

## INTRODUCTION

# Korea and Taiwan

## New Challenges for Maturing Democracies

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Over the past four decades, a period in world political history known as the “third wave” of global democratization, more than eighty countries have made transitions to democracy.<sup>1</sup> Outside of Europe, few countries have consolidated democracy—and established a relatively liberal form of it—more quickly and successfully than South Korea (Korea hereafter unless specified otherwise) and Taiwan. These two “Asian tigers” were long known for their developmental authoritarian regimes—non-democratic regimes that sharply restricted political rights and civil liberties but delivered astonishing rates of economic development that transformed very poor countries into middle-class societies in less than two generations. But during the heyday of their economic miracles in the 1970s and ’80s, each country experienced growing societal mobilization for democracy, with particularly dramatic expression in the form of popular protests in Korea. By the time military rule was forced to give way to electoral democracy in 1987, under pressure of mass demonstrations, Korea had a robust civil society and very popular figures in the political opposition.<sup>2</sup> Taiwan’s democratization proceeded more gradually, crossing one threshold with the legalization of opposition parties and the end of martial law in 1986, then another with the first free and competitive presidential election in Taiwan a decade later.

Both Korea and Taiwan emerged as relatively liberal democracies and made various political reforms in their early years to extend civil liberties, create a still more open and competitive political system, strengthen the rule of law, and improve civilian control of the military.<sup>3</sup> In each case, the once

powerful military and national security establishment is no longer a significant player in domestic politics. With the rise of a more competitive party system, both countries have twice made peaceful transfers of power from the ruling to the opposition party. Among peer third-wave democracies that made transitions during this era, only a few established liberal democracy so quickly, and only a few achieved such rapid democratic consolidation, in the sense that democratic institutions became so deeply rooted that they were relatively immune to breakdown for any internal reason. That was not the case with a number of other third-wave democracies, however. In fact, during the period of the third wave, nearly one-third of all the democracies that have existed have broken down.<sup>4</sup>

In this introductory chapter, we compare Korea and Taiwan not only to each other but also to a larger set of nine other third-wave democracies that are now categorized by the World Bank as high-income or upper-middle-income countries (according to their per capita gross national income). These other countries are from Southern Europe (Greece and Spain), postcommunist Europe (Hungary, the Czech Republic, and Poland), Latin America (Argentina, Chile, and Mexico), and the Middle East (Turkey). As shown in Table INT.1, within five years of their transitions, Korea and Taiwan each met

TABLE INT.1  
Democratic trends in selected third-wave democracies

Country	Year of transition	FH score in transition year	FH score + 5 years	FH score + 10 years	FH score + 15 years	Democratic break-down?
<b>South Korea</b>	<b>1988</b>	<b>2, 3</b>	<b>2, 2</b>	<b>2, 2</b>	<b>2, 2</b>	<b>No</b>
<b>Taiwan</b>	<b>1996</b>	<b>2, 2</b>	<b>1, 2</b>	<b>2, 1</b>	<b>1, 2</b>	<b>No</b>
Greece	1974	2, 2	2, 2	1, 2	1, 2	No
Spain	1977	2, 3	1, 2	1, 2	1, 1	No
Argentina	1983	3, 3	2, 1	2, 3	3, 3	No
Turkey	1983	3, 5	2, 4	4, 4	4, 5	Almost
Hungary	1990	2, 2	1, 2	1, 2	1, 1	No
Czech Republic	1990	2, 2	1, 2	1, 2	1, 1	No
Poland	1990	2, 2	1, 2	1, 2	1, 1	No
Chile	1990	2, 2	2, 2	2, 2	1, 1	No
Mexico	2000	2, 3	2, 2	3, 3	—	No

SOURCE: Freedom House, [www.freedomhouse.org/](http://www.freedomhouse.org/).

a reasonable test of liberal democracy—a score of no worse than 2 on each of the Freedom House scales of political rights and civil liberties, where 1 signifies most free or democratic and 7 most repressive. Moreover, they have continuously remained liberal democracies after they crossed this threshold. The same has been the case for the third-wave democracies of Southern Europe and postcommunist Europe, as well as Chile. However, Argentina, Turkey, and Mexico show that the consolidation of liberal democracy is not inevitable when democracy emerges in countries at relatively high levels of economic development (though these three countries, to be sure, were not as rich as Korea and Taiwan). In Argentina, Turkey, and Mexico, democracy regressed after the transition, and liberal democracy has yet to be achieved.

This is not to say that either Korea or Taiwan is a perfect democracy. Each political system still has some distance to go in terms of improving civil liberties and the rule of law (as measured annually by Freedom House). In each case, the total scores on civil liberties (at the end of 2011) rank well behind the most liberal third-wave democracies of postcommunist Europe and Chile (Table INT.2), though they are about equal with Japan. This is mainly because Korea and Taiwan trail Spain, the Czech Republic, and Chile in three areas: freedom of expression, the rule of law, and individual

TABLE INT.2

Freedom House raw point scores on political rights and civil liberties, 2012

Country	PR, CL	Political rights raw points, 40 maximum	Civil liberties raw points, 60 maximum
<b>South Korea</b>	<b>1, 2</b>	<b>36</b>	<b>50</b>
<b>Taiwan</b>	<b>1, 2</b>	<b>36</b>	<b>52</b>
Greece	2, 2	35	50
Spain	1, 2	40	57
Czech Republic	1, 1	38	57
Hungary	1, 2	36	52
Poland	1, 1	38	55
Chile	1, 1	39	58
Argentina	2, 2	32	49
Mexico	3, 3	29	37
Turkey	3, 3	28	35

SOURCE: Freedom House, [www.freedomhouse.org/report/freedom-world-aggregate-and-subcategory-scores](http://www.freedomhouse.org/report/freedom-world-aggregate-and-subcategory-scores).

rights. On political rights, Korea and Taiwan fare somewhat better, trailing the most liberal European countries only slightly and achieving 90 percent of the maximum score.

### *Governance*

Not only have Korea and Taiwan been success stories democratically, but also they have sustained comparatively good governance. This is an important observation, because some pundits contend that political democracy may not improve governance of the state. Figure INT.1 shows the average percentile rankings of the eleven third-wave democracies on a composite of four World Bank measures of the quality of governance in these countries: Government Effectiveness (the quality of the civil service, public services, and public policy formulation), Regulatory Quality (in implementing sound policies that foster private-sector development), Rule of Law (compliance with rules, extent of crime, quality of contract enforcement, the police, and the courts), and Control of Corruption.<sup>5</sup> While these measures have been criticized because they are based on a compilation of perceptions (mainly from international ratings agencies, and sometimes from domestic surveys), their effort to average a wide range of relevant indicators gives them greater reliability than any one index. We take the average of these four governance measures as an indicator of the overall quality of the state. As we see in Figure INT.1, Korea steadily and rather dramatically improved its percentile score on this combined measure of state quality from 1996 to 2011, while Taiwan also made significant progress. By 2011, only Chile (among developing countries) exhibited higher overall state quality than Korea and Taiwan.

In fact, both Korea and Taiwan have significantly improved their scores on all four dimensions of state quality since the World Bank began measuring governance in 1996. Korea went from the 73rd percentile in Government Effectiveness in 1996 to 86th in 2011; from 66th in Regulatory Quality to 79th; from 69th in Rule of Law to 81st; and from 65th in Corruption Control to 70th. Moreover, as we see in Figure INT.2, these changes in Korea have mostly involved steady incremental improvement over time. Taiwan has also seen improvement in each of these four measures of state quality, from the 77th percentile in Government Effectiveness to the 83rd; from 79th in Regulatory Quality to 84th; from 68th in Rule of Law to 83rd; and

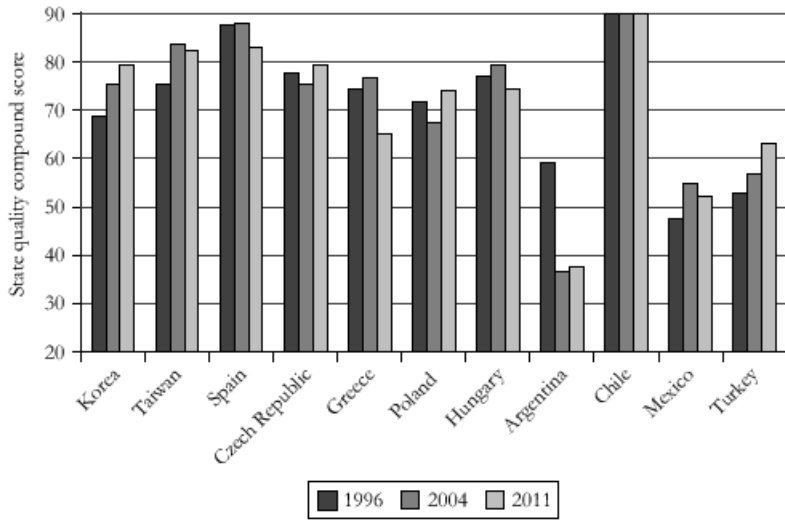


FIGURE INT.1 Trends in state quality in third-wave democracies

SOURCE: World Bank, *Worldwide Governance Indicators*, <http://info.worldbank.org/governance/wgi/index.asp>.

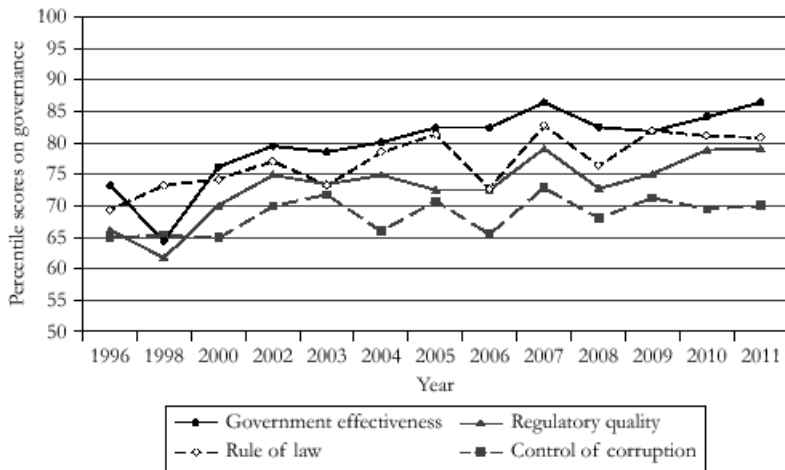


FIGURE INT.2 Trends in governance in Korea, 1996–2011

SOURCE: World Bank, *Worldwide Governance Indicators*, <http://info.worldbank.org/governance/wgi/index.asp>.

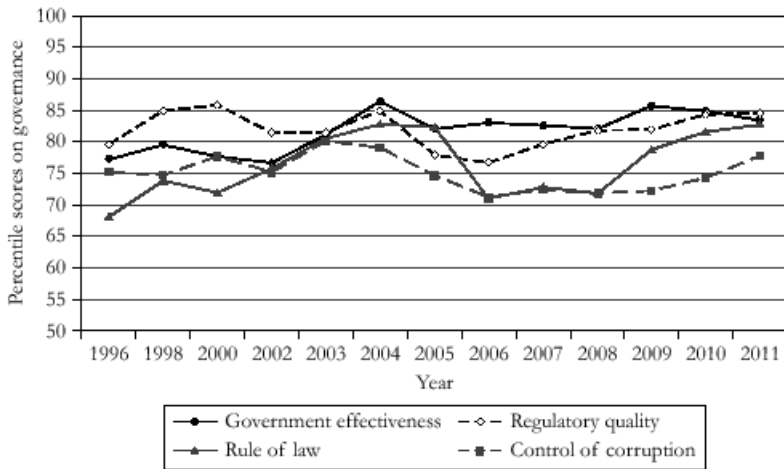


FIGURE INT.3 Trends in governance in Taiwan, 1996–2011

SOURCE: World Bank, *Worldwide Governance Indicators*, <http://info.worldbank.org/governance/wgi/index.asp>.

from 75th in Corruption Control to 78th. In Taiwan's case, there has been a leveling off or slight regression in some of these measures in recent years (Figure INT.3). But for both countries, the improvements in their percentile scores in governance have not been due to broad global deterioration (such that the two countries look better only because other countries are getting worse). If we examine their standardized governance scores (which range from  $-2.5$  to  $+2.5$ ), in each case the country's performance has improved over time or leveled off. Thus, the fears and warnings of some defenders of the "Asian values" thesis—that democracy would bring a decline in the quality of governance—have not been realized. Instead, as these two democracies have matured, the quality and neutrality of their state structures and the effectiveness of governance have steadily improved.

To be sure, addressing political corruption continues to be challenging, as recent high-profile scandals attest. Former South Korean President Roh Moo-hyun, who was investigated on the charges of political corruption, committed suicide in 2009, and the former Taiwanese President Chen Shui-bian was sentenced to life in prison for similar charges after leaving office in 2008 (in 2010 his sentence was commuted to twenty years, and in mid-2013 he attempted suicide). Both Korea and Taiwan still score lower on Control of Corruption than on any of the other three World Bank measures of state

quality. Each country has also seen discussions about curtailing the power of presidency in order to ensure a better balance of power in the state. Nonetheless, while they suffer such shortcomings in terms of rule of law, Taiwan and Korea are clearly vigorous and comparatively well-governed democracies.

### *Economy*

One consequence of reasonably (and increasingly) effective governance under democracy in Korea and Taiwan has been continued economic growth. As Table INT.3 details, both Korea and Taiwan sustained relatively robust economic growth rates after democratization, though each country (and especially Taiwan) experienced some slowing of economic growth after democratization. It should be noted that interpreting this reduction in growth rates is difficult, because economic growth inevitably slows once countries reach more-advanced levels of development. The economic performance of these two Asian tigers *as* democracies has nevertheless been impressive. Although growth slowed somewhat from the torrid pace of the early and intermediate phases of industrialization (a common pattern), Korea and Taiwan have continued to perform well economically and mature societally *as* democracies. Indeed, in 1996 Korea was inducted into the club of advanced industrial democracies, the Organisation for Economic Co-operation and Development (OECD); and Taiwan would have been inducted were it not for its sensitive geopolitical status *vis-à-vis* the mainland. Both had become by the mid to late 1990s—and are even more so today—high-income, maturing industrial societies, rather than “developing countries.” And to put their growth performances in perspective, Taiwan’s 4.3 percent average annual rate of economic growth in the period from 1997 to 2011 may seem modest relative to its predemocratization average growth rate of 7.6 percent. But it was several times larger than the average annual economic growth of Japan in the same period (0.7 percent). As a result, Taiwan surged ahead of Japan in per capita income (in purchasing power parity dollars), and Korea is not far behind Japan. During the 2000–2010 period, the average annual economic growth rates of Korea (4.00 percent) and Taiwan (3.65 percent) were matched only by Poland (which grew at the same rate as Korea). All eight other third-wave democracies in this comparison set—including prominent emerging market economies like Mexico and Turkey—grew at a notably slower pace (see Figure INT.4).