

# Taiwan: Party system of a young consolidated democracy<sup>1</sup>

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## Introduction

Prior to 1986, Taiwan is a one-party authoritarian state with the Kuomintang (KMT or Nationalist Party) dominating the island's politics since 1949. Since Taiwan was technically still in a civil war with mainland China, Taiwan's National Assembly enacted a "Temporary Provisions against the Communist Rebellion" as a constitutional amendment that formed the basis of the martial law which was in effect from 1949 until its repeal in 1987. Under martial law, the KMT maintained its authoritarian rule of Taiwan though other approved parties, e.g., Chinese Youth Party, China Democratic Socialist Party, existed under the 'guidance' of the KMT. Opposition to the KMT's rule and the regime was not allowed to exist (at least legally) as organized political parties during this period of martial law. Yet, an informal organization called the "*Tangwai*," which literally means "outside of the party" represented the loose coalition of regime opponents (Chao and Myers 1998; Rigger 1999).

KMT authoritarian rule in more ways than one affected and defined the development of Taiwan's eventual party system (Yu 2005; Tan 2021). Firstly, KMT's authoritarian regime unwittingly created the mainlander versus islander cleavage in Taiwan. With the defeat of the KMT in the Chinese civil war, the KMT established a rival government-in-exile on the island of Taiwan and in so doing transferred its governmental structure, party structure, and its people on Taiwan. This large exiled group of Chinese (or mainlanders) made up the upper echelons of governmental, military, state-owned enterprises, and political party apparatus automatically making them the political and societal elites in Taiwan. The 'islanders' – who mostly formed the waves of Han Chinese migration throughout the centuries – who lived under Japanese colonization of the island were largely kept out of national politics. One serious ramification of the wholesale imposition of the KMT governmental and party apparatus on Taiwan is the unwitting creation of 'them' versus 'us' environment that pitted 'mainlanders' who benefitted from the system (*tizhineiren*) and became core of Taiwan society while the 'islanders' remained largely in the periphery (Chao and Myers 1998; Hsieh 1999).

Secondly, as the KMT set up its government-in-exile – Republic of China – on Taiwan, its politics and the unfinished civil war between the KMT and the

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Chinese communist in the mainland dominated the political agenda and attention of the island's politics. The KMT government at the time was focused on fighting the Chinese communist and recovering the mainland. As part of the anti-communist campaign and reunification objective, one dominant narrative of the KMT government is that Taiwan is a province within a larger Republic of China and therefore will eventually have to reunify with the mainland.

The KMT is challenged by a crisis of integration in the island as Taiwan was only reintegrated into the Republic of China after the end of the Second World War in 1945. In 1895, Taiwan was ceded to Japan as part of war reparations resulting from the Treaty of Shimonoseki after imperial Qing China was defeated by imperial Japan in the Sino-Japanese War of 1894. From 1895 to 1945, Taiwan was part of the Japanese empire. During this period, Japan developed the island's agriculture, its infrastructure, and established an education system similar to that of the Japanese mainland. After Imperial Japan was defeated in World War II, Taiwan was returned to the Republic of China. And with the defeat of the KMT in the Chinese civil war, Taiwan was again a separate entity as the KMT established an exile government of the Republic of China on the island (Chao and Myers 1998).

For islanders, who have experienced of two generations under Japanese colonial rule and then the authoritarian control of the KMT, political and national identities are not particularly clear-cut. While the KMT regime and the mainlanders have a pan-Chinese identity, islanders tend to have a limited identity focused mainly on Taiwan. This has led to the creation of a national identity divide or cleavage that pits those that support unification with China (or at least view that Taiwan is part of a larger China) and those that support Taiwan independence (i.e. a separate state and identity for Taiwan). This national identity cleavage has reinforced the mainlander-islander cleavage (Ho and Liu 2003). Though the seeds of these divisions were planted in 1949, both these cleavages remain the most salient in Taiwan's politics (Rigger 1999; Wang and Chang 2005).

The *Tangwai* politicians were allowed to contest for elections prior to Taiwan's democratization but they are not allowed to be a formal political organization. As the KMT espouses a pan-Chinese identity and being dominated by mainlanders, the *Tangwai* group politicians that are primarily islanders and those with preference for Taiwanese independence. Sensing that Taiwan is undergoing political liberalization, in 1986 the *Tangwai* politicians established the Democratic Progressive Party (DPP) (Rigger 2001).

The formation of the DPP and its competition with the KMT has consolidated the two reinforcing cleavages – mainlander versus islander and unification versus independence. In contemporary Taiwan, these two reinforcing cleavages continue to define how Taiwanese political parties align.<sup>2</sup> More recently, though, the mainlander-islander divide have become subsumed to the unification

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<sup>2</sup> See Lipset and Rokkan (1967) on the relationship between social cleavages and political parties and party system.

versus independence cleavage as the mainlander generation pass on and their offspring are born in the island (Wang 2005)

Political parties that have a pan-Chinese identity and therefore supportive of unification are grouped in what is called the pan-Blue coalition and those that have stronger Taiwanese identity and therefore supportive of Taiwanese independence are grouped into what is called the pan-Green coalition. Pan-Blue (named for the color of the KMT's party banner) largely comprises of the KMT, People's First Party (PFP), and the New Party (NP). The pan-Green (named for the color of the DPP's party banner) is largely composed of the DPP, Taiwan Solidarity Union (TSU), New Power Party (NPP), and Taiwan People's Party (TPP).

As mentioned, Taiwan's party system is defined by the unification-independence and mainlander-islander cleavages. The left-right cleavage is not as prominent in Taiwanese politics and progressivism in Taiwan does not extend to the support for robust labor rights, immigrant rights, and extensive social welfare systems found in the social democracies of Western Europe. As the unification-independence cleavage remains unresolved and is the most pressing existential issue for Taiwan, political parties tend to emphasize where they position themselves in this issue (Yu 2005; Tan 2021).

Besides this sociological determinant of Taiwan's party system, the electoral system has had a clear effect on party system choices in Taiwan. Prior to 2008, Taiwan operated under the single non-transferable vote electoral system (SNTV). In the SNTV system, Taiwan's political parties jockey for multiple seats in a given electoral district (Hsieh 1999). Since political parties are allowed to field multiple candidates in each district one effect of the SNTV is that candidates from the same party are not only competing against candidates of the other party but also amongst themselves. In order to gain maximum number of seats in a given district necessitates political parties to coordinate and mobilize votes. As a consequence, political parties that are well-organized and well-resourced are advantaged by the SNTV electoral rule (Hsieh 1999). The KMT with its extensive organization and assets is definitely a huge beneficiary of this system. While much smaller organizationally and not as well-resourced, the DPP also benefitted to some extent as they are able to capture seats in the multi-seat electoral districts.

In 2008, Taiwan changed to the multimember majoritarian (MMM) system in its legislative elections and at the same time reduced the legislative seats from 225 to 113 (Hsieh 2009; Batto et al. 2016). Of the 113 legislative seats, 73 are elected single-member districts elected in first-past-the-post rule, 6 reserved seats for Taiwan's indigenous people elected using SNTV, and 34 are elected in a party list proportional representation with a 5 percent threshold. While technically a proportional representation electoral system, the parallel nature of the party-list allocation rewards large parties as in the KMT and the DPP (Tan 2009). The MMM electoral system coupled with Taiwan's semi-presidential system contributed immensely to largely two-party system with some minor parties (Batto and Cox 2016; Batto et al. 2016)

Arguably, Taiwan's most significant political parties continue to be the KMT and the DPP as they dominate national politics. The other political parties have small legislative presence and do not provide realistic chance to capture the presidency. In the next section, I will turn our attention to these two major political parties.

## **The Two Major Parties in Taiwan – Kuomintang and the Democratic Progressive Party**

### ***The situational setting***

In 2016, the opposition DPP won the presidential election and for the first time in Taiwan's political history gained majority of the Legislative Yuan (Taiwan's parliament). Despite the several turnovers of the executive control between the KMT and the DPP since 1996, Taiwan's first true democratic consolidation did not occur until the 2016 election when DPP finally captured legislative control and was able to enact its own agenda.

After the DPP both the presidential election and gained majority of the Legislative Yuan, it was finally in a position to enact drastic reforms to a political system designed by the KMT. The first reform that the DPP government promulgated is to address political party financing and party-owned assets. In the past, this has been a very contentious issue as the KMT has a huge electoral advantage vis-à-vis the other political parties because of its extensive party businesses and assets that easily makes it one of the richest political party in the world.

The DPP government pushed for the creation of a commission to investigation what it calls "ill-gotten assets" and quickly froze the assets of the KMT that were being investigated. The DPP swiftly passed a legislation to regulate and define the status of political parties in a democratic Taiwan. In 6 December 2017, the Political Parties Act came into force. The Political Parties Act of 2017 requires political parties to i) file a declaration to the Ministry of the Interior and register as a legal person to a District Court; ii) convene representative assembly or party congress at least once in a four-year period; iii) nominate candidates in national or local elections at least once in a four-year period; and iv) compliance on funding source, accounting, and financial transparency.

The Political Parties Act of 2017 aimed to provide clearer process for the establishment of parties as well as standardized how political parties are to operate in democratic Taiwan. The Act's requirements are not different from what has been required of political parties under prior legislation. Taiwan's political parties have been complying with most of these requirements to begin with. However, one of the key requirements that pertaining to compliance on funding source and financial transparency addresses two main concerns which are as follows: 1) the national security fear that external actors are financing Taiwanese parties and therefore influencing and interfering in Taiwan's politics, and 2) that political parties owning businesses and actors create uneven

advantage in the electoral arena and becomes rife for corrupt practices. The enactment of the Act has the potential of 'leveling the playing field' for Taiwan's parties.

### *The Kuomintang (KMT)*

The Kuomintang (KMT or the Nationalist Party) is one of the two major political parties in Taiwan's multiparty electoral democracy. Established as a revolutionary party during the waning years of the Qing Dynasty in China, the KMT exiled to Taiwan to establish a rival government – Republic of China (ROC) – after it lost the Chinese Civil War in 1949 to the Chinese Communist Party (CCP) that established the People's Republic of China (PRC). Organized as a Leninist party, the KMT imposed itself as a hegemonic and authoritarian party that firmly established control of all aspects of political life in Taiwan until the end of martial law in 1987 and eventual full democratization in 1996. The KMT's dominance of Taiwan's politics is supported by an intensive and extensive party organization that includes a large professional party bureaucracy, statewide party-run citizen service centers, and more importantly lucrative party-owned business enterprises that allowed the party to have financial advantages over rivals. Together with its strong and well-funded party organization, the party was organized as a mass party with many affiliated organizations such as the women's alliance and a youth corps (Clark and Tan 2012; Tan 2014).

Structurally, the KMT is a hierarchical organization with a Central Committee that is equivalent to the Politburo of Marxist-Leninist parties. The Central Committee is the power center of the party composed of the heads of the different standing committees of the party.<sup>3</sup> The national congress serves as platform for member participation as well as election of the party chairman. Since 1996, the party has transformed to become a catch-all party to remain electorally competitive (Clark and Tan 2012).

As the DPP managed to win the presidential and legislative elections in 2016, the government established the "Ill-gotten party assets settlement committee" and required political parties established prior to the lifting of martial law in 1987 to report and make an accounting of their party assets. The main target of this investigation is the KMT who at one point has been estimated to be the richest political party in the world ("KMT is again the world's richest party," Taipei Times 2014). The subsequent government investigation of ill-gotten party assets in 2016 placed the KMT on the defensive to provide a transparent accounting of how the party acquired such extensive business assets. In the process of investigation, the government froze all of the KMT's suspected assets that forced the party into financial difficulties and unable to meet its financial obligations ("Taiwan's Opposition KMT's Bank Account Frozen," Straits Times 2016).

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<sup>3</sup> KMT standing committees include policy, party discipline, culture and communications, administration, organizational development, and revolutionary practice.

As mentioned earlier, the most salient political cleavage is that of national identity that divides society (and parties) along pan-Chinese identity (and more pro-unification) or Taiwanese identity (and more pro-independence). In this important cleavage, the KMT sees itself as the guardian of the Republic of China (different from the PRC) and espouses a pan-China and one-China (under a ROC) positions that places Taiwan as part of that one-China. The KMT has stood for a stronger pan-Chinese identity, more pro-unification, and clearly against Taiwan independence. The party's ideology is classified as conservative, pro-business, and center-right.

During the authoritarian period, the KMT was a classic mass political party with tentacles stretching out to all corners of Taiwanese society including business, academia, arts, media, and the military. Functional groups were represented in the party as way for the KMT to coopt these groups to ensure societal control. Amongst the most prominent are women's group and youth group. The National Women's Anti-Communist League – now known simply as National Women's League – was founded in 1950 founded by Chiang Kai-shek's wife Soong Mei-ling. The KMT's youth wing is called the China Anti-Communist Youth Corps (now known as China Youth Corps). Until the early 1990s, these affiliated organizations continue to be very active and involved. The China Youth Corps are led by the KMT's senior party politicians and has in the past been used by the party to identify young cadres for political roles. It operates activity centers throughout the island and organizes activities for young people not unlike the boy scouts and girl scouts in other countries. Since 1996, Taiwan's democratization and the societal liberalization have changed the importance of these organizations to the general public (Clark 2002). The institutionalization of electoral politics has further affected the way voter mobilization is conducted such that these organizations over time have become less prominent.

As an asset rich political party, the KMT has not relied on state subsidies of political party for its finances. When Taiwan was returned to the Republic of China in 1947, many businesses and assets owned by the Japanese colonial government changed ownership and many became assets of the KMT. During the authoritarian years, KMT have businesses that operated in banking and finance, media, insurance, construction, and have interest in other privately owned businesses. These party-owned or affiliated business enterprises made the KMT one of the richest political party in the world. Consequently, the KMT can afford to have full time party bureaucrats staffing in 'citizen service centers' throughout the island. These citizen service centers have served as parallel institutions to the government's own local agencies. During elections, the citizen service centers assist in voter registration and voter mobilization that proved to be critical for the KMT's electoral domination.

As democratic elections begin to take root in Taiwan and as the then opposition party – the DPP – increasingly became competitive in local elections, the KMT's party finances began to be under increasing pressure. KMT's lost of the 2000 and 2008 presidential elections created intense scrutiny of KMT's finances that the extensiveness of the party organization was slowly reduced. Beginning

2016, the government's freezing of the KMT's party assets have forced a further reduction of its huge party bureaucracy due to the party experiencing some financial difficulties.

Despite the difficulties resulting from the government's investigation of the KMT's party assets and the freezing of assets suspected to be ill-gotten, in compliance of the financial reporting regulation as stipulated in the Political Parties Act of 2017, the KMT in its 2019 financial report filed with the Ministry of Interior reported a total income of NT\$1,142,819,916 and a total expenditures of NT\$644,627,957.<sup>4</sup> Of the total reported income, the KMT received state subvention of NT\$172,019,634 and political donations amount to NT\$116,611,627. As a percentage of total income, state subsidy accounts for about 15.1 percent and political donations contribute to another 10.2 percent. While state subvention contributes significantly to the KMT's party coffers, the party is not overly dependent on this money for its operations. With an income of over NT\$1.1 billion, the bulk of KMT's income comes from 'other' income that are primarily from revenues generated by its total assets of more than NT\$21 billion.

Prior to 1990, not much is known about factionalism within the KMT. While the KMT has a clear mainlander-islander divide, it is clear that under both Chiang Kai-shek and his son Chiang Ching-kuo, political power rest on the mainlanders. In the latter years of the Chiang Ching-kuo's party leadership and his presidency, he began a process of 'Taiwanization' where he promoted islander politicians to significant roles in the party and in the government (Clark and Tan 2012; Hsiao 2005; Jacobs 2005). However, because of his strong control of the party apparatus, disunity within the party itself is not obvious or mentioned.

With the passing away of Chiang Ching-kuo in 1988 and the accession of Lee Teng-hui as the nation's president (Taiwan's first islander president), cracks within the KMT began to appear. This disunity came to the forefront of Taiwanese politics in the battle for party chairperson as supporters of Lee (called the mainstream faction) was pushing for the election of Lee as party chairperson since he is also the country's president. The non-mainstream faction, led primarily by mainlander senior KMT politicians, is pushing for a party chairperson that is different from the nation's president (as was in the past). This seemingly uncontroversial proposal is actually mired in the fact that 1) Lee Teng-hui if elected will be the first islander party chairperson and can threaten the dominance of the mainlanders, and 2) the party chairperson has control over the huge party organization and resources that will change the balance of power in Taiwan.

While conflict between the mainstream and non-mainstream factions ended with Lee Teng-hui winning the party chairmanship, the non-mainstream faction managed to gain concessions by ensuring control of the Cabinet. The continued

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<sup>4</sup> The financial statements are available from the Ministry of Interior's website which is as follows:

<https://party.moi.gov.tw/pgms/politics/finance!advanceParty.action>

empowerment of the islanders in the party, however, and then the ensuing conflict over national identity eventually led to some members of the non-mainstream faction splitting to establish the New Party (NP) in 1994. The establishment of NP has not brought greater harmony within the KMT. The presidential candidate nomination was marred by conflicts amongst senior KMT politicians that led to a split between then Premier Lien Chan and Taiwan provincial governor, James Soong.

Premier Lien became the KMT's official presidential candidate while Governor Soong entered the race as an independent candidate that resulted in a split of the pan-Blue (or KMT) votes thereby handing the presidency to the DPP's Chen Shui-bian with 39.3 percent of the votes. James Soong's independent candidacy led to another split of the KMT where Soong and his supporters established the People's First Party (PFP). In the aftermath of the 2000 presidential election defeat, Lee Teng-hui left the KMT and together with his supporters formed the Taiwan Solidarity Union (TSU) – a party with strong pro-Taiwanese independence position.

In today's KMT, the mainlander-islander factional divide is not as evident since KMT politicians are now primarily born in the island. However, the party is factionalized along leadership, strategic, and ideological lines. Leadership and strategic factionalisms are more fluid and related to electoral cycles. The ideological factionalism within the party reflects the unification-independence cleavage found in society. Within the KMT, this divide is about a more explicit recognition of Taiwan as part of a larger China (not necessarily PRC) and support for eventual unification with a democratic China on the one hand, and status quo position – that is the Republic of China instead of an independent Taiwan as in a Republic of Taiwan. The election for KMT party chairperson in 2021 remains along this national identity divisions.

### *The Democratic Progressive Party (DPP)*

Taiwan's current governing party, the Democratic Progressive Party (DPP), has come along way from the ragtag band of opposition activists formed in 1986 to become one of Taiwan's major parties (Rigger 2001). Within 14 years, the DPP managed to win the presidency, and, by 2004, had become the largest single party in the Legislative Yuan, effectively ending the 50-year dominance of the KMT in Taiwan politics. Since that historic victory, the DPP had become the largest single party in the Legislative Yuan and has since then consolidated its position as a heavyweight in Taiwanese politics.

The DPP's party manifesto espouses a Taiwan that is distinct and independent from China. A glaringly clear demarcation from the KMT and the pan-Blue alliance, DPP and its supporters do not consider Taiwan as part of China nor do they subscribe to a pan-Chinese identity. For the DPP, as far as national identity is concerned, there are two states on each side of the Taiwan Straits – Taiwan is not part of China and is a separate political entity independent of China (Lee 2005). It is a well-organized electoral party that appeals mainly to native



Taiwanese with a strong islander identity and a staunch opposition to unification with China (Lee 2005).

Although not as well-funded and well-resourced in the early years of its establishment, the DPP was effective in relying on its supporters to mobilize voters (Rigger 2001). The challenges of the early years of the DPP made it an innovative and resourceful political party in order for the party to be competitive under the challenging environment of the SNTV electoral system. Today, the DPP is an effective electoral machine.

Interestingly, despite its more 'progressive' image as a political party, its party organization structure looks similar to that of the KMT.<sup>5</sup> In the DPP, its national party congress elects members to its Central Executive Committee and Central Review Committee. The Central Executive Committee in turn selects that ten-member Central Standing Committee which serves as the power center of the party.

Organizationally, the DPP has several committees and departments that manages policy, finance, administrative affairs, as well as other functional departments responsible for international affairs, China affairs, overseeing social movement, youth, media relations, public opinion survey, international affairs, indigenous affairs and others. Since the DPP was only founded in 1986, the party's bureaucrats and the head of the various departments tend to be younger vis-à-vis the KMT.

As mentioned earlier, the DPP when compared to the KMT is not as well-resourced and funded. In financial reports filed by the DPP for the fiscal year 2019, the party reported an income of NT\$617,863,251 and an expenditure of NT\$ 809,889,287 representing a financial deficit of NT\$192,036,026. It reported total assets of NT\$651,178,674.<sup>6</sup> State subsidies are in the form of party support funds provided to political parties that received 3.5 percent of the votes in legislative elections.<sup>7</sup> In the case of the DPP, in the fiscal year 2019, it reported a total state subvention of NT\$286,236,831. Political contributions, in comparison, amounted for NT\$186,466,933. In terms of the proportion of the party's income, state subvention represents about 46 percent of the total income

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<sup>5</sup> In studies of complex organizations, the population ecology model argues that the environment where organizations operate affects their organizational forms and over time organization learning occurs as they copy successful models.

<sup>6</sup> The financial statements are available from the Ministry of Interior's website which is as follows:

<https://party.moi.gov.tw/pgms/politics/finance!advanceParty.action>

<sup>7</sup> Party subvention is largely in the form of state funding when a political party receives at least three percent of the votes in a legislative election. Political parties receive NT\$50 per vote. Prior to the enactment of the Political Party Act in December 2017, political parties receive state funding when they receive a minimum of 3.5 percent of the votes in a legislative election.

while political contributions added about 30 percent.<sup>8</sup> With nearly half of the DPP's income coming from state subvention, it is reasonable to infer that the party is dependent on state support of political parties.

A comparison with the financial resources between the DPP and the KMT shows a large gap in the wealth and financial health of the two major parties. The DPP's total income is half the size of the KMT and its total assets is only three percent of the KMT's. This disparity in wealth shows the DPP's dependence on state subvention and is a motivation by the DPP after winning both the presidential and legislative election in 2016 to investigate the KMT's assets and their origins.

With its origins in the *Tangwai*, the DPP has always been known for its factionalism as it was a coalition of people that are in opposition to the KMT and its authoritarian regime. Two of the most prominent factions – the Formosa faction and the New Tide faction – existed before the DPP was established. After the party's establishment in 1986, more factions were created of which the Welfare State alliance and the Justice alliance being the most prominent.

Rather than deep ideological division, leadership and strategic factionalism are better characterization of DPP factions. One interesting feature of DPP factions is that it tends to be distinguished by the generation of DPP party politicians. The Formosa and New Tide factions are the first generation anti-KMT regime politicians and academics. Many of these faction members were jailed for anti-regime activities during Taiwan's martial law period. The Welfare State and Justice alliance were founded in 1992 and composed of the second generation of DPP leaders many of whom became well-known as academics and lawyers that defended the first-generation leaders against sedition and treason charges of the KMT government.

Prior to 2006, factions were recognized by the DPP. During the 2<sup>nd</sup> term of President Chen Shui-bian, the party voted in 2006 to disallow factions in a bid to increase party unity (Huang, "DPP votes to do away with factions," Taipei Times July 24, 2006). Notwithstanding this formal party decision, factionalism within the DPP continues to exist to this day. Since the decision to disallow factions in 2006, no less than four factions can be identified including the Tsai faction led by President Tsai Ing-wen, NextGen led by media mogul Lin Kun-hai of SET media empire, Taiwan Normal Country Promotion Association led by Speaker of the Legislative Yuan – You Si-kun. The existence of these factions does not necessarily mean that the DPP has low level of party unity. On the contrary, the factions have learned to co-exists within the party and have managed to be able to maintain party unity by sharing power amongst the powerful factions of the party. Key power sharing mechanisms include the appointment to key governmental positions and statutory boards, agencies, and state-owned enterprises. A clear power sharing is evidenced by Tsai Ing-wen as state president, Premier Su Tseng-chang, a leading figure of the Social Welfare faction

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<sup>8</sup> The comparative figures for the KMT is 15 percent for state subvention and 10 percent for political donations.

as Premier, and You Si-kun of the Normal Country Promotion Association faction as speaker of the legislature.

### **Summary Evaluation**

Taiwan's party system has transformed and evolved since 1949. From 1949 to 1987, Taiwan is a one-party authoritarian state. With the political liberalization that began in 1987 and the subsequent death of Chiang Ching-kuo accelerated the political opening even further (Chao and Myers 1998). By the first direct presidential election in 1996, Taiwan is a system with one large dominant party – the KMT. The DPP is a competitive opposition party but was not able to gain control of the Executive Yuan and Legislative Yuan (Chao and Myers 1998; Clark and Tan 2012; Tan et al. 2000). In 2000, the DPP finally captured the state presidency and the Executive Yuan and also a plurality in the Legislative Yuan. However, between 2000-2008 the KMT managed to maintain control of the Legislative Yuan through the support of the pan-Blue alliance parties. While during the above-mentioned period, Taiwan's party system has seen new addition to the number of party actors, e.g., the New Party, People's First Party, Taiwan Solidarity Union, these smaller parties are not able to make significant inroads to wrest away voter support from the DPP and the KMT.

From 2008-2016, Taiwan's party system did not deviate away from the two-party system dominated by the KMT and the DPP (Tsai et al. 2007). During this period, the KMT regained control of the state presidency and the Executive Yuan as well as continued control of the Legislative Yuan. The DPP remained the most credible opposition party while the other minor parties remained present but not critical. It is during this period that several minor parties such as the New Party and the Taiwan Solidarity Union weakened substantially.

The 2008-2016 period in Taiwan's history also marked a closer relations with the People's Republic of China (PRC) as the KMT government was seeking a less confrontational relations to jump-start Taiwan's otherwise lackluster economic performance under the DPP government of the prior eight years. For various reasons, the economic rapprochement and the quickened pace of economic interaction with the PRC caused concerns in Taiwanese society and further deepened political polarization along the unification-independence cleavage (Clark and Tan 2016; Tan 2020).<sup>9</sup> Several new parties were established in the period leading up to the 2016 general elections, such as the New Power Party (NPP), that offers contending approach but competes primarily along the unification-independence dimension.

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<sup>9</sup> A direct result of this societal anxiety of closer relations with the PRC is the Sunflower Movement that occurred in March-April 2014. Pro-Taiwanese independence student activists supported by pro-Taiwanese independence politicians occupied the Legislative Yuan for 21 days in an attempt to block the passing of the Cross-Straits Trade and Services Agreement. The agreement was never passed and the resulting fiasco negatively impacted the electoral fortunes of the KMT in the presidential and legislative elections of 2016.

Following this period, Taiwan's political development witnessed its first turnover of legislative power (Copper 2016). In 2016, the DPP gained majority control of the Legislative Yuan and also won the state presidency. The DPP government did not waste time and pushed for the passing of the Political Parties Act of 2017 and conducted investigations of the ill-gotten party assets. Both of these efforts have changed the party landscape as they have contributed to an erosion of the huge financial advantage of the KMT (Tsai 2018).

Despite these efforts to 'level the playing field,' so to speak, outside of the two major political parties – KMT and the DPP – the fortunes of Taiwan's smaller parties are less stable (Batto et al., 2016). Since 1996, Taiwan has had many new political parties established but struggled to attain small party status.<sup>10</sup> Several critical inter-related factors can be identified as having significant influence on the character and color of Taiwan's party system. These factors include the restricted issue space and the effect of the mixed-member majoritarian electoral system.

Since 2016, several external events have had major influence in Taiwan's politics. These external events include Trump's election and his presidency, PRC's aggressive behavior towards Taiwan, Hong Kong democracy protest of 2019, and the COVID-19 pandemic. Yet, these significant external events have not expanded the issue space nor create a new issue dimension for political parties to compete. Instead, to the detriment of other issue dimensions (labor rights, immigrant rights, social welfare, environmental issues) these events have served to further consolidate the overwhelming significance of the national identity cleavage, i.e, unification versus independence, as they place the state of PRC-Taiwan relations and the existential question of Taiwan in the front and center of Taiwan politics and the voters' consciousness. The saliency of the national identity cleavage is reinforced by the unresolved international political and diplomatic status of Taiwan.

The minor parties that were established since 1996 are primarily considered challenger parties on the national identity dimension rather than new issue mobilizers (Rochan 1985). This is not to say that new issue mobilizing parties do not exist in Taiwan. On the contrary, there are mobilizer parties that are focused on left-right issues, environmental issues, and other new politics issues such as the Green Party of Taiwan and Social Democratic Party of Taiwan. However, the domination of the national identity issue dimension do not allow for new issues to gain equal saliency in the electoral market. As such new issue mobilizing parties like the Social Democratic Party of Taiwan find it very challenging to mobilize voter support as most voters are not educated or attentive to those 'new' issues. Consequently, new issue mobilizing parties in Taiwan find it extremely difficult to be electorally competitive and relevant and therefore remains relatively 'invisible.'

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<sup>10</sup> See Muller-Rommel and Pridham (1991) for definition and classification of small party status.

Challenger parties – such as the NP, PFP, NPP, TPP, and TSU – have at various elections gained legislative seats or some modicum of success in local elections. However, these challenger parties have struggled to differentiate themselves substantially from the KMT and the DPP creating a liability for them in carving a stable voter support base. To illustrate the conundrum of the challenger parties we can examine the cases of the NP and the NPP.

The NP was formed in 1994 as a split from the KMT during the period of the mainstream versus non-mainstream factional infighting. While the NP had some level of success in attracting mainlander and pro-unification votes in its early years gaining 21 seats and 13 percent of the votes in the legislative elections of 1995, by 2004 (a decade after its formation) the party only gained one seat in the Legislative Yuan and 0.13 percent of the votes. Since the introduction of the mixed-member majoritarian electoral rule, NP has not gained any seat in the Legislature Yuan and struggling to get past the threshold of 5 percent. Many of the more prominent NP politicians have returned to the KMT.

This situation is not only an issue with pan-Blue political parties as the case of the New Power Party (NPP) shows in the case of the pan-Green camp. In the 2016 election, several young pro-independence activists decided to form the New Power Party to challenge the DPP. Like the New Party, the New Power Party found some success in this inaugural election that they participated as a political party gaining five seats in the Legislative Yuan making it the third largest party in the 2016-2020 legislature. In the 2020 election, however, already the DPP has started to coopt New Power Party politicians and squeeze their political space.<sup>11</sup> In this legislative election, the party only managed to gain three seats (all from party list) and 7.75 percent of the votes. The PFP and the TSU are similarly situated as they continue to shrink in their legislative representation.

In addition to the restricted issue space and issue dimension, Taiwan's mixed-member majoritarian electoral system together with its constitutional design have contributed to a party system that converges to a two-party system (Batto et al. 2016). With the party list seats added onto the constituency seats in the mixed-member majoritarian electoral rule, large parties get bonus seats while small parties struggle to get over the 5 percent threshold. In addition, Batto and Cox (2016, p. 11) argue that, "in Taiwan, the top prize, the presidency, could be won only by winning a plurality in the presidential election. Competition for the presidency thus drove the system toward two main candidates who, in turn, had strong incentives to organize legislators behind their candidacies." Thus, the dynamics of both the electoral rule and the executive design push the party system towards a two-party system.

Taiwan's electoral rules and executive design are unlikely to see any changes in the near future. Yet, the underlying dynamics of the national identity cleavage

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<sup>11</sup> Empirical studies of West European political parties have shown that established parties are known to counter challenger parties by squeezing their issue space (see Harmel and Svasand 1997).

seem to be showing some signs of shifting (Rigger 2011; Clark, Tan, and Ho 2021). Though the problem unification-independence issue is unlikely to be resolved, voter alignments along this issue is increasingly moving towards independence side of the scale. This voter dealignment away from pan-Blue parties to pan-Green parties has become evident in 2016 and further evidenced by the results of the 2020 general elections (Cal, Tan, and Ho 2020). The KMT is at risk of becoming a perpetual opposition as voters' strengthening Taiwanese identity (and consequently weakening Chinese identity) has meant a consolidation of voter support of pan-Green parties.

The threat to Taiwan's democracy is primarily an external one – China taking over Taiwan. The reality of this existential threat was made all the more clearer with the events in Hong Kong and China's continued military incursions in the past two years. China's existential threat of Taiwan pushed voters to strengthen their Taiwanese identity separate from China. With the consequent rise of Taiwanese identity favoring pan-Green parties led by the DPP, the development of Taiwan's democracy is likely to gather pace. Interestingly, the advancement of democracy in Taiwan tends to be stimulated by wanting to differentiate a democratic Taiwan from an autocratic China rather than deep-rooted and well-formed democratic political ideology. Progressivism in Taiwan, for example, are relatively restricted and when progressive issues are pitted as 'materialist' concerns such as economic growth and law and order, Taiwan's major parties are unlikely to defend progressive issues. Although with the continued strengthening of Taiwanese identity leading to a dealignment of voter support away from pan-Blue parties and a likely realignment towards pan-Green parties, there is a high likelihood that new issue dimensions will be introduced to invigorate Taiwan's young democracy.

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