

**DEMOCRATIC CONSOLIDATION IN TAIWAN:
DEFENSE AND MILITARY AFFAIRS**

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Consolidating Taiwan's Democracy: Challenges, Opportunities, and Prospects

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I appreciate the opportunity to join this esteemed group to offer my perspectives on what has become a passion for me: understanding the challenges, opportunities, and prospects of Taiwan's democracy. I had worked on Taiwan issues from a planning and policy perspective for over nine years. However, it wasn't until a rude awakening that I became aware of the importance and value of Taiwan as a democracy and the importance of good governance and individual rights. I lived and worked in a Taiwan company. Most important is that I became a Taiwan taxpayer.

After investing more than NT\$ 1 million in taxes, which is sort of a magic number among small investors in Taipei, I consider myself to be a modest shareholder in Taiwan's future. This investment, magnified by having to pay U.S. taxes as well, was somewhat of a shock. But more important, becoming a stakeholder in Taiwan's future naturally leads one to ask how my investment is being used. Mine was small. But what about other individuals -- citizens of the Republic of China, or Taiwan, whichever term one chooses to use -- who have an even greater stake in Taiwan and its future?

I spent 20 years serving my nation, with well over half of that time dedicated to China and Taiwan issues. I also had the unique experience of living in the Philippines during the democratic revolution of 1986; and then in Berlin in the lead-up to the tearing down of the Berlin Wall. I've seen the power and attraction of liberal democracy, individual rights, and what happens when governments do not respect the will of the people.

Perhaps the greatest challenge that a young liberal democracy faces is the management and application of armed force. As such, management of a defense establishment best resides with people through their duly elected representatives. Officers responsible for national defense advise the elected leaders and carry out their decisions. Only those who are elected by the people have the authority and the responsibility to decide the fate of a nation.

In a transitional democracy, such as that of Taiwan's, civilian authorities' exercise of that prerogative can be complicated by a legacy of military influence in domestic political affairs. Newly elected national leaders with neither the expertise nor the institutional mechanisms necessary to ensure control of armed forces sometimes can experience difficulties. Some promising new democracies have had their political development slowed or reversed by defense establishments that have had a difficult time adjusting to new realities. As new democracies

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move beyond the initial power shifts, issues such as civilian control, civil-military relations, and defense management require attention to ensure continued democratic advances.

The submission of a defense establishment to elected leaders is a necessary aspect of democratization. However, it can be a difficult or painful adjustment. As a new democracy, the Chen Shui-bian Administration and the Democratic Progressive Party (DPP) have run into obstacles in consolidating, unifying, and transitioning into a mature democracy. One should expect a government to encounter serious difficulties in making democracy work. Holding elections does not make Taiwan a full democracy – they are one step in a long and arduous process that, in the best case, should culminate in a consolidated political entity with effective and rational means of working out differences between parties.

As noted by specialists in transitioning democracies, such as Samuel Huntington, the history of democratization is replete with failed attempts, particularly new democracies with ethnic divisions, whether real or symbolic. In fact, according to Huntington, democratic breakdowns have outnumbered successful transitions. Without creative and visionary political leadership, linked with the support of an outside benefactor, a transitional democracy can become ineffective or even fail.

Taiwan has much to be proud of since the transition in power after 50 years of one-party rule under the Kuomintang (KMT). However, the adjustment has not been without its difficulties, and the transitional period is not over. This paper examines the role of Taiwan's defense establishment as it completes its transition, the values that it brings to Taiwan, and factors to consider in evaluating its efficacy as the island's political elite consolidates the island's democratic achievements. In doing so, this discussion addresses the relationship between political, military, and private constituencies in a democracy; a score card to date of these relationships, how successes and shortcomings have affected Taiwan and its people; and offers some suggestions on how to address some of these shortcomings.

Taiwan's Defense and National Security Establishment

Taiwan's defense and security establishment is founded upon the rule of law as embodied in its Constitution. I view Taiwan's defense establishment as more than just the military entities under the Ministry of National Defense (MND), and this perspective is borne out in the ROC's concept of "comprehensive defense" (*quanmin guofang*). Taiwan's defense cuts across multiple disciplines -- military, economic, political, and psychological. In ensuring its national security, this presentation adopts this broader perspective and includes key elements within Taiwan's intelligence community, such as the National Security Bureau, paramilitary forces within the Ministry of Interior, and other organizations, such as the Coast Guard.

The primary organization tasked for defense of the people of Taiwan is the Ministry of National Defense (MND). The Minister of National Defense is charged with developing, managing, and leading a large organization that is responsible for deterring the use of force and defending the people on Taiwan and their political leaders should deterrence fail. Since at least 1999, Taiwan's armed forces have been in the process of implementing the military's most significant and rapid transformation in more than 50 years.

However, responsibility for defense and security for ROC citizens transcends the military. It also includes paramilitary organizations, such as the National Police Administration (Ministry of Interior), Bureau of Investigation (Ministry of Justice), and the Coast Guard. These groups are responsible for internal security, humanitarian affairs and disaster relief (HA/DR), civil defense and riot control, protection of borders, countering terrorism, and protection of sensitive government installations throughout the island. The National Security Bureau (NSB) is charged with keeping Taiwan's elected leaders informed on important regional and international developments, coordinating with law enforcement on critical internal security issues, and for protecting the President, Vice President, and other senior officials. While senior military officers oversee the organization, the NSB falls directly under the National Security Council and outside the standard military chain of command.

The Four Values of Taiwan's Defense Establishment

A political democracy is a system of governance in which rulers are held accountable for their actions by citizens acting indirectly through the competition and cooperation of their elected representatives. Holding elections does not make Taiwan a full democracy – they are one step in a long and arduous process that, in the best case, should culminate in a consolidated political entity with effective and rational means of working out differences between parties. Taiwan's defense establishment has succeeded in providing the stable environment necessary for the island's peaceful transition from authoritarian rule toward a liberal democracy.

Beyond this important role, the value of Taiwan's defense establishment to society is significant. It ensures the island's security by raising the perceived costs to the PRC's political leadership for resorting to use of force to resolve differences over sovereignty and other disputes. It strives to provide a stable domestic environment and, through law enforcement, and seeks to shore up key tenants of democracy, such as transparency, good governance, and rule of law.

Defense Against External Threats

The ROC Constitution (Article 36) provides the President with "supreme command of the land, sea, and air forces of the whole country." Answering to the President, the Minister of Defense has command authority over the Chief of General Staff to execute presidential directives. The primary mission of Taiwan's defense establishment, especially its armed forces, is to defend Taiwan's people and duly elected leaders from external threats. It does this in three ways: 1) deterrence; 2) countering coercion, and 3) territorial defense.

Deterrence. First, Taiwan's taxpayers – the stakeholders – rely on their elected leaders to provide for a defense establishment that is able to maintain a sufficiently effective ability to deter the PRC from use of force to resolve differences. Deterrence involves dissuading an adversary from an action through manipulation of the cost-benefit calculus. In the Taiwan Strait context, deterrence, which is inherently psychological and based on management of perception, comes in various forms. It could be as simple as ensuring a demonstrated ability to inflict sufficient PRC military casualties in a potential conflict that it raises the PRC's threshold, or a so-called "red line," for deciding to use force. Signaling of capabilities is important, and it is here where the

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MND's Political Warfare Bureau, intelligence community, transparency, and military exercises play a vital role.

- Deterrence, however, is not a purely military function. Raising perceived costs also includes economic and political elements. The economic integration between the two sides of the Taiwan Strait itself enhances deterrence since PRC use of force and the potential economic effects on Taiwan are likely to affect the PRC's economy as well. Furthermore, Beijing likely is already aware that neutralization or disruption of even a seemingly minor node in its financial, manufacturing, or associated supply chain system could have serious effects on its economy. Taiwan's democracy by itself, and its membership in the global community of democracies, also holds deterrent value.

Counter-Coercion. Coercion is the flip side of deterrence. It involves actions taken to compel an adversary to reverse an action after its initiation. In the case of the PRC and similar to deterrence, the intended target is the decision making calculus of the opposing leadership. A coercive campaign against Taiwan would seek to break the national will of the Taiwan people through their elected representatives. A PRC coercive campaign could serve as an alternative to physical occupation, at least in the initial stages of a crisis. A coercive PRC approach to use of force would involve a political goal, a selected means of force, and a mechanism or strategy that would translate use of force into the successful attainment of its political goal.

- Mechanisms tend to fall roughly into one of three general categories – punishment, denial, and strategic paralysis or decapitation. Punishment focuses on incite political opposition through sudden/massive act of violence against population centers, encourage political opposition through economic targeting, or increase risks/costs of continuing current policy through gradual escalation of violence. Denial strategies target national will by degrading enemy military capabilities so that further resistance appears futile.
- Strategic paralysis or decapitation targets national will by attacking nodes that are most closely associated with governing or defending a country or territory. It could involve the direct neutralization of political leadership. It could be intended to strike selected targets to encourage or facilitate change of regime. Or it could involve the targeting of national command and control nodes, information systems, and communications to isolate military from the national leadership to force military collapse and create confusion or chaos.

Internal Security

The Constitution (Articles 36-43) grants the President with authority to serve as supreme commander of the armed forces, to promulgate laws and issue decrees, to conclude treaties, declare martial law, appoint and remove civil and military officials, and to issue emergency orders in the event of a national emergency. Such authority, however, requires the consent of the Legislative Yuan and in conjunction with the Executive Yuan.

Martial law is a system of rules that takes effect after granting a military the authority to take control of the normal administration of justice. Martial law is instituted most often when it

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becomes necessary to favor the activity of military authorities and organizations, usually for urgent unforeseen needs, and when the normal institutions of justice either cannot function or could be deemed too slow or too weak for the new situation, for example, in the event of conflict, a significant natural disaster, civil disorder, or after a coup d'état. The need to preserve the public order during an emergency is the essential goal of martial law. Usually martial law reduces some of the personal rights ordinarily granted to the citizen, limits the length of the trial processes, and involves more severe penalties than ordinary law.

Defense against domestic threats generally resides with the National Police, National Security Bureau, Investigation Bureau, Coast Guard, as well as with certain elements of the Ministry of Defense, including the Reserve Command and Military Police. Also important is the role of organizations within the defense establishment for humanitarian affairs and disaster relief. The role of the military was highlighted in its response to the earthquake in September 1999 when the 6th Army deployed its tactical communication system to the central area of Taiwan to facilitate national-level relief to earthquake victims.

Organizations under the Ministry of Justice Investigation Bureau, Ministry of National and the ROC Army, National Security Bureau, and National Police also play a critical role in counter-terrorism. Specifically, the MND is tasked with supporting the Executive Yuan in responding to biological and chemical attacks and in providing aid in the event of large scale medical emergencies.

Economic Development

Since the publication of Adam Smith's *The Wealth of Nations* more than 200 years ago, democratic governments have debated how best to allocate national resources for the greater good. Liberal democracies are said to be able to take hold in countries that have a strong economy, usually measured in terms of gross domestic product (GDP). There is debate about whether democracy the result of the wealth of a nation, a cause of that wealth, or completely unrelated to it. Some campaigners for democracy believe that as economic development progresses, democratization will become inevitable. Debates over trade-offs between defense spending and socio-economic development are have been alive and well in Taiwan since its transition into a democracy.

How much spending is needed for an "adequate" defense? The relationship between expenditures on national defense and economic growth is often a hotly contested issue. Avoiding this debate, I would like to focus on one often overlooked aspect of the connection between defense and the economy, which is the potential impact of defense spending on the island's economic development. Public spending on defense is not only an investment into personnel, operations and maintenance, and force modernization. Defense spending, given the proper set of circumstances, often can contribute to economic growth and development. And creation of jobs and income in Taiwan in districts could increase support for defense spending.

This is not to say that greater defense spending and shoring up of an indigenous defense industry is a reason by itself to increase a defense budget. As far as providing jobs, public spending on defense often is not viewed as profitable an investment as other public expenditures. This is

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especially true when faced with what is known as a “crowding out” effect. When faced with caps on spending, an increase in defense spending incurs opportunity costs, displacing spending in other sectors, such as education, social welfare, S&T, and investment into economic infrastructure. One U.S. Congressional Budget Office study conducted a decade ago came up with one rough estimate that for every \$1 billion spent on weapons, supplies and services, 25,000 jobs are created. However, the same \$1 billion spent in other public sectors could create 30,000 mass transit jobs, 36,000 housing jobs, 41,000 education jobs, and 47,000 health care jobs.

Regardless, it is first important to ask how much do Taiwan taxpayers invest into their defense. The answer is not as easy as many of us would like to think. Taiwan’s official defense budget, roughly US \$8 billion over the past few years, or around 2.6% of its gross domestic product (GDP), is often taken at face value. Based on this figure, many criticize Taiwan’s government for not taking defense seriously. What’s interesting though, is a 2002 World Bank study that outlined what is referred to as a “favorable shock” that democratization has on military expenditure levels as a country’s political system switches from authoritarian rule to a full democracy. Military expenditures on average have fallen by around two percent of GDP, as was the case in Chile and other new democracies.

Beyond this, the fact is that Taiwan’s defense spending is at least U.S. \$12 billion (3.6% of GDP), and likely much higher. The MND does not include most retired military pensions, much of the defense research and development, and special budgets for military housing projects in its annual budget submission. Also omitted is the military’s share of the national debt. If one applies the same degree of analytical rigor as many do to the PRC’s defense spending, Taiwan’s actual defense spending could be at least double the officially stated defense budget.

There are at least three aspects of Taiwan’s defense spending that have the potential to contribute to Taiwan’s economic development: 1) spending on equipment and follow-on support; 2) local economic of bases and facilities; and 3) research and development.

Spending on Equipment and Follow-On Support. First, as a general rule, expenditures earmarked for procurement of weapon systems and follow-on support have the potential to create jobs and income locally, as well as technology spin-offs, particularly if dual use in nature, that could be considered as capital investment for economic development. There is a strong argument to be made that government expenditures on high cost weapon systems should have a dual purpose – providing for national defense and enhancing economic security through the creation of jobs and income. At the current time, Taiwan relies on foreign sources, specifically the United States, for about half of all its weapon systems and follow-on support. Consistent with Article 22 of Taiwan’s National Defense Law, I understand there are plans to decrease reliance on foreign sources and increase domestic content to approximately 75% by 2010.

I believe this is a very smart move, if it can be done. The development of an indigenous defense industry carries with it many advantages. It creates yet another path for Taiwan’s economic growth. It could diversify options for exports, and offers opportunities for Taiwan industry to leverage its comparative advantages to partner with global defense companies, rather than just being a buyer.

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Taiwan has a policy that is intended to offset the costs of foreign acquisition of weapon systems with a requirement for industrial cooperation. Since its implementation in 1988, Taiwan's Ministry of Economic Affairs (MOEA) has managed an Industrial Cooperation Program (ICP) that requires foreign suppliers entering into government procurement contract arrangements that exceed U.S. \$10 million dollars to obligate at least 40% in offset credits to MOEA. The goal is intended to support Taiwan's national economic and S&T plans and policies through attracting new technologies, foreign investment and joint ventures, improve its industrial infrastructure, foster long term relationships and cooperation with international industries, and encourage foreign enterprises to establish R&D and manufacturing centers in Taiwan. MOEA determines the value of proposals that obligors based on a subjective multiplier rating, which can be between less than 1 (i.e., 0.25 to 10).

It is my understanding, based on discussions in Taiwan and the U.S., that this approach isn't working as it was intended to. When procuring weapon systems through Foreign Military Sales (FMS) channels, this offset "benefit" is deceptive. In FMS, Taiwan procures a defense article or service from the U.S. government, and not directly from an original equipment manufacturer. The U.S. government contracts with a manufacturer and sets a reasonable limit on the profit that a manufacturer can make. With this in mind, U.S. regulations understandably permit the manufacturer to recover or add in the estimated offset costs into its contract with the U.S. government, which then in turn builds these additional costs into its contract with the Taiwan government. All administrative costs associated with managing the fulfillment of Taiwan's offset requirements also are included

In short, because taxpayers fund the offset obligation, there is no apparent value added to Taiwan's economic development. The costs incurred by these offset obligations are placed back onto the Taiwan taxpayer. This "rebate" or "offset" is not free. Furthermore, this system does not seem transparent, especially to taxpayers. It is very confusing, and not clear that the billions of dollars in goods and service that have been managed through this channel have been effectively monitored. The intent – not just buying weapons and spare parts but also making an investment into Taiwan's future economic growth – is good. But there could be a better way, with MOEA continuing to play a central role.

Local Economic Impact of Defense Spending. If Taiwan is similar to the United States, then the presence of a military base has a significant socio-economic impact on local communities. The economic impact of payroll for local servicemen, as well as pensions for retirees, on local economies is obvious. Admittedly, bases themselves likely are not significant generators of jobs themselves, but a base can influence tax revenues and population-based funding sources, which in turn affects local government services, such as school enrollment for children of military personnel. Military training, especially technical training, also makes a contribution to society as a whole after a conscript or volunteer finishes his tour of duty.

Research and Development. Expenditures on defense research and development, whether funds that in the official defense budget or the National Science Council budget, have the potential for commercial spin-offs. Taiwan has significant talents in a range of areas that are dual-use (i.e., applicable to both civilian and military purposes) in nature – information technology, opto-electronics, propulsion and engine technology, ceramic, composite, and other

special materials, biotechnology, and nanotechnology, just to name a few. Oftentimes, key technologies are acquired through the offset program that may have a significant and positive impact on the national economy.

Information

One of the most contentious yet valuable issues in consolidation of democracy is control of the intelligence apparatus. Legacies of an authoritarian past in which the intelligence or security apparatus was an instrument of state control and linked to human rights abuses can continue to color the relationship between an intelligence community and a democratic government. In some ways, the secrecy inherent in intelligence collection and analysis, and covert operations is the enemy of democracy. In most authoritarian regimes, intelligence has been monopolized by the military, with little if any role for civilians. Secrecy encourages accumulation and abuses of power with no accountability. Yet reliable and secure sources of information are critical to the effective functioning of government.

Having moved beyond its authoritarian past, Taiwan's defense establishment keeps the ROC's democratically elected political leaders informed about the domestic, regional, and international environment. In doing so, it assists in providing for a stable environment for consolidation of its democratic achievements and alerts the leadership of possible threats to Taiwan's security. Taiwan's intelligence community is diversified and spread out among functionally in different bureaucracies. Law enforcement responsibilities have been split off from the National Security Bureau (NSB), which has traditionally been directed by a senior military officer who is responsible for coordinating among the various government intelligence entities.

- **External threats.** A key function of Taiwan's intelligence community has been to monitor the PRC's political, economic, and military challenges to the well-being of Taiwan's population and their political and military leaders. Through the use of space-based, airborne, and ground-based sensors, information is collected, analyzed and transmitted up the chain for guiding national-level decision making regarding threats and opportunities.
- **Internal Security.** In the past, the ROC's political leadership relied heavily on its intelligence apparatus to identify domestic opponents, neutralize their opposition to the government, and generate at least apathy, if not outright support, of government activities using such measures such as media control and propaganda. Since the 1990's, however, a series of laws have been passed to curb the powers the intelligence community while maintain a legitimate degree of secrecy needed to protect sources and methods.

Factors In Evaluating Efficacy of the Defense Establishment in a Democracy

The ROC's defense establishment often is the favorite whipping boy of casual observers in the U.S., and often within Taiwan's own media. It is natural that public media outlets thrive on exposing weaknesses, mismanagement, and malfeasance. In a democracy, that's exactly what detached watchdogs in the media should do -- ensure elected officials, civil servants, and the nation's armed forces carry out their public responsibilities in an efficient, effective, and ethical

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manner. What sometimes gets lost, however, is an accurate representation of the gradual, positive changes that can occur in an organization.

The on-going transformation of ROC's defense establishment is one of the best cases. Taiwan's military has weathered political storms, provided stability during the ROC's first democratic transition of political power from one party to another in its history, and made significant advances in its ability to deter and defend against PRC aggression. While challenges remain, the armed forces of the Republic of China are transforming into a world-class military.

Among the factors in determining the effectiveness of a defense establishment in a transitional democracy include: 1) civilian control of the military through constitutional authority; 2) the growing oversight role of the legislature; and 3) informal relationships between key civilians and members of the defense establishment. Political liberalization and democracy in Taiwan are relatively new phenomenon. Liberalization was initiated by President Chiang Ching-kuo during the latter part of his 20 year authoritarian rule over Taiwan after he succeeded his father, Chiang Kai-shek. It was not until 1986 that he lifted four decades of a ban on free press, lifted martial law, and permitted the formation of the opposition parties, such as the DPP, which only came to power almost six years ago.

The shift of power to the DPP from the KMT, which had controlled Taiwan since arriving on the island in 1945, was a cultural shock to a KMT-dominated defense establishment that had been programmed to oppose the basic ideals upon which the DPP was founded upon -- a greater Taiwanese national identity that is separate and distinct from that of China. Memories of martial law, the Garrison Command, the General Political Warfare Department, Investigation Bureau, and other organizations involved in the repression of Taiwanese nationalism still lingered within the minds of senior military officers. Large segments of Taiwan's defense establishment were said to have been hostile to the ascendancy of the DPP, cool to the DPP's new defense strategy that emphasized air and sea power, and reluctant to accept the party's involvement in defense affairs and be in a position of control.

Civilian Control of the Military

Civilian control of the military often is viewed as a key enabler not only for democracy, but also for the efficient and effective functioning of a military bureaucracy. As Taiwan proceeds in its transformation, the establishment of civilian control of the military has been critical to its success. Civilian control has intrinsic value in and of itself. But it also is instrumental to overcoming the parochialism that has plagued defense establishments for decades. Only through placing civilians in key positions in a defense establishment can an organization break through debates between branches of the military regarding the proportion of budgets and procurement of key weapon systems. In addition, civilian leadership could stem potential shifts in priorities every time a Minister of Defense position changes from one Service representative to another. A civilian leader often can add rationality to a strategic planning process. In addition, military establishments around the world are programmed to be linear, hierarchical, and conservative in thought. Civilian leaders can drive innovation with the advice of mavericks within a defense establishment.

Increase Legislative Role in Defense Issues. Taiwan's gradual evolution toward democracy has been accompanied by an increase in the role of the legislature in the authorization and appropriation of public funds for defense and other sectors. In the past, the legislature had previously had played a perfunctory role in defense issues. Over the last 10 years, the Legislative Yuan has served as a battleground that manifests intense political competition between two opposing groups.

- The new defense laws significantly increased the legislative role in overseeing, authorizing, and appropriating government funding. In addition to its relative inexperience in handling defense budgetary authorization and appropriation, the Legislative Yuan is structured in a way that inhibits the effective and efficient oversight function. With two legislative sessions are held per year, members of the Defense Committee, which is responsible for reviewing budget proposals and authorizing funding, often change. Committee chairmanships from each party often rotate on a regular basis. As one DPP legislator, Lee Wen-chung, has put it, "the level of defense expertise within the legislature remains extremely low, and there is little incentive to acquire such expertise because knowledge about national defense doesn't usually win votes."
- Furthermore, with few legislators willing to break party discipline, votes on contentious issues appear to be normally split firmly along party lines. The pan-Blue coalition of the KMT and PFP have enjoyed a majority over the last six years, and have been effective in blocking a number of initiatives proposed by the Chen Shui-bian Administration, including certain requests for extra-budgetary funding for key defense items. Other special budgets, however, have passed, such as the proposal for 10 major construction projects in June 2004.

Informal relations. A military's respect for civilian control is related to its perception of the competency and capacity for civilians to manage defense affairs. There appears to be a correlation between a government's ability to competently manage political, economic and social affairs and the willingness of a defense establishment to cooperate, be obstructionist, or passive in the political process. It is my understanding that civilians in Taiwan, both in the legislature and in the Chen Shui-bian Administration, have invested time in developing relationships with members of the defense establishment, and demonstrated a willingness to understand needs and provide leadership on security-related issues. Informal barriers to communication between defense and political leaders, as well as the general public -- both institutionally and personally -- also seems crucial in developing effective civilian control.

- Furthermore, it seems important that civilian governments address legitimate concerns of the military. The failure of elected leaders to demonstrate respect for the defense establishment, or to provide adequate resources to fulfill their mission, can jeopardize effective civilian control. There have been cases in which successful transitions to democratic, civilian control of the military often involve serious commitment by elected officials to provide training, modernization, and reform within the military. Addressing legitimate concerns also requires efforts by civilian leaders to educate themselves about matters of national security and the conditions of those serving in the military.

The Military and Society: Civil-Military Relations

According to luminaries in the field of military sociology, such as Morris Janowitz, civilian control can be achieved through the socialization process. The military reflects the society that it serves. The military's sympathy with the values of a society makes it a more willing servant. Although members of a defense establishment enjoy all of society's privileges, they do support a system that makes these privileges available to the civilian population. Even so, a distinct military culture is important. "In a private enterprise society," says Janowitz, "the military establishment could not hold its most creative talents without the binding force of service traditions, professional identifications, and honor." In this connection, the degree to which society at large should impose its values (and its culture) on its military is an unresolved question.

In Samuel Huntington's view as outlined in his classic *The Soldier and the State*, there are inherent contradictions between the nature of the military and a liberal civilian society. He suggests that "the tension between the demands of military security and the values of American liberalism can, in the long run, be relieved only by the weakening of the security threat or the weakening of liberalism." As a result, too close association between the military and society weakens, rather than strengthens, civilian control.

For Huntington, civilian control is achieved through military professionalism. He argues that military officership exhibits the three characteristics that define a profession: expertise (the management of violence), responsibility (for the defense of the state), and corporateness (institutional self-awareness and organization). These properties distinguish the military from other professions, and their emphasis serves as the best basis for civilian control. The self-regulating norms of military professionalism preclude disobedience to civil authority.

Transparency in a Defense Establishment. Transparency is critical for gaining the trust and support of society who, through their representatives, determine how a defense establishment can best serve their interests. Without transparency, trust can diminish and the end result could be a reduction in the bureaucratic effectiveness. Nowhere is transparency more required than in the public procurement process. The Taiwan government has supported efforts to create a more transparent, objectively based, and institutionalized process. The 1999 Government Procurement Law was an important first step toward establishing a transparent environment for Taiwan's multi-billion dollar market for public procurement projects. However, there have been some who have criticized the lack of transparency and believe that further progress could be made. Transparency also allows for better enforcement of ethical standards of government that Taiwan has inherited from its Confucian roots.

The Score Card: A Subjective Assessment

In summary, the changes in Taiwan over the last 10 years have been rapid and dramatic, perhaps more so than at any time in its history. Most important has been Taiwan's shift from an authoritarian on-party state to a liberal representative democracy. In many respects, Taiwan is going through a form of transitional crisis that it is unlikely to come out of for the next three years or so. Along with its fundamental political transformation has been a downturn in its

economic performance or, in the absence of other alternatives, increasingly reliant on mainland China for its continued economic development. Along with the political and economic shifts, Taiwan's defense establishment is in the major of a major transformation that has been underway since at least 2000. In addition, Taiwan's society itself is changing in terms of demographics, its environment, demands for greater transparency and good governance, and better education. Within this environment, Taiwan and its defense establishment has much to be proud of.

The High Points

There have been at least three high points in the role of the defense establishment in the transformation of Taiwan's democracy: 1) transformational management; 2) effective reorganization; and 3) greater commitment to defense.

Transformational Management. Taiwan's military has weathered political storms, provided stability during the ROC's first democratic transition of political power from one party to another in its history. It also has made significant advances in its ability to deter and defend against PRC aggression. While challenges remain, the armed forces of the Republic of China are transforming into a world-class military. Taiwan's defense establishment has been through a series of shocks and dislocations over the last decade. This is a fact that seems to have gone unacknowledged.

After the break in US-ROC diplomatic relations and almost 20 years in relative isolation, officers in Taiwan's defense establishment acknowledged the need for fundamental change shortly after the 1996 missile crisis. Military institutions and cultures inherently are resistant to change. Yet a handful of officers took action, often sacrificing their own careers, and worked with allies inside and outside of Taiwan to generate the political momentum needed for transformation.

In this process of change, Taiwan's defense establishment has operated at the edge of chaos and order, the precise point where innovation thrives. With the legal mandate enshrined in the new defense laws, Ministers of Defense Tang Yiau-ming and Lee Jye have been able to manage the shocks and stresses of a rapidly changing environment, maintain a fundamental level of military effectiveness, maximize combat power with the resources it has on hand, and provide an environment within which the process of transformation can take place.

After 50 years of KMT political indoctrination, the culture shock of the DPP win in 2000 is often underestimated. The organs of martial law, such as the Garrison Command, had just closed down 10 years before, when a large portion of Taiwan's society was denied the means to influence their own destinies. As an institution, there is an argument to be made that the military was shocked if not alarmed by the ascendance of a political organization that represented ideals that previously had been viewed as a danger to national security. Among all the achievements of the Taiwan military over the last six years, none is greater than its support for Taiwan's democratic transition.

As Taiwan's defense establishment settles in to its new structure, it has developed a set of new operational doctrines and structures that have established the framework for an appropriate degree of jointness between the services. It has been experimenting with the doctrines and

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structures, seeing what works and what doesn't. It has invested a large portion of resources into protecting its command and control system, hardening its infrastructure, modernizing its surveillance, intelligence, and reconnaissance system. Its air and naval operational capabilities have improved not only due to new equipment that has been introduced into its inventory over the last 10 years, but also due to improvements in training and other "software" forms of modernization. Taiwan is restructuring its Army into more a more mobile, agile force to respond quickly and flexibly to a variety of contingencies.

Finally, faced with the downturn in its economic situation in 2001, the ROC has decided to transform its defense industry as a means to sustain economic growth while also ensuring a sufficient self-defense capability. Article 22 of the 2000 National Defense Law mandated that the Executive Yuan establish policies and strategies to improve the ability of Taiwan's civilian defense industry to "integrate the capacities of industry, government, academics, and researchers" and support Taiwan's "economic development and social prosperity, and create a win-win situation for the military and the public." In short, a legal mandate had been established for prioritization for the indigenous development, production, and maintenance of defense articles.

Reorganization. As the Bush Administration entered the White House in January 2001, Taiwan was in the midst of its most fundamental defense reform and reorganization program in history. Toward the end of the Lee Teng-hui Administration, a group of military mavericks working in conjunction with a small number of mostly DPP legislators, saw the need to reform the defense establishment in a manner consistent with Taiwan's overall democratic transition. On a scale equal to both the U.S. National Defense Act of 1947 and the Goldwater-Nichols Act of 1986 combined, two defense laws – the National Defense Law and the National Defense Reorganization Act – were promulgated in 2000 and enacted in 2002 and 2003.

The structural and procedural changes required by these laws have been profound. First, for the first time in the ROC's history, a civilian minister of defense was placed into the operational chain of command and granted budgetary authority over the military. The National Defense Law required the transfer of personnel, procurement, and planning, programming, and budgeting responsibilities from the General Staff to the Minister of Defense. In 2001, the military began the process and new offices under the Minister of Defense were established for strategic planning, detailed quantitative systems analysis, personnel management, and other functions. The law also mandated the formation of a centralized acquisition bureau and prioritization of indigenous procurement.

As these laws were being implemented, Taiwan's defense establishment also had been gradually reducing the size of its manpower since 1997. The savings derived from these personnel cutbacks were originally intended to augment its force modernization budget. However, the greater emphasis on a volunteer force and the rise in military pay needed to create incentives for enlistees has diverted these resources to cover the growth in personnel costs.

Commitment to Defense. Over the last year, a growing number of observers in the United States have questioned Taiwan's commitment to its own defense. Appearances often are deceptive. The dedication to defense of the island is obvious to anyone who has spent a

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reasonable amount of time with Taiwan's warfighters. If one looks back in history, the ROC military was one of America's most committed allies. During the Cold War, a sizable but still unknown number of officers and men sacrificed their lives with and for the United States in the common fight against communism.

Today, underneath this kinder, gentler shell of a military is a hard core that seems prepared to kill any PLA soldier, airman, sailor, or marine who threatens their country, their homes, families, and way of life. Fighter pilots who have been issued in advance a "one way ticket" accept their duties and responsibilities with a spirit that would make any USAF pilot proud. Army officers and men, who carry out their duties often without adequate resources and in less than optimal living conditions compared with their American counterparts, make great sacrifices without hesitation. A visit to Kaohsiung Naval Base can reveal the resourcefulness and innovation of a Navy that has been able to keep two World War II-era submarines operational for decades. Former U.S. Marines have visited their counterparts in Kaohsiung and have returned with detailed and glowing regard and respect that has served as the foundation of lifelong associations. These characteristics have endured for decades. Today, if one examines the totality of what has transpired over the last 10 years, the professionalism of Taiwan's armed forces and advancements become evident.

To many in the U.S., the debate over the special budget and increased defense spending has become a symbol of Taiwan's commitment to its defense. Taiwan and its people are committed to their defense. Rather than being a symbol of commitment, the defense budget debate has been a manifestation of the vast complexities associated with a transitional democracy, potential structural problems associated with Taiwan's system of government, fundamental differences in allocation of national resources, and definitional differences in what constitutes and "adequate" defense. While judgments regarding "adequate" defense are inherently subjective, resources that are being devoted to Taiwan's defense are significant. To cover anticipated requirements over the next five to ten years, however, Taiwan's defense establishment has made a strong case for an increase in its annual budget. Over the last 10 years, Taiwan's military has made significant strides in its ability to provide security for the people on Taiwan and their government.

Possible Areas of Improvement

Economic Development. Since at least 1993, there have been claims that the ruling party (KMT until 2000 and DPP since then) has reduced defense expenditures within the overall national budget in favor of other portions as a means to increase support within its voter base. First, it is difficult to determine how much Taiwan actually spends on defense. Regardless, without a strong defense industrial base and creation of jobs and income at the local level, a significant rise in resources toward defense may not be viewed as politically advantageous.

- One issue to consider could be an assessment of the economic impact of Taiwan's domestic defense spending. An economic impact map, with supporting data, could offer very useful information, including the economy-wide impact of domestic procurement by the military (including on non-defense items and services); the economic impact of military bases on local communities; the impact on the overall economy of social welfare

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support for veterans; and the economic impact of R&D spending and other financial activities associated with defense.

- Vesting Taiwan's economy in the defense and security sector could generate greater domestic support for defense programs and overall defense expenditures. Potential contributions to the global defense industry may increase and highlight the invaluable and unique role that Taiwan could play in the international community. And Taiwan's desire to be recognized as a global player could be enhanced through greater relevancy as a partner in the development and production of future systems with its global partners.

Civilianization. Eventually, at a time of Taiwan's own choosing, it seems that the appointment of civilian leaders in all of the top positions in the hierarchy - Minister of Defense and all Deputy/Vice Ministers – would be a wise move. It is often said that civilians don't know anything about defense. I would argue that would disagree. In fact, civilians could breathe fresh air, innovative concepts, and management skills to the defense establishment and hasten the process of transformation.

Transparency. Another possible area of improvement is transparency. Much progress has been made to date, as even a casual cruise on the internet could demonstrate. However, more seems like it could be done to remove any perception of malfeasance or corruption. The negative public sentiment toward foreign arms procurement that was created by furor over the French Lafayette and Mirage scandals and the death of an ROC Navy officer in 1993 seems to have had a profound and detrimental effect in the public's trust in government and the defense establishment. These effects – the Lafayette Syndrome – still exist until the today. There is no question that sensitive aspects of a defense budget, including intelligence or detailed technical aspects of weapons development programs, should be kept private. However, there seem to be other areas where greater transparency seems warranted.

- Perhaps the best example is the portion of the defense budget that is classified – about 16% of the total official defense budget, most of which seems to cover arms procurement from the U.S. government. With 25% of Taiwan's total defense outlays dedicated toward force modernization, this means that the bulk of Taiwan's arms purchases remain hidden to the taxpayer. Maintaining a veil of secrecy around the procurement of U.S. weapons systems through FMS channels seems to contradict the principles of democracy and a free and open society.

SUMMARY

The United States and Taiwan have shared interests in the ROC's maintenance of a sufficient self-defense capability; in its stability, democracy, and economic viability. Taiwan can play a constructive role in promoting political, economic, and military stability in the Taiwan Strait and the Western Pacific. We share interests in a professional, civilian-controlled defense establishment that is modern, joint, and able to function effectively should it be required to defend itself. However, the most important interest lies in Taiwan's value as a democracy that, like other democracies in the region, should serve as a shining example for others to follow.

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Over the last 10 years, Taiwan's defense establishment has been coping with a dizzying array of challenges as Taiwan transforms into a mature democracy. Over the last decade, Taiwan has grappled over how to manage an economy that is becoming enmeshed with that of the PRC and increasingly marginalized in the international community; how to successfully complete the most profound military transformation in Taiwan's history; absorb the shocks of a major change in political administration; and regain public faith in government. When able to transcend the irrationality that often accompanies a democratic form of government, there is a basic consensus regarding what Taiwan's requires for adequate self-defense within the context of Taiwan's broader national interests.