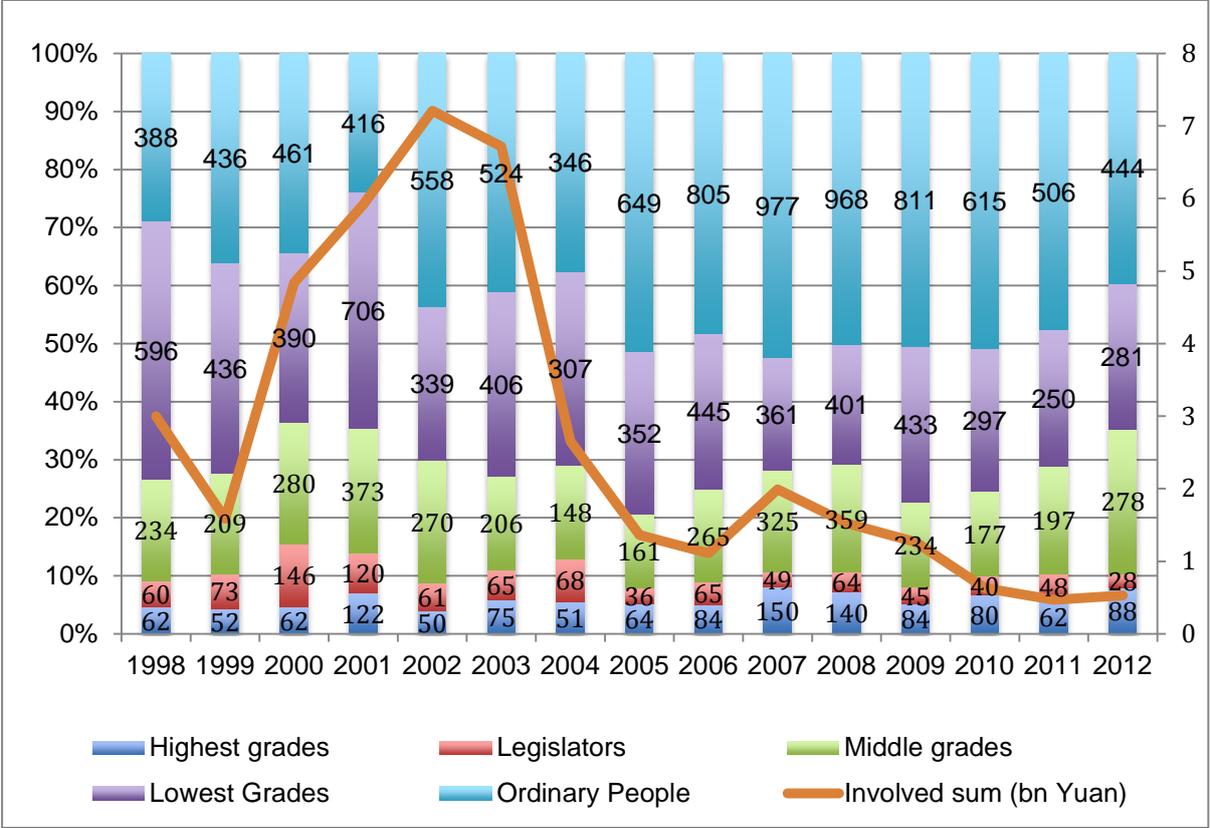
Source: MOJ (2013a).

As can be seen in Figure 2, the years 2000-2004 saw an especially high %age of lawsuits against civil servants and legislators, and 2001 stands out as the year when most officials were sued: altogether, 1293 politicians were targeted, 122 of which from the highest grades, and a staggering 706 from the lowest grades.

Another sweep targeting high- and medium level officials was conducted before and during the presidential and legislative elections in 2007 and 2008, when nearly 500 high- and medium level officials were sued. Finally, the figure also shows that although the number of people involved in individual cases was high, the financial stakes were considerably lower than during Chen's first term, when anti-corruption work commenced. While the cases involved an overall amount of 6 billion Yuan NTD in 2002, this sum lay below 2 billion Yuan NTD after 2007. This result allows at least two interpretations: Chen Shui-bian's anti-corruption campaigns have contributed to reducing corruption in Taiwan, or the KMT was much more lenient in its fight against corruption. The available evidence would support the

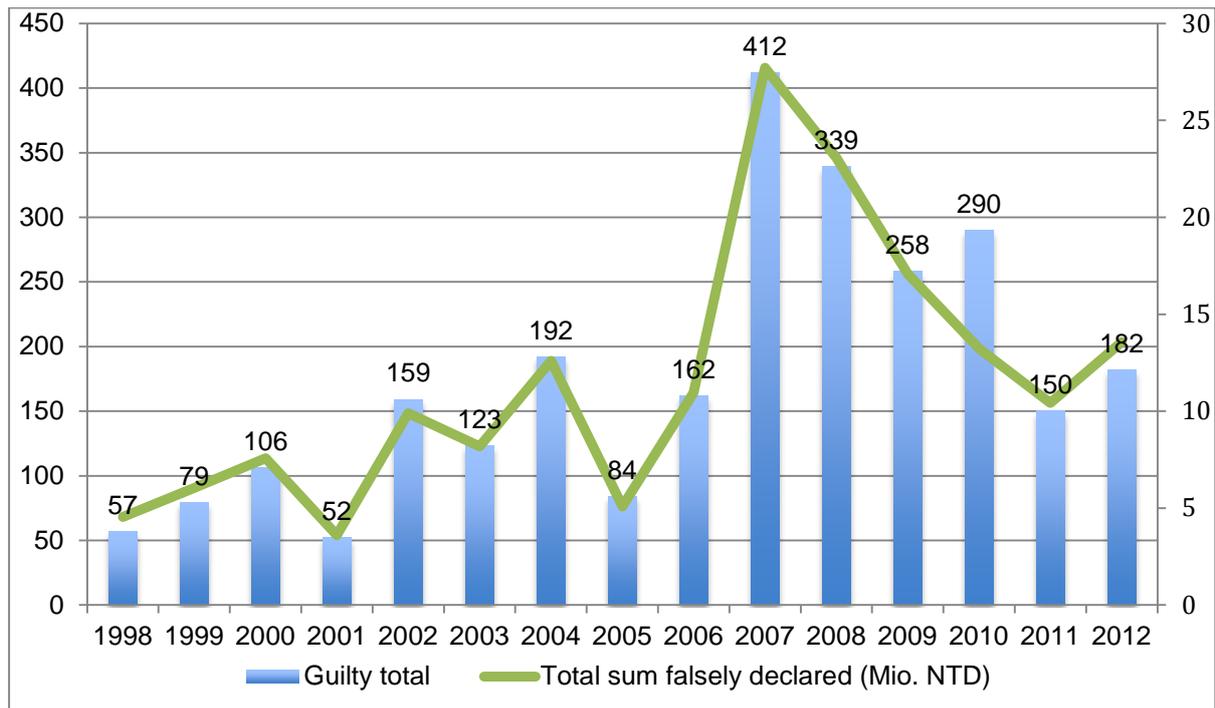
first interpretation: many corrupt officials were removed, and a clean record became an important precondition for entering public service.

**Figure 2: Percentage of local lawsuits involving certain status groups (primary axis, in %) and amount involved (secondary axis, in billion NTD)**



Source: MOJ (2013a).

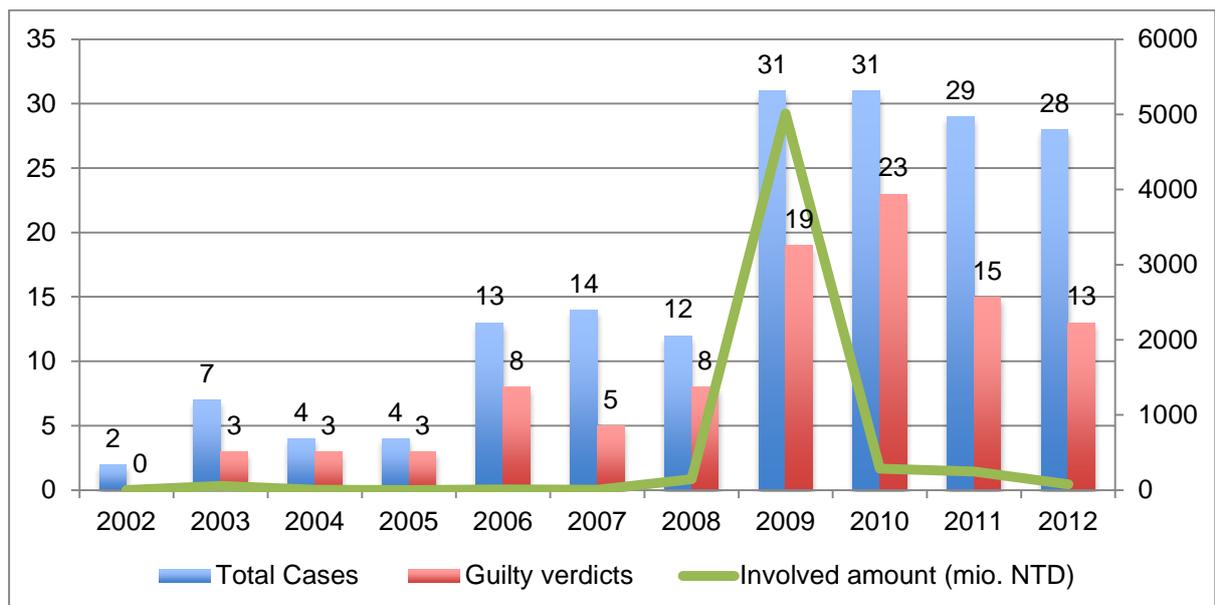
**Figure 3: Guilty verdicts in asset declaration lawsuits (primary axis) and sums involved (secondary axis)**



Source: MOJ (2013b).

Figure 3 highlights the number of cases where officials were declared guilty of deliberately forging their asset declarations. Again, we see an increase-decrease cycle between 2000 and 2004, and a large increase in Chen Shui-bian’s second term, peaking at 412 cases and 28 million NTD of undeclared assets. Once more, the first years of the Ma administration register a decrease, whereas the establishment of the AAC is followed by another increase.

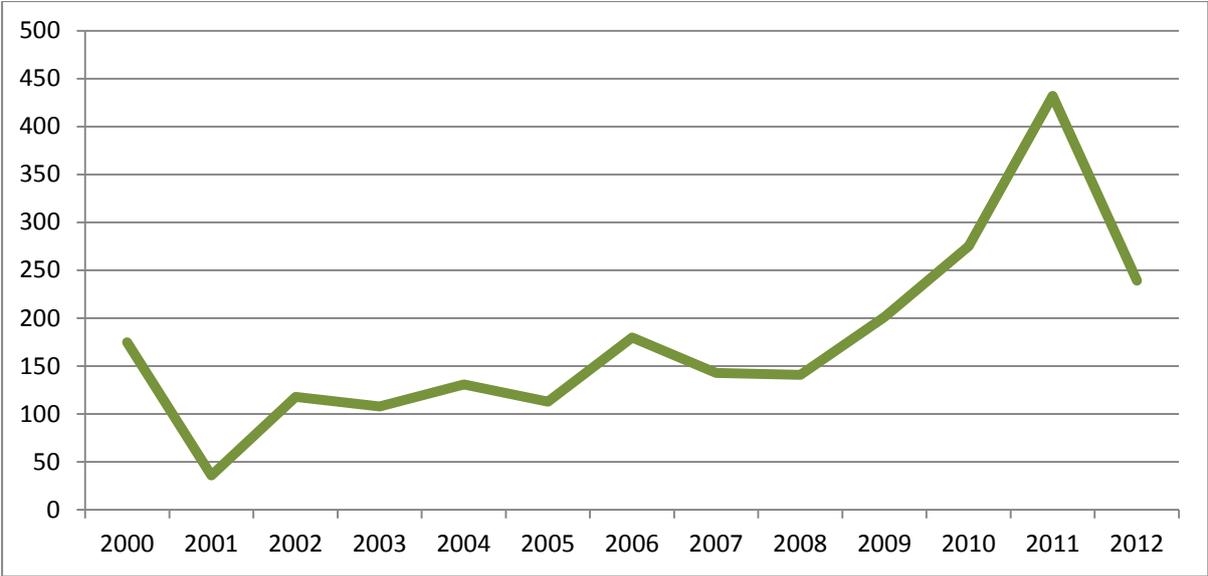
**Figure 4: Convictions for Violating Conflict of Interest Avoidance Law**



Source: MOJ (2013c).

As for convictions for violating the conflict of interest avoidance law, the number is low during Chen’s tenure, but increases steeply during the Ma administration (Figure 4).

**Figure 5: Number of administrative penalties imposed on public servants because of corruption**



Source: MOJ, 2013h.

The same is true for administrative penalties imposed on public servants declared guilty of corruption (Figure 5), which increase steeply under the Ma Ying-jeou administration.

### 1.3 Popular Attitudes towards Corruption

Much of the difference between popular perceptions of continued corruption and the impressive anti-corruption track record of the present and the previous administration can be explained by a lack of popular understanding of what constitutes corruption. For example, people tend to read individual acts of high-level corruption as signs that the whole system is fundamentally corrupt. Furthermore, the increase in indictments for corruption is interpreted as an increase in systemic corruption, and not as a necessary measure to reduce corruption. Finally, and perhaps most importantly, the fluid boundary between customs and corruption allows contrasting explanations of the same behavior. That many people see no conflict in nurturing personal networks to receive preferential treatment, but condemn those political officials who grant such favors to others serves as a good example.

Data from the TI Global Corruption Barometer illustrate that perceptions are not a good indicator of actual levels of corruption. For instance, more than 60% of those surveyed for the same report find parliament, police and civil servants to be corrupt or extremely corrupt, only seven % of all respondents in the 2010/2011 TI Global Corruption Barometer reported to have paid a bribe (Transparency International 2011). Interestingly, the perceptions of

corruption are above, but the actual encounter of corruption in these institutions far below the world average.

The fact that only a minority of cases reported by the general public qualifies for in-depth investigation lays additional credibility to the assumption that corruption is perceived worse than it actually is. Out of 1.632 allegations of corruption filed by members of the general public in the second half of 2011, only 91, less than 6%, were substantial enough to qualify for in-depth investigation (Fawubu, 2012). In Taiwan, high profile acts of corruption, such as those committed by former president Chen Shui-bian, by the former general secretary of the Executive Yuan Lin Yi-shih or by three High Court judges, are misinterpreted for endemic and systemic corruption. This impression is reinforced by partisan politics and a highly politicized media. The DPP and its supporters frame every instance of abuse of office by a member of the KMT as evidence that the party is unable to change, whereas the KMT blows up corruption that involves DPP office holders as proof that the DPP is even more corrupt than the KMT. The media, which in Taiwan lean to one or the other side, amplify these accusations and thereby reinforce the impression that Taiwan is hopelessly corrupt.

As the line between customs and corruption is difficult to draw, people display ambivalent attitudes towards corruption in their personal lives. On the one hand, the general public is very active in reporting suspected cases of corruption. Each year, thousands of cases are reported by whistleblowers. In addition, people express their discontent in opinion surveys. On a scale from zero to ten, 32.7% of all respondents in a survey mark that they have zero tolerance for corruption. On the other hand, 22.3% of all respondents rate themselves slightly over the median. People are also ambivalent in what they would do when faced with corruption: in 2012, 62% of all respondents stated that they would be willing to report corruption, but 31.8% said that they would not (Fawubu 2012).

In the general public, resentment is especially widespread about the assumed necessity to give “red envelopes” containing money to teachers, doctors and sometimes justices to influence outcomes. Such presents are seldom demanded by those who have the power to give good grades, speed up procedures or save lives, but they are nevertheless customarily given by parents and patients (Kastner 2010). Such bribery is rooted in customary behavior that has existed for centuries. Although current anti-corruption policies not only severely punish such behavior, but also educate the population, such changes take time to get accepted. Customary bribery represents a classical prisoner’s dilemma: to continue giving red envelopes represents the best strategy if one is not certain that this practice has completely stopped by all actors.

Conversely, people do not consider themselves corrupt when they observe customs that are an integral part of Chinese culture: nurturing personal networks and rewarding followers (Yang, 1994). For a long time, many of these activities were neither forbidden by law, nor deemed morally repulsive. As will be shown below, the expectation that political support should be rewarded by money, a present or respect is still widespread especially among less educated Taiwanese. The following sections illustrate how culture and political institutions were interwoven in the KMT regime, and how the DPP, once it gained control of the executive, tried to unravel this edifice.

## **2. Mechanisms**

### **2.1 Historical Roots**

Taiwan's governance regime is rooted in a particular arrangement that was fashioned after the KMT forces had lost the civil war against the Chinese Communists in 1949 and fled to Taiwan. Between 1945 and 1949, around 1.8 million soldiers, bureaucrats and other KMT personnel moved to the island, which was already inhabited by a population of six million people. Most of these people were Han Chinese, as were the immigrants. Apart from the Han Chinese, half a million Japanese still lived in Taiwan, as did a minority of aboriginal tribes that had inhabited Taiwan for thousands of years. Although the majority of the "Taiwanese" were of the same ethnicity as the "Mainlanders" that arrived in the late 1940s, relations between the two groups quickly soured. The slaughter of thousands of Taiwanese by KMT forces on February 28, 1947 cemented a sub-ethnic cleavage between "Taiwanese" and "Mainlanders" that exists to this day (Chu and Lin 1996). Hence, the émigré KMT government had to assume that it was resented by at least 75% of the population. This put it into the extraordinarily difficult situation of having to start its rule over Taiwan without a tangible base of legitimacy.

Besides imposing Martial Law and ruthlessly cutting down on dissent, the KMT managed to uphold stability by co-opting influential Taiwanese families into its regime. It did so by opening local political offices to semi-competitive elections and providing incentives for local elites to run as KMT candidates. In a policy of divide and conquer, the KMT made sure that at least two families competed against each other in the same locality. Obtaining the magistracy or mayoralty was very attractive, as the office came with tremendous financial power, and allowed elites to skim additional profits from turning a blind eye to illegal gambling or prostitution (Chen 1995; Chen and Chu 1992). Hence, the KMT leadership tolerated the abuse of public office for private gain in exchange for political support by powerful local families, which in turn mobilized various constituencies (Göbel 2012). As for

the governance regime that was formed at the time, it can be said that local corruption was the linchpin that held the KMT regime in place.

It was not the scarcity of public funds that affected corruption in the early years of the KMT autocracy, but the disproportionate influence of some individuals and groups at the county, township and village levels. This is true despite the holding of local elections: elections were semi-competitive and mainly served to integrate local elites into the regime, whose power was augmented or reduced as a consequence of winning or losing an election. The system was closed to outsiders, who seldom succeeded in obtaining political office.

## **2.2 Vote Buying and Clientelistic Local Politics**

Individuals were tied into this exchange relation by receiving material and immaterial gratifications for their political support of a particular candidate. Those who compete in local elections establish support networks encompassing all administrative levels, various social sectors, and local entrepreneurs (Göbel 2004). Rewards often take the form of paying for a vote. Although vote-buying is prosecuted rigorously the practice persists; the assets of legislators are monitored, and some legislators even lost their seat because they bought votes. On the supply side, vote buying is difficult to discover. Vote buyers use increasingly sophisticated means to hide their tracks, ranging from depositing untaxed revenue on the accounts of willing collaborators to hiding bills in presents given to the voters. On the demand side, many voters expect to receive a compensation for casting their vote, which is often euphemistically referred to as “shoe money” (zoulufei) (Göbel 2012). Such rewards are especially expected of KMT legislators, who find it difficult to distance themselves from practices their party has long been associated with. As opposed to DPP legislators, who used issue campaigning to win over voters, KMT legislators traditionally depended on long-standing social networks to organize their votes. Personal contacts are as, if not more, important than what a candidate stands for (Göbel 2004). As candidates explain, exchanging money and other presents for a vote is not only a financial, but also an affective transaction, and the thirty-odd dollars a vote can cost has as much symbolic as it has monetary value. DPP candidates willing enough to engage in such an “organizational war” fight a losing battle against a more superiorly organized KMT, but often see no alternative choice, because many people with low levels of education do not want to be represented, but appreciated (Göbel 2012).

Of course, these descriptions do not represent a static situation, and they differ across Taiwan. Younger and better educated people do not wish to be bothered by vote captains, and cast their vote on issues rather than based on affection. This means that KMT candidates are forced to change their strategies especially in urbanized and developed

regions (Göbel 2012). Conversely, DPP candidates have been known to engage in vote buying as well in order to gain access to local influential networks in the more conservative regions of Taiwan (Chin 2003). As a trend, clientelism is weakened as people become more educated and leave their hometowns. It is no wonder then that the power of “local factions” (difang paixi), as the well-organized local families are called, seems to wane. Within the next decade, vote-buying might also become a thing of the past, and this process is reinforced by the anti-corruption measures initiated by the DPP and continued by the KMT administration until today.

As can be seen, improvements have been made, but corruption is difficult to root out in a society where large sums are habitually invested in cultivating personal relations. The institutional sources of corruption are gradually removed, but social norms and values are much more difficult to change.

### **3 Trends**

#### **3.1 Tipping Points**

The most important tipping point in Taiwan’s governance regime was the DPP’s ascend to power in 2000. In many ways, this transfer of power completed the regime change that was set in motion when Taiwan democratized between 1991 and 1992. Unlike most other transitions to democracy, in Taiwan there was no convergence between regime change and change in ruling parties. The KMT was so embedded in Taiwan’s economy and society that it managed to survive democratization unscathed. It has remained the dominant force in parliament until today, and scored a clear victory in the first direct presidential elections in 1996. Although the Taiwanese population deeply resented political corruption in Taiwan, and although the eradication of corruption had been a prominent campaign topic for both parties in these elections, the autocrat-turned-democrat regime could not afford to fight corruption. Electoral campaigns were costly, as candidates had to rent campaign vehicles, host banquets in urban and rural neighborhoods, distribute presents and buy votes. The fact that the number of elections increased after democratization confronted political parties and their candidates with additional financial burdens. Hence, politicians answered to public dissatisfaction by vowing to fight corruption, but at the same time engaged in corrupt practices to gain access to or keep political office.

Anti-corruption was the most important issue on the DPP’s campaign agenda when it won the presidential elections in 2000. Although it seems fair to say that most of those who cast their vote for the DPP supported this agenda, this was not enough for securing victory. Chen Shui-bian and Annette Lu, his running mate, received only 39,3% of the popular vote. However, the DPP profited from a split in the KMT. Soong Chu-yu, the well-connected former

Governor of Taiwan, ran as an independent in the 2000 presidential election when the KMT refused to nominate him, capturing 36,8% of the vote. Had the KMT stayed united, they might well have won the election by absolute majority. In any case, the DPP administration lived up to its promise to fight corruption and organized crime and initiated an “action program to sweep out black gold” under the auspices of the MOJ. A number of anti-corruption laws were drafted and legal revisions to existing laws proposed. Given the strong base of the KMT in personal patronage, “fighting corruption and changing the rules of the game was not only a campaign promise, but necessary for the DPP’s political survival” (Göbel 2004).

### **3.2 Institutional Changes**

As for revisions, the Public Functionaries Election and Recall Law was to bar organized criminals from running for political office in the future, the Civil Servant Services Act was to be amended to forbid civil servants from accepting gifts or donations, and the Criminal Law was to punish repeated offenses more severely than before. In addition, amendments to the Public Functionary Assets Disclosure Law made the assets of government officials and their immediate relatives transparent; the amended Money Laundering Control Act required financial institutions to report large money movements and establish a citizens’ bank account database; and the proposed revisions of the Anti-Corruption Penal Statute allowed the authorities to presume corruption where an official’s wealth exceeded his income level and confiscate funds the official cannot account for (Göbel 2004: 18).

The new laws that the DPP administration proposed and that eventually were implemented included three Sunshine Laws, notably the Conflict of Interest Law, which forbids public officials from using their position for private gain; the Political Contributions Act, which forbids “quid pro quo exchanges”, sets ceilings for donations to political parties, and limits the sum of anonymous donations that can be accepted; and the Lobby Law, which requires lobbyists to apply for a lobbying permit with the Ministry of Interior and publicize lobbying activities (Göbel 2004: 23). These laws sparked considerable controversy, were resisted by KMT and independent lawmakers, but nevertheless passed the legislature in 2001, 2004 and 2008, respectively.

In addition, the DPP caucus proposed a Political Party Law and a Statute Regarding the Disposition of Assets Improperly Obtained by Political Parties, which targeted the ample resource flows the KMT enjoyed from the state enterprises previously under its control (Göbel 2004: 23). As can be expected, these laws were never implemented.

Other measures taken by the DPP administration were the proposed establishment of an anti-corruption agency, which also failed due to KMT resistance, and efforts to abolish sources of irregular revenue that legislators, mayors, county commissioners and local factions tapped to finance their campaigns and reward their followers. Among others, highly leveraged local financial institutions were closed down or merged, and access to funds better regulated. Besides, the allocation of public expenditures was centralized. For example, legislators had been able during the KMT era to “recommend” the financing of small-scale construction projects to the Directorate General of Budget, Accounting and Statistics, which in fact amounted to a sizeable pork barrel. Amid great protest, the DPP ended this prerogative (Göbel 2004).

Interestingly, after recapturing the executive in 2008, the KMT implemented the anti-corruption measures it had so vigorously opposed during its previous tenure, and it is instructive to examine how this change of hearts came about. An important factor in this outcome is the controversy around the heavy prison sentence for the former president. Reacting to heavy accusations that this sentence was politically motivated, the KMT invested significant resources to present itself as a party that had rid itself of its inglorious past and was now serious about fighting corruption. This narrative was shattered when not only a number of KMT legislators, but also three high court judges were convicted for corruption. Support for the KMT plummeted just two years before the presidential and parliamentary elections, and Ma Ying-jeou sought to restore his credibility by founding Agency Against Corruption under the auspices of the MOJ in 2011 (Office of the President 2011) as well as stepping up the implementation of the existing anti-corruption legislation.

### 4 Detailed Diagnosis

**Table 1: Particularism and Ethical Universalism in Taiwan**

	<b>Indicators Taiwan</b>
<b>Power distribution</b>	<p><b>High. Pluralism with evenly distributed and democratically legitimated political influence. Only minor flaws in the system.</b></p> <ul style="list-style-type: none"> <li>• Democracy since 1992: free and fair elections of representatives for legislature and National Assembly; since 1996: change from indirect to direct presidential elections.</li> <li>• Diversified party landscape: four effective parties in two ideological camps: pro-independence (DPP, TSU) and against independence (KMT, PFP). Many more parties are registered, but have not obtained seats in the national parliament. Political parties are stable and programmatic. Virtually no party switching occurs. But unequal access to party finance (The KMT is known as the richest political party in the world), high cost of election campaigns.</li> <li>• Power changes have occurred in national (2000, 2008) and many local executives as well as in local parliaments (since 1997). Uninterrupted KMT majority in national legislature despite free and fair elections.</li> <li>• Politicians are punished for corruption regardless of party affiliation.</li> <li>• Central level: no oligarchic families. Subnational level: influence of local factions in some counties.</li> <li>• Power inequality is no more serious than in other developed democracies. No</li> </ul>

	<p>access restrictions for public services, gatekeeping or monopolies.</p> <ul style="list-style-type: none"> <li>• Very active, but biased media that nevertheless guarantees a voice for perceptions of particularism.</li> </ul>
<b>State autonomy from private interest</b>	<p><b>High. No state capture by interest groups. Political processes highly transparent.</b></p> <ul style="list-style-type: none"> <li>• No state capture by interest groups. KMT enterprises were put into a trust, overlaps between politics and business are now minimal. Officials have to declare their assets publicly.</li> <li>• Administration and public sector characterized by a high degree of professionalism. High degree of continuity in professional civil servant force.</li> <li>• Bureaucracy merit-based, well-trained and sufficiently remunerated. Selection criteria strict and impartial. Limited influence on policy formation and - implementation.</li> <li>• Taiwan signatory to Government Procurement Act, state contracts awarded in an open and transparent bidding process. Bid-rigging occurs (as in any other country), but is penalized if discovered.</li> <li>• A broad range of organizations monitor undue private influence: 1) the Control Yuan, a branch of government that fulfills inspecting and auditing functions; 2) ethics units within government departments; 3) the Bureau of Investigation of the MOJ; 4) prosecutors imbued with a wide range of powers. Since 2011, this work is concentrated in an Agency Against Corruption (de facto the Ethics Bureau of the MOJ).</li> <li>• The rules regulating lobbying and campaign financing are strict and enforced in an impartial manner.</li> </ul>
<b>Public allocation (services, goods)</b>	<p><b>Impartial. Access to public services and goods is fair, highly equal and not constrained by undue influence.</b></p> <ul style="list-style-type: none"> <li>• Transfer payments centralized and allocated according to a fixed formula. Nearly no funds available for pork barreling. No regions are favored, public services are distributed impartially, and the quality of public services is high.</li> <li>• With centralization of Small Construction Fund under the DPP government, public revenue is not used as rents anymore. Public finances are very transparent, and the auditing agencies are active in discovering and punishing fraud.</li> </ul>
<b>Separation private-public</b>	<p><b>High. The use of public resources for private gain is conducted secretly. As punishment is severe, the risk of embezzling public funds is very high.</b></p> <ul style="list-style-type: none"> <li>• Public positions filled by means of elections or examinations. No inheritance of positions. There are families where three or more persons have influential positions in central or local politics, but these persons are also elected.</li> <li>• The abuse of public funds for private expenses is rigorously punished, public scrutiny is thorough, and outrage over disclosures large.</li> <li>• Nepotism is prohibited, information of relatives is disclosed.</li> </ul>
<b>Relation formal/informal institutions</b>	<p><b>Taiwan has a culture of informal practices that are in conflict with formal institutions, but in the last decade, governments from both major parties have made great strides in pushing back the importance of informal practices.</b></p> <ul style="list-style-type: none"> <li>• Dominant norm is now closer to formal institutions. Informality is still important at local levels, but formal institutions take precedence.</li> <li>• Court rulings are generally enforced, although the courts are often accused of leaning towards the KMT.</li> <li>• Gap between formal and informal rules has gradually narrowed since beginning of DPP administration. Insider dealings have become infrequent.</li> </ul>
<b>Accountability and rule of law</b>	<p><b>High. Public accountability and the rule of law are strong and comprehensive.</b></p> <ul style="list-style-type: none"> <li>• In the past ten years, several individuals belonging to chief status groups were deposed or sentenced, including the former president, high level officials in current administration, and local county commissioners, for example in Yunlin and Taichung counties. Although the public is skeptical about the impartiality of anti-corruption efforts, wrongdoings are followed up, and politicians are not perceived to be above the law.</li> <li>• Political parties are not perceived to be vehicles of success.</li> <li>• Whistleblowing is encouraged both in the general public and within the</li> </ul>

	<p>administration, and is the most important channel to detect wrongdoings.</p> <ul style="list-style-type: none"> <li>• Accountability reports are filed regularly, detailed statistics on filed cases and indictments even on a monthly basis. Annual reports analyze measures, outcomes and public perceptions of anti-corruption work, and measures to improve work are discussed.</li> </ul>
<b>Personal autonomy and collective action capacity</b>	<p><b>High levels of individual freedom, collective action capacity, and negative attitudes towards corruption.</b></p> <ul style="list-style-type: none"> <li>• Taiwan's citizens enjoy freedom of information, organization and speech. The media is free, but not impartial, yet all political blocks have an outlet. Equality before the law is also guaranteed.</li> <li>• Most people believe that voting can make a difference; corrupt practices are widely denounced and greatly covered by the media. However, people sometimes allow themselves to be corrupted, for example in vote-buying.</li> <li>• Several legislators have lost their seat, regardless of political affiliation, when it was discovered that they bought votes. Rallies for good governance have taken place.</li> </ul>

### III. Summary and Conclusions

Taiwan has made impressive strides towards clean government. Although the secretive nature of corruption makes it difficult to exactly measure progress, a number of indicators back up this statement. First, it has become clearer what exactly constitutes corruption in the Taiwanese case, and corruption has become far riskier than before. The previous DPP administration is to be credited for specifying in legal terms which activities constitute corruption, and which do not. Almost all laws and legal revisions that had been proposed in the early 2000s have passed in the meantime, and the thorough documentation by Taiwan's Agency Against Corruption indicates that violations of the laws are indeed sanctioned.

Given the importance of corruption in public discourse, the existence of a critical media sector and equally, if not more critical, the awareness of the general public sphere serve as monitors for the government's anti-corruption activities. It was shown in this analysis that this awareness preceded the DPP's anti-corruption agenda, and indeed contributed to bringing the DPP to power. Urbanization, intimately connected with economic modernization and the concurrent exposure of the Taiwanese public to "Western" values of fairness and impartiality, played no small part in leveraging this change.

However, it seems that the general public is overly critical, because real improvements in Taiwan's anti-corruption regime are not reflected in the public opinion. One chief reason for this is that the term is politicized to an extent that precludes a differentiation between different kinds and different realms of corruption. Although the general state of governance has improved and is not related to the embezzlement of state funds by powerful individuals, the public seems to conflate these realms. In other words, the public does not believe that an administration in which chief officers are convicted of corruption can be clean.

However, this report indicates that this seems to be exactly the case. This interpretation is strengthened by the fact that these individuals, once discovered, are indicted and often sentenced to pay heavy fines and serve lengthy jail terms. While this qualifies as an indicator of impartiality, public actors still accuse the judiciary of favoring KMT members, because the sentences the latter receive are perceived as too lenient. Given the differences in the crimes committed, the differences in the laws that are applied, the leeway each law grants a judge, and the different propensities of individual judges to impose the maximum penalty, this accusation is difficult to verify. As long as a trial is conducted according to law, and as long as the same laws are applied to the same crimes, the principle of impartiality seems not to be violated.

A second issue pertains to cultural factors. Most important of all is the importance the Chinese culture applies to cultivating interpersonal relations. This importance is manifested in the comparatively large amount of money people are willing to invest in order to be admitted into a network that is beneficial for their careers, but also in the fact that people give monetary presents to obtain services they are entitled to in any case by law, as for instance high-quality medical services and education. Of course, as in any other society, the propensity to bribe and the amount of monetary capital that is exchanged for social capital differs across social strata, and more research is needed to establish how large the impact of cultural factors is in various social realms.

In sum, the most important mechanisms responsible for the improvement of Taiwan's governance are institutional changes following a critical juncture in Taiwan's politics: the change in ruling parties after the DPP's electoral success. As the survival of the DPP depended on a change of the rules of the game, which was to a large degree based on political corruption, the regime elites were adamant in their fight against corruption. Institutional change was followed up by crackdowns on bribery, embezzlement, money laundering, and vote-buying. Another important factor was cultural change: corrupt practices are more prevalent in remote locations and traditional communities. In contrast, well-educated young people tend to be more averse to these practices. Hence, the improvement of Taiwan's state of governance is the result of a political project combined with social change, which in turn is the result of successful economic development and the introduction of "Western" values.

#### **IV. Results beyond the empirical assessment**

Previous research has found that corruption is "sticky" in the sense that rapid improvements in a country's governance regime are extremely rare (Uslaner 2008). Researchers have

proposed various hypotheses why this is so, but a definite answer is still found wanting. In the Taiwanese case, two factors were identified as being crucial: institutional reforms and cultural change. The fact that cultural change takes a long time can in part explain the “stickiness” of corruption. Political or educational campaigns might help to speed up this process, but it is far from certain if this is indeed the case. Social modernization, which is a spin-off from economic development, takes generations to achieve, and is not uniform across a society. Some places and social strata change fast, while others remain traditional for a long time.

A more immediate factor that influences both attitudes to corruption and the prevalence of the phenomenon itself is institutional and organizational reforms. The establishment of potent anti-corruption agencies in Singapore and Hong Kong is often credited with improving government in these polities. However, the crucial question is how such an organization can be established, and how it can be made potent. Korea might present a counter-example to Hong Kong and Singapore. Here, an anti-corruption agency was established, but it was not given enough resources and clout to act independently (Göbel 2004). That governments who have been operating on the basis of informal relations must change their own ways of governing seems to be the chief problem. Our research suggests that this problem can only be overcome at critical junctures, such as regime-threatening demonstrations against police corruption in Hong Kong or a change in ruling parties in Taiwan. Absent regime-threatening events or regime changes, it remains doubtful that corruption can be combatted effectively. This finding needs further thought and should be tested for other countries as well. As the case of Taiwan has shown, elections are instrumental for this process: it was not the regime change per se that initiated the fight against corruption, but the opposition’s coming to power a decade later. In most countries, regime change and change of the ruling party converge, so these elements tend to be conflated. Developments in Taiwan, and for that matter Korea, demonstrate that elections alone are not sufficient for the initiation of anti-corruption programs – indeed, elections without changes in the ruling party worsened corruption only when free and fair elections brought the opposition into power, was corruption fought in earnest.

A final issue concerns the notoriously difficult concept of culture and the question of how to measure, for example, the importance of informal personal relations in a country. More research is needed to make “culture” more tangible.

As for the concept and indicators used in this study, they are a definite improvement over perceptions-based indicators, which are not a credible yardstick of the quality of government. Apart from this, the diagnosis questions left much room for context-specific analysis, but it remains to be seen how a meaningful comparison can be achieved over idiosyncratic country

reports. This is even truer as the indicators did not seem to match the questions in Table 1. Still, I believe that a large number of country reports that take a fresh look at partial behavior are a good basis to kick-start a fruitful re-evaluation of the corruption concept that might, in a second step, lead to the formulation of a model that can be broadly tested.

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## Project profile

ANTICORRP is a large-scale research project funded by the European Commission's Seventh Framework Programme. The full name of the project is "Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption". The project started in March 2012 and will last for five years. The research is conducted by 21 research groups in sixteen countries.

The fundamental purpose of ANTICORRP is to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue is how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP seeks to advance the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis is laid on the agency of different state and non-state actors to contribute to building good governance.

Project acronym: ANTICORRP

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