Liberalization, Economic Dependence, and the Paradox of Taiwan’s Press Freedom

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ABSTRACT OF THE DISSERTATION

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As a successful third-wave democracy in East Asia, why did Taiwan’s press freedom improve along with democratization in the 1990s but instead deteriorate after the second peaceful turnover of power in 2008 which symbolized democratic consolidation? Considering the liberal view in international relations, why did Taiwan’s press freedom make significant improvements accompanying Taiwan’s close economic connections with the US during the Cold War, only to become eroded when Taiwan recently developed deeper economic ties with China?

This study offers a political economy explanation of the development and degradation of freedom of the press in Taiwan from 1949 through 2015 from both international and domestic perspectives. At the international level, it argues that a state’s press freedom should improve or deteriorate, when it depends economically on a liberal or repressive hegemon. Material self-interest and norm diffusion are proposed as the causal mechanisms to connect economic dependence to the degree of press freedom. At the domestic level, the argument is that a state tends to have a low or high level of press freedom, when its government plays a more or less interventionist role in the market.
economy. State control and market co-optation are proposed as the mechanisms to establish the causal linkages between the state’s economic role and the level of media freedom.

With archival and interview data gathered in Taiwan, historical institutionalism has been adopted as the analytical approach and both multiple within-case comparisons and process tracing as the research methods to investigate the case of Taiwan. Filling the gaps within existing scholarship, the case study supports the proposed theory and implies that 1) state power is not the only threat to freedom of the press, but corporate organizations and market forces may also play a role in curtailing or circumscribing it, 2) cross-national economic connections do not always benefit domestic practice regarding human and civil rights, but may cause damage to it on occasions when relations of economic interdependence involve more powerful authoritarian countries, and 3) norms may not only diffuse from liberal contexts to repressive states, but repressive norms are also likely to diffuse from more powerful authoritarian countries to more liberal but politically and economically weaker countries via the mechanism of transnational corporations.

Given the growing concerns about the potential impacts that China’s economic rise might have on human rights and democracy around the world, this study especially deserves attention from democratic countries which have increasing economic linkages with China.

**Keywords:** Economic dependence, the state’s economic role, norm diffusion, human rights, freedom of the press, Taiwan
CONTENTS

INTRODUCTION ........................................................................................................................................... 1

I. Research Question ................................................................................................................................... 1

II. The Concept of Press Freedom .............................................................................................................. 7

III. Literature Review ................................................................................................................................. 10

IV. Research Overview ................................................................................................................................ 22

RESEARCH DESIGN ..................................................................................................................................... 28

I. International-level Explanation ................................................................................................................ 29

II. Domestic-level Explanation ..................................................................................................................... 35

III. Historical Institutionalism: An Analytical Framework ......................................................................... 39

IV. Methods and Data ..................................................................................................................................... 44

THE COLD WAR AND AUTHORITARIAN CONTROL OVER THE MEDIA, 1949-1988 ................................................. 50

I. The State’s Internal and External Economic Relations ........................................................................... 50

II. Economic Interventionism and Media Institutions in Taiwan ................................................................. 59

III. Economic Dependence on the US and Media Institutions in Taiwan ................................................. 72

IV. Summary: Media Institutions and the Underdevelopment of Press Freedom ........................................... 89

NEOLIBERALISM AND THE MARKETIZATION OF THE MEDIA, 1988-2008 .................................................... 93

I. The State’s Internal and External Economic Relations ........................................................................... 93

II. Economic Dependence on the US and Media Institutions in Taiwan .................................................. 101
III. Economic Liberalization and Media Institutions in Taiwan .............................. 114

IV. Summary: Media Institutions and the Improvements in Press Freedom ............. 130

CHINA’S ECONOMIC RISE AND ITS INFLUENCE ON TAIWAN’S MEDIA, 2008-2015 .......................................................................................................................... 134

I. The State’s Internal and External Economic Relations ...................................... 134

II. Economic Dependence on China and Media Institutions in Taiwan .............. 141

III. Economic Openness to China and Media Institutions in Taiwan ................... 162

IV. Summary: Media Institutions and the Degradation of Press Freedom ............. 177

CONCLUSION ....................................................................................................... 181

I. Economic Dependence and Taiwan’s Press Freedom ...................................... 184

II. The State’s Economic Role and Taiwan’s Press Freedom ............................... 186

III. General Discussion of Research Findings ..................................................... 188

IV. Theoretical and Empirical Implications ........................................................... 193

BIBLIOGRAPHY .................................................................................................... 197

APPENDIX A. US Investment to Taiwan, 1952-2015 (Unit: US$1,000) ................. 218

APPENDIX B. Taiwan-US Trade Statistics, 1952-2015 (Unit: US$1,000) .......... 220
FIGURES

Figure 1. Press Freedom Index, 2008 ................................................................. 2
Figure 2. Taiwan Press Freedom Index by Freedom House ............................. 4
Figure 3. Taiwan Press Freedom Index by Reporters Without Borders .......... 4
Figure 4. Theoretical Framework .................................................................. 40
Figure 5. Taiwan Government Spending, 1951-2015 .................................... 58
Figure 6. Taiwan Fixed Capital Formation, 1951-2015 ............................... 58
Figure 7. Taiwan Foreign Trade with Neighboring Economies, 1981-2015 ....... 96
Figure 8. Taiwan Foreign Export with Neighboring Economies, 1981-2015 ...... 96
Figure 9. Taiwan Government Revenue, 1988, 2008 ................................. 98
Figure 10. Taiwan Fixed Capital Formation, 1990, 2000, 2010 ...................... 100
Figure 11. Taiwan Cable TV Operators Market Share, 2006 ......................... 120
Figure 12. Taiwan Foreign Trade with Economic Partners, 2015 .................... 137
Figure 13. Taiwan Foreign Export with Neighboring Economies, 2000, 2005, 2010, 2015 ................................................................................. 138
Figure 14. Taiwan Cable TV Operators, 2016 ............................................... 173
TABLES

Table 1. The Expected Co-Variation Relationships between Causes and Outcomes........ 47
Table 2. US Aid to Taiwan, 1951-1968................................................................. 53
Table 3. Taiwan-China Investment Statistics, 1991-2015........................................ 140
Table 4. A Political Economy Explanation on the Development and Degradation of Press
Freedom in Taiwan, 1949-2015 ............................................................................. 183
CHAPTER ONE
INTRODUCTION

I. Research Question

Taiwan is widely regarded as a successful third-wave democracy in a global comparative perspective. Freedom of the press in Taiwan made considerable improvements accompanied by the trend of economic liberalization and political democratization since the middle 1980s. Before 1988, Taiwan’s press freedom stayed in an underdeveloped status for over 40 years in the post-World War II period, in which the press was actively repressed and muzzled under the Kuomintang (KMT) (中國國民黨) authoritarian governance. After 1988, Taiwan’s media freedom made significant progress, since the restriction on the press was lifted in 1988, and a series of media liberalization policies were implemented in the 1990s. As state power which controlled all aspects of society during the authoritarian era was now restricted by new democratic institutions, the civil society as a whole earned much more space for freedom of the press, though the public appeared to have less freedom to access complete information and mass media than media corporations themselves did (C.-L. Hung 2006; Lo 2008). According to Freedom House (2016), the level of Taiwan’s press freedom increased incrementally from the 1990s through the middle 2000s and then reached the highest in 2006, 2007, and 2008. Take the 2008 ranking for example. Figure 1 shows that Taiwan almost kept up with some old democracies such as the US, the UK, and France. In East Asia, Taiwan was far ahead of another third-wave democracy South Korea and even slightly surpassed the
mature democracy Japan.

![Press Freedom Index, 2008](Source: Freedom House 2016)

However, Taiwan’s media freedom has been considered eroding since 2008. According to Freedom House (2016) and Reporters Without Borders (2016), there was a deterioration trend regarding Taiwan’s press freedom from 2008 to today. Their survey results are respectively illustrated in Figure 2 and Figure 3. In particular, Freedom House (2010; 2011) was concerned about the “potential direct or indirect influence of the

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1 Freedom House measures press freedom with 23 different criteria in three distinct categories. The first category is the legal environment, which focuses on legal institutions that restrict the media’s ability to operate. The second category is the political environment, which examines the degree of political control over the content of the media. The third category is the economic environment, which evaluates state ownership of media, media concentration, costs of starting and operating media, and impacts of advertising or subsidies on the media (Freedom House 2016b).
Chinese government on free expression in Taiwan” when the “commercial ties between Taiwan and mainland China deepened in 2010 with the signing of the Economic Cooperation Framework Agreement.” Amnesty International (2013) also noted that the “concentration of ownership of media outlets raised concerns about freedom of expression and editorial independence” in Taiwan.

For instance, as a Taiwanese rice cracker maker basing its manufacturing and sales in China long since 1992, the Want Want Group (旺旺集團) suddenly had a hand in the media market in Taiwan since the late 2000s, by purchasing the China Times (中國時報) in 2008, absorbing the China Television (CTV) (中視) and the Chung Tien Television (CtiTV) (中天電視) in 2009, and proposing to merge with the China Network Systems (中嘉網路) in 2011. When growing into a cross-media conglomerate, it kept receiving subsidies from the Chinese government (Fathom China 2013; The Economist 2013) and started to accept embedded advertising from China’s State Council Taiwan Affairs Office (國務院台灣事務辦公室) and provincial/municipal governments (The Taiwan Control Yuan 2010). To protect its financial interests in China, the Group had a tendency to whitewash news and commentaries on the topics deemed sensitive to Beijing, such as the Tiananmen Incident (天安門事件), Tibetan or Xinjiang autonomy, and the Falun Gong movement (法輪功) (Freedom House 2011; Cook 2013, 33).
Reporters Without Borders assesses media freedom with 87 criteria in six categories, including (1) the diversity of the content of the media, (2) the level of media independence of the government, businesses, and religious powers, (3) the impacts of the media environment on self-censorship, (4) the impacts of the legislative framework that governs the activities of the media, (5) the transparency of media-related institutions and procedures, and (6) the quality of the infrastructure that supports the operation of the media (Reporters Without Borders 2016a).
Such a self-censorship phenomenon happened not only to pro-Chinese unification media, like the Want Want-China Times Media Group (旺旺中時媒體集團) but also to pro-Taiwanese identity media, such as the Sanlih E-Television (SET) (三立電視台). In particular, the SET started a business strategy to expand the sale of its Taiwanese dramas in the Chinese market in the late 2000s. The station not only strived to make its dramas accessible to Chinese audience via online video platforms such as Tudou.com (土豆網) since 2009, but it was also devoted to seeking approval from the Chinese authorities since late 2011 for its dramas to be aired on television in China. As a response to the request of China’s National Broadcasting Headquarters (廣電總局), the SET closed down the “Big Talk News” (大話新聞), a high-rating pro-Taiwanese identity, anti-Beijing political talk show in Taiwan for its business to go smooth in China (N. Chung 2012). The examples of the Want Want Group and the SET revealed that Taiwanese media’s editorial autonomy and news diversity appeared eroding along with deepening commercial ties between Taiwan and China since the late 2000s.

These phenomena raise two research puzzles of this study. First, from a comparative democratization perspective, a nascent democracy is considered consolidated only after experiencing two peaceful electoral alternations or passing the so-called “two-turnover test (Huntington 1991, 266-267).” In light of this theory, after Taiwan went through its second party alternation in 2008, state power in Taiwan should have been better checked by democratic institutions and freedom of the press in Taiwan should thus have been further protected. However, why did Taiwan’s press freedom improve along with
democratization in the 1990s, but instead deteriorate after the 2008 second party alternation which symbolized democratic consolidation? Is state power the only threat to press freedom? Does corporate power or even foreign power also play a role here? If so, how do they interact to work upon the condition of press freedom?

Second, from the perspective of neoliberalism in the field of international relations, transnational economic linkages tend to bring political and economic benefits to all the participant states, such as domestic improvements in human rights (Richards, Gelleny, and Sacko 2001; Emilie M. Hafner-Burton 2005; Gray, Kittilson, and Sandholtz 2006; Mosley and Uno 2007; Dutta and Roy 2009). In light of this point of view, Taiwan’s press freedom should have made progress when Taiwan expanded its economic relationships with any other countries in the international system. However, why did Taiwan’s press freedom make considerable improvements accompanying Taiwan’s close economic cooperation with the US during the Cold War, only to become eroded when Taiwan sought to establish more deep economic connections with China since 2008? Do transnational economic linkages always bring about domestic improvements in human rights? How is a state’s freedom of the press affected by international political and economic contexts? In what conditions does it improve? In what circumstances does it deteriorate?

Taken together, the two puzzles mentioned above suggest the following research questions. What are the causal determinants of the development and degradation of freedom of the press in Taiwan? Is state power the only threat to press freedom? Does corporate power, in addition to state power, also play a role in shaping media freedom?
Moreover, are domestic factors sufficient to explain the condition of press freedom? Does foreign power, or international political and economic forces, also play a role in shaping media freedom? If so, how do state power, corporate power, and foreign power interact with one another to affect the level of press freedom in Taiwan? Through what mechanisms?

II. The Concept of Press Freedom

Freedom of the press is the dependent variable of this study. Traditionally, it tends to be defined with an emphasis on the negative aspect of liberty. However, in this study, it is defined to include both the negative and positive concepts of freedom.

Negative press freedom originates in the classical liberal tradition of John Milton, John Erskine, Thomas Jefferson, and John Stuart Mill. It refers to the right of the media to access and publish information free from government intervention (Siebert 1979b). For instance, Thomas Jefferson clearly expresses the importance of freedom of the press in the following well-known quotation: “Our liberty depends on the freedom of the press, and that cannot be limited without being lost (Jefferson 1954).” John Stuart Mill also thinks of “exerting any power of coercion” on freedom of expression as “illegitimate” and regards the “liberty of the press” as “one of the securities against corrupt or tyrannical government” in his work On Liberty (Mill 1947). Generally speaking, classical liberals do not see the press as a “servant of the state,” but view the media as the people’s “partner in the search for truth.” The press is in particular expected to serve as a “free marketplace” of ideas and information to present evidence and arguments and even check
up on the government (Siebert, Peterson, and Schramm 1979). Thus, *negative press freedom* is considered to be realized through the media’s independence from certain inappropriate state institutions such as state ownership of media, government censorship, and state-oriented self-censorship.

*Positive press freedom*, on the other hand, is largely based on Theodore Peterson’s social responsibility theory of the media. It refers to the right of the public to receive diverse news content and get access to the media for democratic communication (Peterson 1979). The social responsibility theory emerged because the quality of public debate and democratic governance were gradually being eroded when the media in the US became more and more concentrated in the hands of few owners during the 20th century and, as a result, the ideas and information in the marketplace became less free and diverse relative to the way it was before (Peterson 1979, 77-80). In particular, in the first half of the 19th century, there was “no contradiction between the private ownership of the press (the major medium of the time) and its public, political roles as a channel for strategic information and a forum for political debate.” However, by the beginning of the 20th century, there has been a “growing contradiction between the idealized role of the press as a key resource for citizenship and its economic basis in private ownership (Murdock 1990, 1-2).” For instance, rising costs of newspaper production raised the barriers to entry into the media market and thus expanded the concentration of media ownership in the hands of few large and powerful corporate owners in America, which, in turn, to a great extent eroded the diversity of the ideas and information in the marketplace as well as the quality of public debate and democratic governance (Peterson 1979, 77-
As a response, the Hutchins Commission (aka the Commission on Freedom of the Press), an academic institution established during World War II with an aim of inquiring into the proper role of the media in a modern democracy, proposed the social responsibility ideas of the press in 1947 as an adjustment to and a replacement for the conventional classical liberal theory.

Following the Hutchins Commission’s advocacy, Theodore Peterson’s social responsibility theory of the media suggested that a “purely negative liberty” is “insufficient and ineffective” and that “true freedom must have both its negative and positive aspects.” While negative liberty simply means “freedom from” or more precisely “freedom from external restraints,” positive liberty refers to “freedom for” which “calls for the presence of the necessary implements for the attainment of a desired goal” or the endowment of “the appropriate means of attaining those goals (Peterson 1979, 93-94).” More specifically, positive liberty posits a basic minimum of resources to which people are entitled as a precondition for the preservation, effective utilization, and attainment of liberty. In terms of press freedom, the media should not only enjoy freedom from government intervention (*negative press freedom*), but it should also undertake a social responsibility to provide the public with diverse information, fair news reports, and an open platform for democratic communication (*positive press freedom*). In this sense, the social responsibility theory even implies a corresponding obligation of the government to regulate the media for the diversity of media content, the competitiveness of the media market, and thus the greatest public good to be achieved (The Commission on Freedom of the Press 1947; Peterson 1979). Therefore, *positive press freedom* is considered to be
achieved, not only by being independent from inappropriate state institutions, but also by being free from certain inappropriate market and corporate structures, such as concentration of media ownership as well as market-oriented self-censorship and news biases (McQuail 2000).

Taken together, the degree of press freedom in this study would be measured as follows. The more government institutions restrict the operation of the media, the lower the level of negative press freedom will be; in contrast, the less state institutions limit media operation, the higher the level of negative press freedom will be. On the other hand, the more market and corporate institutions restrict citizens’ access to diverse news and the press, the lower the level of positive press freedom will be; however, the less market and corporate institutions limit citizens’ access to fair reports and the media, the higher the level of positive press freedom will be.

III. Literature Review

Existing literatures offer a significant number of explanations on the practices regarding press freedom and other human rights from different perspectives. They respectively stress the roles of state power, corporate power, and foreign power in shaping the condition of media freedom. In this section, the main findings of existing studies will be summarized, and then the advantages and disadvantages of each approach will be discussed.
i. **State Power**

Many existing studies consider state power as the principal determinant of freedom of the press. Some of them stress the active role that democratic institutions might play in improving media freedom. For instance, Barry R. Weingast (2005) argues that constitutions increase the incentive of the government to protect the rights of citizens, since constitutions assist citizens in solving coordination problems and thus enable citizens to work together to resist the government which violates the rights of people. Christian A. Davenport (2004) also finds that democratic regimes generally lessen state-initiated political repressive behaviors by strengthening the constraints on the executive power, although political repression is still likely to increase during democratization in which violence is high and the constraints on the executive power are relatively low. Bruce Bueno De Mesquita and colleagues (2005), more specifically, point out that not all dimensions of democratic institutions help reduce human rights violations, but party competition, as one dimension of democratic institutions, plays the most important role in increasing the incentive of the government to respect human rights by strengthening the mechanism of accountability in a democratic system. In addition, Hun Shik Kim (2003) finds that, in the case of South Korea, a series of media deregulation policies along with the process of democratization to a great extent improved the practice regarding press freedom which was seriously restricted under the previous authoritarian regime.

Other studies emphasize the negative effects that authoritarian institutions might have on the media’s free speeches and activities. Simeon Djankov and colleagues (2003) find that an autocratic political regime tends to have a greater level of state ownership of
media and thus have a lower level of press freedom among other political rights. Bueno de Mesquita and George W. Downs (2005) also claim that an authoritarian government tends to strategically use the economic resources that it exploits from the process of national economic development to restrict the development of press freedom and other coordination goods\(^3\) in the civil society, with the intention of maintaining economic growth and hindering political liberalization and democratization at the same time. Georgy Egorov, Sergei Guriev, and Konstantin Sonin (2009), similarly, argue that an authoritarian government with rich natural resources (such as oil) tends to maintain a low level of press freedom, because it does not need to increase the incentive of its bureaucratic system to improve the quality of governance by strategically enhancing the transparency of information.

State power may use government censorship as an instrument to restrict freedom of the press. Take China for example. Rebecca MacKinnon (2008) finds that the Chinese government imposes strict regulations on information and speeches on the internet, in order to disable the internet from becoming a public space for civil conversation and collaboration and thus reduce the likelihood that political activities and changes take place in the short term. Gary King, Jennifer Pan, and Margaret E. Roberts (2013), more specifically, claim that the Chinese government implements a form of selective censorship in the cyber world with the intention of forestalling collective activities in the civil society; in particular, what is more likely to be censored is not the criticism of the

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\(^3\) Coordination goods, as part of public goods, refer to various rights and resources that enable citizens to communicate with one another, organize by themselves, and participate in the political process, such as basic human rights, political rights, press freedom, and the right to higher education. In an authoritarian society, these rights and resources directly involve the ability of political opponents to coordinate.
state and its leaders, but the speeches with potential to raise social mobilization.

Even without direct censorship, state power may still put restrictions on media freedom by imposing self-censorship with indirect threats to the press. Perry Link (2002) argues that the Chinese Communist Party (CCP) (中國共產黨) controls public opinions in China to consolidate its rule through a form of fear-induced self-censorship. In particular, the Chinese authorities discourage journalists, writers, scholars, and businessmen both in China and abroad from fully expressing their opinions regarding topics deemed sensitive to Beijing, by threatening them with various legal, political, and economic punishments (such as being imprisoned, being rejected to enter China, and being excluded from the Chinese market). Such self-censorship is initially conducted due to people’s calculations to avoid physical punishments; however, it tends to be accepted as normal and natural over time after people gradually get used to it. James E. Sciutto (1996) and Ngok Ma (2007) provide evidence for such self-censorship in the case of Hong Kong. They find that, even without any direct intervention from the Chinese government, reporters and editors in Hong Kong are still likely to be caught in a profound sense of fear under various indirect threats from the government, media owners, and advertising providers, which discourages those journalists from fully exercising their media freedom for the sake of safety.

All of these literatures may help to understand the underdevelopment of press freedom under the KMT authoritarian rule before 1988 as well as the improvements in media freedom along with the process of democratization after 1988. However, these studies are unable to explain why the public still had less freedom to access complete
information and mass media than media companies themselves did when the media were already protected from state intervention under democratic institutions after 1988. These studies are moreover unable to explain why Taiwan’s press freedom started to be considered eroded after Taiwan completed its democratic consolidation via its second party alternation in 2008. One possible reason why these literatures fail to offer relevant explanations is that most of these studies, except those addressing self-censorship, tend to focus on the negative aspect of press freedom rather than the positive aspect of press freedom, and therefore they tend to ignore the potential impacts that market forces (such as media concentration and market-oriented self-censorship) might have on the proper functioning of freedom of the press after political and economic liberalization.

**ii. Corporate Power**

Many existing literatures consider domestic market forces as the key factor that decides the condition of media freedom. Some of them are concerned about the negative effects that concentration of media ownership might have on the diversity of news content and the accessibility of the press (Baker 2007; Ellman and Germano 2009). For instance, C. Edwin Baker (2007) argues that the concentration of media ownership tends to lower the diversity of media sources, reduce the diversity of viewpoints covered, and produce news content with particular biases, which, in turn, causes damage to the equal distribution of communicative power in a society as well as the appropriate functioning of the media in a democracy. Matthew Ellman and Fabrizio Germano (2009) also find that the more monopolistic the structure of the media market is, the more likely media
companies produce news biases due to their concern about advertising revenue; in contrast, the more competitive the structure of the press market is, the less likely media companies produce news biases for advertising revenue. Chen-Ling Hung (2006, 10-12) moreover argues that, in the case of Taiwan, concentration of media ownership driven by a free market system tends to sacrifice disadvantaged media firms, lower the number of diverse voices represented, and thus cause harm to the right of the public to receive information from a diverse range of sources and to get access to the media.

Other studies pay more attention to market-oriented self-censorship and subsequent media biases that media companies are intended to produce to cater to corporate interests rather than public interests. Robert W. McChesney (1999) argues that the corporate media system is so concentrated and profit-oriented that news content tends to be slanted in favor of advertising providers’ preferences, upper-class audience’s concerns, and media owners’ commercial interests and political ideologies, which in turn causes damage to the diversity of media content and the quality of democracy. Some research considers the interests of media owners as the main source of media biases. For instance, Martin Gilens and Craig Hertzman (2000) find that media owners tend to press their employees to slant news content for their financial interests, especially when the news issues are directly related to their own interests. Similarly, Liyun Lin (also states that, in the case of Taiwan, the owners of the three largest newspapers tended to use their newspapers as instruments for expressing their own political interests and ideologies after the press ban was lifted in 1988. Other research considers the preferences of intended audiences as the principal source of news biases. For instance, James T. Hamilton (2004)
finds that media producers tend to use creating media biases that satisfy the demands of certain target audiences as a marketing strategy to attract and consolidate target audiences. Moreover, Matthew Gentzkow and Jesse M. Shapiro (2006) argue that it is not necessarily the economic interests of media owners but the ideological preferences of readers that drive the incentive of the media to create media biases, although they also agree with Gilens and Hertzman that media owners are still likely to play a significant role in shaping media biases. Still other research considers the preferences of advertising providers as the main source of media biases. For instance, Matthew Ellman and Fabrizio Germano (2009) find that media companies in a relatively monopolistic media market tend to create news biases because of their concern about advertising revenue.

All of these literatures do not focus exclusively on negative press freedom anymore, but they put the practice regarding positive press freedom into consideration by examining the impacts of corporate power on media activities and news content. Therefore, these studies may help to comprehend why the public’s full freedom to access unbiased information and mass media was still limited when media corporations were already relatively free from state control and operated under market mechanisms since 1988. However, these studies were still unable to explain the noticeable degradation of freedom of the press in Taiwan starting from 2008. One possible reason why these literatures fail to offer proper explanations is that most of them tend to focus on the impacts of domestic market forces on media practices, but neglect the potential role that external factors might play in shaping domestic transformations in media freedom.
iii. *Foreign Power*

Many existing literatures consider international political and economic forces as the crucial factor that shapes domestic practices regarding press freedom. Some of them focus on the positive effects of international economic connections on domestic improvements in media freedom among other human rights. For instance, Emilie M. Hafner-Burton (2005) argues that a state that signs a preferential trade agreement with human rights standards would have an incentive to conform to human rights norms, only if the violation of human rights standards is tied to the losses of market benefits. David L. Richards, Ronald D. Gelleny, and David H. Sacko (2001) also offer evidence for a positive correlation between foreign economic penetration and government respect for human rights. In particular, a state would have an incentive to restrict internal conflicts and protect its people’s physical integrity rights when it seeks to attract foreign portfolio investments (FPIs) from abroad; in contrast, a state would have an incentive to respect its citizens’ political rights and civil liberties (such as press freedom, religious freedom, migration rights, political participation, and labor rights) when it seeks to attract foreign direct investments (FDIs) from abroad. This is because the investors of long-term, less mobile FDIs generally require a more stable political and economic environment than those of short-term, mobile FPIs to ensure the rule of law, property rights, transparent information, and efficient functioning of both market and government in host countries. Nabamita Dutta and Sanjukta Roy (2009), more specifically, provide evidence for a positive association between the inflow of FDIs and domestic improvements in press freedom. To illustrate, a high level of FDI inflow tends to increase the government’s
incentive to ameliorate social and economic institutions, which brings about a low degree of information asymmetry and a high level of public awareness in the host country. The inflow of FDIs also increases the media’s opportunities to enhance financial independence, technological superiority, and news quality, which in turn leads to a freer and more efficient media sector.

Other studies concentrate on the role of transnational advocacy networks in spreading the ideas, norms, and practices regarding human rights in the international society. Margaret E. Keck and Kathryn Sikkink (1998) propose a Boomerang Model to explain the process in which transnational advocacy networks work to facilitate government respect for human rights. In this model, domestic NGOs would “bypass their state and directly search out international allies to try to bring pressure to their states from outside (Keck and Sikkink 1998, 12)” when their communication channels to the government are blocked. The network across national borders then adopts several strategies such as information politics, symbolic politics, leverage politics, and accountability politics to offer information regarding human rights to local activists and thus affect agenda setting in the local society. Under the pressure of transnational advocacy networks, the state or other target actors are finally induced to change their discursive positions and even policies (Keck and Sikkink 1998, 16-25). Thomas Risse, Stephen C. Ropp and Kathryn Sikkink (1999) also suggest a five-step Spiral Model to explain how the international society persuades its members to comply with human rights norms through a process of international socialization. The first step is “repression,” that is, the state represses domestic opposition, prompting them to contact transnational
advocacy groups. The second step is “denial,” that is, the state denies its responsibility for repression, stimulating both domestic opposition and international pressures. The third step is “tactical concessions,” that is, the state makes a concession, changing some of its policies and institutions. The fourth step is “prescriptive status,” that is, the state accepts international norms either by ratifying international treaties or by putting them into practice at home. The fifth step is “rule-consistent behavior,” that is, the state conforms to international norms without any pressures from domestic challenges or transnational network mobilization (Risse, Ropp, and Sikkink 1999, 20).

Still other studies offer further evidence for the effective role of transnational advocacy networks in encouraging domestic actors to accept the norms regarding human rights and press freedom. Eric Neumayer (2005) argues that a state ratifying an international human rights treaty would conform to the treaty and improve its human rights practices, only if it holds a democratic regime and its citizens maintain strong connections with international NGOs. In other words, both domestic political institutions and citizens’ engagement with transnational advocacy networks is critical conditions for a state to ratify and comply with an international human rights treaty. Amanda M. Murdie and David R. Davis (2012) also find that international NGOs would have more capacities to ensure target states’ respect for human rights through shaming activities under two specific conditions. One is the emergence of international pressures that third party individuals, organizations, or states impose from abroad. The other is the existence of domestic human rights NGOs within targeted countries. James Gomez (2005) moreover finds that, in the case of Singapore, external human rights and media advocacy groups,
with the assistance of the internet, play a significant role in sharing relevant reports and other information to local people, establishing close contacts with local groups, providing them with more flexible resources from outside, and even more efficiently organizing international campaigns out of the country. All of these efforts, in turn, fill the information gap in the authoritarian civil society, raise citizens’ awareness of their lack of speech and media freedoms, and finally increase the opportunity for media reforms there.

All of these literatures add external-oriented explanations on domestic practices regarding press freedom and other human rights and, in particular, they suggest a positive effect of international political and economic interactions on domestic improvements in media freedom and other liberties, which may help to understand Taiwan’s improvements in press freedom from the late 1980s to the late 2000s. To illustrate, the international economic connections literatures may help to explain how Taiwan’s press freedom improved along with its intensive economic cooperation with the US since the end of World War II until the post-Cold War era. The transnational advocacy networks literatures may also assist in comprehending Taiwan’s improvements in press freedom around the end of the Cold War as a result of its incremental compliance with the liberal media norms diffused from the US during the Cold War era.

However, none of these literatures can offer adequate explanations on Taiwan’s degradation of media freedom starting from the late 2000s. In particular, the international economic connections literatures tend to agree with the neoliberal belief that transnational economic linkages are always beneficial to all the participants, but ignore the critical theoretical warnings that international economic integration has a tendency to
bringing more political and economic benefits to stronger states than weaker ones in the world system. Accordingly, these literatures are unable to offer insights into Taiwan’s eroding of media freedom following its increasing economic ties with China since 2008. On the other hand, the transnational advocacy networks literatures tend to focus exclusively on norm diffusion from liberal states to repressive countries, but neglect the likelihood that repressive norms diffuse to liberal contexts. From the perspective of critical international relations theory, it is most likely for norms and institutions to spread from economically powerful states to economically vulnerable countries; therefore, it is theoretically possible for a repressive state to spread its ideas and practices to a liberal country, especially when the former is much economically powerful than the latter. Without such a critical theoretical understanding, existing international relations literatures have not yet addressed the potential implications of Chinese authoritarian ideas on Taiwan’s level of press freedom through more and more intensive economic and social interactions.

One additional shortcoming implied in these international relations literatures is that they tend to typically assume either norms or material interests out of existence through the selection of the theoretical framework, so they are unable to distinguish whether the logic of instrumentality or the logic of appropriateness is the primary driver that shapes human behaviors and political outcomes in reality. While the international economic connection literatures tend to focus on the logic of instrumentality and thus ignore the role of ideational factors and identity in shaping actors’ decision making, the transnational advocacy networks literatures tend to focus on the logic of appropriateness
and thus neglect the role of material factors and self-interest in deciding actors’ strategic behavior. Due to such theoretical assumptions, the conclusions are likely to be implicitly reached prior to empirical analyses. It, therefore, remains uncertain whether it was material incentives offered from outside or ideational beliefs diffused from abroad that played a more fundamental role in motivating the government and the people in Taiwan to advance media freedom in the late 1980s but hinder it in the late 2000s.

IV. Research Overview

To summarize, existing literature involves several theoretical gaps. First, existing studies rarely take both the negative and positive aspects of press freedom into account at the same time. While the literatures of state power and those of foreign power tend to focus on negative press freedom (i.e. the right of the media to be free from government intervention), the corporate power literatures have a tendency to addressing positive press freedom (i.e. the right of the public to access diverse information and mass media for democratic communication). However, it is important to define freedom of the press in a more balanced view to include both negative and positive press freedom. On the one hand, the exclusive focus on negative press freedom tends to overvalue the negative effects of state power on media freedom, but ignore the potentially negative effects of market forces on media independence. On the other hand, the overemphasis on positive press freedom tends to lay too much stress on the positive role of the government to ensure the media taking their social responsibility to facilitate democratic communication, but neglect the potentially negative restrictions that the government
might impose on the press’s freedom of speech and action through regulations.

In addition, it is also important to address the negative and positive aspects of press freedom separately while addressing them simultaneously. This is because negative and positive press freedom tends to be decided by different determinants. While the former hinges exclusively on the institutional relations between the government and the media, the latter depends not only on government institutions of media but also on the media’s structural relations to market forces at home and from abroad. Some factors, such as the deregulation and marketization of the media, may benefit negative press freedom but harm positive press freedom; other factors, such as concentration of media ownership, may be unfavorable to positive press freedom but relatively indifferent to negative press freedom. Therefore, addressing the two aspects of press freedom separately helps to distinguish the effects that different causes respectively have on each aspect of press freedom, clarifying theoretical relationships among relevant variables.

Second, existing studies fail to offer a systematic explanation of all the variations in the level of Taiwan’s press freedom over time. For instance, the state power literatures may help to explain both the pre-1988 underdevelopment and the post-1988 improvements; the foreign power literatures may help to explain the post-1988 improvements; the corporate power literatures may have potential to explain why the public still lack full freedom of the press relative to media companies despite overall improvements in press freedom after 1988. However, none of these literatures have potential to offer adequate insight into the post-2008 degradation. Moreover, despite their abilities to explain the media freedom situation in a particular time, existing theories have
no capacity for offering a longitudinal, systematic explanation of the development and degradation of Taiwan’s press freedom from 1949 through the present.

Third, existing studies rarely include both domestic and international levels of analysis at the same time. While the literatures of state power and those of corporate power focus on the role of domestic-level factors (such as political institutions and market structures) in shaping media practices, the foreign power literatures tend to pay attention to the role of international-level factors (such as economic connections and norm diffusion) in affecting the condition of press freedom. However, an adequate explanation is sometimes difficult to be made without taking both external and internal factors into account simultaneously. For example, by taking an international perspective, the foreign power literatures may help to explain the improvements in media freedom in Taiwan from 1988 to 2008, but they may not be able to explain why such freedom benefited more to media corporation themselves rather than the common people. On the other hand, by taking a domestic perspective, the corporate power literatures may help to explain the sustainable existence of the unbalanced distribution of press freedom between the media and the public after 1988, but they may not be able to explain why an overall progress of Taiwan’s media freedom took place since 1988. Due to their uneven emphasis on either international or domestic level of analysis, existing studies may be incapable of giving a complete explanation of all the conditions of press freedom in a specific context.

Fourth, most international relations literatures typically take either the logic of instrumentality or the logic of appropriateness, leaving either norms or material interests out of consideration in constituting theoretical frameworks. For instance, while the
international economic connections literatures tend to disregard the role of ideational identity in deciding behaviors, the transnational advocacy networks literatures tend to overlook the role of material self-interest in shaping actions. Without taking both material and ideational factors into consideration simultaneously, existing studies are unable to distinguish whether the logic of instrumentality or the logic of appropriateness is the primary driver that shapes actors’ decision makings and subsequent political outcomes regarding press freedom in reality.

To make up for the insufficiency of existing scholarship, this study seeks to offer a longitudinal, systematic explanation of the variations of both negative and positive press freedoms in Taiwan from 1949 through 2015. The proposed theoretical framework involves both the domestic and international levels of analysis as well as both theoretical categories regarding the logic of instrumentality and those concerning the logic of appropriateness. The argument is two-fold. At the domestic level, a country tends to have a lower level of press freedom when the government plays a more interventionist role in the market economy; however, a state tends to have a higher level of media freedom when the government plays a less interventionist role in the market economy. At the international level, a state tends to have a higher degree of press freedom when it depends economically on a liberal hegemon; in contrast, a state tends to have a lower degree of press freedom when it depends economically on a repressive hegemon.

The theoretical framework is correspondingly two-fold. At the domestic level, the extent of the government’s intervention in the market economy is proposed as the independent variable. To connect the state’s economic role to the condition of press
freedom, state control and market co-optation are proposed as the causal mechanisms. At the international level, the level of a country’s economic dependence on a global or regional hegemon is proposed as the independent variable. To link economic dependence to the level of media freedom, material self-interest and norm diffusion are proposed as causal mechanisms. To examine the proposed theory, historical institutionalism is adopted as the analytical approach and both multiple within-case comparisons and process tracing as the research methods to investigate the case of Taiwan. Archives, secondary literatures, and interviews gathered from the fieldwork in Taiwan are used as the sources of research data. The theoretical framework and research design will be elaborated in the next chapter.

Following the chapters of introduction (chapter 1) and research design (chapter 2), this study attempts to conduct case analyses on how the level of press freedom varied along with the three historical stages in Taiwan from 1949 through 2015. In particular, the chapter 3 explores how Taiwan’s economic dependence on the US interacted with the Taiwanese state’s interventionist role in the market economy to bring about the underdevelopment of Taiwan’s press freedom throughout almost the entire Cold War era (1949-1988). The chapter 4 then explores how Taiwan’s continued economic dependence on the US worked with the Taiwanese state’s neoliberal tendency towards economic policies to give rise to the improvements in Taiwan’s press freedom in an age in which neoliberalism prevailed all over the world (1988-2008). The chapter 5 moreover explores how Taiwan’s increasing economic dependence on China functioned with the Taiwanese state’s continued non-interventionist role in the national economy to result in the
degradation of Taiwan’s press freedom in the contemporary context of China’s economic rise (2008-2015). Finally, this study concludes with a general discussion of research findings as well as theoretical and empirical implications (chapter 6).
CHAPTER TWO
RESEARCH DESIGN

This study proposes a political economy theoretical framework to explore the development and degradation of freedom of the press in Taiwan from 1949 through 2015. The main argument is that a state’s level of press freedom depends not merely on the extent of its government’s intervention in the market economy, but also on the level of its economic dependence on a world/regional hegemon. There are two independent variables respectively corresponding to the domestic and international levels. One is the extent of the government’s intervention in the market economy at the domestic level; the other is the level of a state’s economic dependence on a world/regional hegemon at the international level. To establish the causal linkages between the two independent variables and the dependent variable (i.e. the level of press freedom), four mechanisms are proposed. In particular, state control and market co-optation are proposed as domestic-level mechanisms connecting the state’s economic role to press freedom, while material self-interest and norm diffusion are proposed as international-level mechanisms linking economic dependence to press freedom. To examine the effectiveness of the proposed theory, historical institutionalism is used as the primary analytical approach, and both multiple within-case comparisons and process tracing are adopted as the main research methods to investigate the case of Taiwan. Archives, secondary literatures, and interviews gathered from the fieldwork in Taiwan are taken as the main sources of research data. All of these theoretical categories and analytical tools are defined and
discussed as follows.

I. International-level Explanation

The first independent variable of this study is the level of Taiwan’s economic dependence on a world/regional hegemon at the international level. The hypothesis is the following: Taiwan will have a higher level of press freedom, when it depends economically upon a liberal hegemon (such as the US); in contrast, Taiwan will have a lower level of media freedom, when Taiwan is economically dependent on a repressive hegemon (such as China).

In this study, a hegemon, from the perspective of critical international relations theory, refers to a state which maintains an asymmetric economic relation with other countries in a region or in the world and seeks to establish a regional or world order that favors its political and economic dominance by spreading its own ideas and institutions to other countries and supporting international institutions that serve hegemonic interests (Cox 1983, 170-173). Economic dependence is measured with two criteria. The first is capital dependence in the aspect of production, which is assessed with the relative amount of foreign aid, loan, investment, and other financial resources coming from the hegemon in comparison with those from the other countries. The second criterion is trade dependence in the aspect of marketing, which is measured by the relative number of import, export, and trade surplus associated with the hegemon in comparison with those with the other countries.
i. **Material Self-interest**

Two causal mechanisms are proposed to link economic dependence to the degree of press freedom. The first mechanism is called *material self-interest*. In this study, self-interest means that an actor is rational; he or she has a goal or interests and does things that he or she believes will lead him or her to that goal or fulfill those interests. Thus, *material self-interest* means that an actor tends to take actions to secure or expand his or her material interests, such as physical security, non-spiritual needs, and any other substantial benefits. The mechanism of *material self-interest* may function as follows: When a country depends economically on a global or regional hegemon, state elites or media capitalists in the country will seek to minimize their economic losses or maximize their financial interests coming from the hegemon, such as economic aid, trade surplus, military support, and corporate profits. To ensure such material interests that the hegemon offers, they will then have a great incentive to adjust mass communication policies, media management strategies, or news editing principles to cater to the ideas and policies that the hegemon promotes. If the new policies and institutions favor freedom of the press, then the degree of media freedom will improve. If not, then the level of press freedom will deteriorate.

The construction of this causal mechanism (*material self-interest*) is largely informed by the studies on the role of material interests that foreign countries provide in shaping domestic behavior in terms of press freedom. Some research indicates the role of state leaders in maximizing financial interests from abroad. Richards, Gelleny, and Sacko (2001), for example, find that a state has an incentive to attract long-term, less mobile
FDIs from abroad by improving its respect for press freedom and other political rights.

Other studies show the tendency of media capitalists to reserve or expand their commercial interests from overseas by conducting self-censorship. By definition, self-censorship refers to a process in which “journalists or media organizations make decisions not to investigate specific issues or not to publish or air stories resulting from those investigations” due to a range of political and economic reasons (Becker and Vlad 2008, 81). There are several empirical examples for this. Gilens and Hertzman (2000) find that media owners tend to slant news reports that are directly related to their interests to secure their financial interests. McChesney (1999) also notes that Rupert Murdoch has ever promised to downplay Chinese human rights violations in his media coverage in return for the permission of his media businesses into the Chinese market. Perry Link (2002) moreover indicates that the business community, in addition to media and academic circles, around the world is also likely to suffer from Chinese censorship, since people in business tend to keep silence regarding the topics deem sensitive to Beijing for fear of being excluded from the huge potential market in China. All of these studies, therefore, suggest the possible causal links among economic dependence, state elites’ and media capitalists’ self-interest pursuit, and the conditions of press freedom in Taiwan.

ii. Norm Diffusion

The second mechanism that might explain the causal relationship between economic dependence and press freedom is referred to as norm diffusion. In this study, norm is defined as “a standard of appropriate behavior for actors with a given identity (Finnemore
and Sikkink 1998, 891).” Media norms could thus be considered as a standard of appropriate behavior in terms of media for relevant actors with a given identity. For example, the US, as a democratically developed state, tends to regard the media as a free marketplace of ideas, a provider of diverse information to the public, and a fourth institution to check on the government (Siebert 1979b; Peterson 1979; Stewart 1975, 636). In this sense, violations of press freedom (especially negative press freedom) are not seen as appropriate to state officials, media owners, journalists, and other actors in America. In contrast, China, as a communist authoritarian developing country, tends to treat the media as the state’s means to promoting party ideology, government policy, national building, and even economic development (Siebert 1979a; Schramm 1979; Hachten 1981; L. R. Li 1992); therefore, violations of Western-style press freedom may be viewed as appropriate in China, especially when those violations are done for authoritarian or developmental purposes.

In this study, the mechanism of norm diffusion may work as follows: When a country depends economically on a global or regional hegemon, there will exist profound economic connections, social interactions, and various governmental or non-governmental networks between two countries. Through these networks, state elites or media capitalists in the country will have more opportunities to learn norms regarding press freedom in the hegemonic context, be familiar or identify with them, and thus play a role in translating and introducing them from the hegemon to Taiwan. These norms might either be directly transplanted to Taiwan without changes (which is called “replication”) or be merged with some Taiwanese local ideas to become new ones (which
is called “hybridization”). In any case, state elites or media capitalists in the country tend to adjust media policies and institutions according to the norms translated and diffused from the hegemon, which, in turn, causes the change of press freedom there.

The construction of this causal mechanism (*norm diffusion*) is largely informed by the studies on the effects of international socio-economic interactions on domestic practices regarding human rights. Some research points out the crucial role of international economic connections in improving press freedom and other human rights. For example, Richards, Gelleny, and Sacko (2001) find that foreign economic penetration, especially FPIs and FDIs, has a positive impact on government respect for press freedom and some other human rights. Dutta and Roy (2009) also find that a high level of FDI inflow tends to result in a high level of press freedom. Layna Mosley and Saika Uno (2007), moreover, remind that not only a state’s external economic connections but also its role in the global economic system should be put into consideration; in particular, countries with FDI inflows tend to have a higher level of workers’ rights, while countries confronting trade competition tend to sacrifice workers’ rights in response to the pressure of production costs. Other research, furthermore, shows how international economic connections work with norm diffusion to shape the practice of human rights. For instance, Hafner-Burton (2005) finds that preferential trade agreements with human rights standards would work to improve state behavior in terms of human rights, only if norm violation is related to economic losses. Mark M. Gray, Miki Caul Kittilson, and Wayne Sandholtz (2006) also find that economic globalization improves women’s rights not only by bringing new economic opportunities and resources
to women, but also by promoting the diffusion of ideas and norms of equality for women.

With regard to the mechanism of norm diffusion itself, some research implies that
the state that exports norms may actively compel other countries to accept the norms. From Robert Cox’s point of view (1981; 1983), a hegemonic state incorporates other
countries into its world order not only with its material power but also with its ideology;
in particular, it urges peripheral countries and other core countries to consent to the
legitimacy of its hegemonic dominance, by ideologically justifying the norms and
institutions in favor of its dominance, by co-opting elites from peripheral and other core
countries, and by assimilating potentially counter-hegemonic ideas there. Other research
shows that the state that accepts norms may voluntarily learn the norms from abroad.
According to Martha Finnemore and Kathryn Sikkink (1998), a norm may start to be
considerably diffused among states once it is supported either by at least one-third of the
total number of states or by certain critical states, and norm diffusion could be understood
as an active process of international socialization in which states identify themselves as
members of an international society and thus tend to conform to the international norms
under peer pressure. Still other research suggests that the “people in the middle” play a
vital role in “translating” and introducing international norms into local social contexts.
According to Sally Engle Merry (2006, 39), norm translation matters in the process of
norm diffusion; the translated ideas may either remain virtually unchanged from its
transnational prototype (which is called “replication”) or merged with those of other
localities to produce new, hybrid institutions (which is called “hybridization”) (Merry
2006, 44-46). In this study, state elites and media capitalists may play the role of “norm
translators” or the “people in the middle” to translate media norms from core countries to the local context. All of these studies, therefore, suggest potential causal relationships among economic dependence, norm diffusion, and the condition of press freedom.

II. Domestic-level Explanation

The second independent variable of this study is the extent of the Taiwanese government’s intervention in the market economy at the domestic level. The hypothesis is the following: Taiwan will have a lower level of press freedom, when the Taiwanese government plays a more interventionist role in the market economy; conversely, Taiwan will have a higher level of media freedom, when the Taiwanese government plays a less interventionist role in the market economy.

The state’s economic role is evaluated with the following two criteria. The first is the relative autonomy of the government in comparison with the market or the civil society, which is considered a necessary, though not sufficient, condition for the government to intervene in the market economy. The second criterion is the extent to which the government pursues industrial policies through the adoption of financial, monetary, fiscal, and other policy instruments to direct national economic development, which are considered an additional indicator that mirrors the government’s interventionist role in the market economy.

i. State Control

Two causal mechanisms are proposed to link the state’s economic role to the level of
press freedom. The first mechanism is called state control. When the government plays an interventionist role in the market economy, it will manage numerous policy tools and economic resources in the process of national economic development. Based on these material capabilities, the government will thus be able to master the media by either coercive or co-optative means and use the media as its instrument for promoting policies, enhancing government image, and maintaining political legitimacy. Under this circumstance, the media would be incorporated into the ruling system through institutional, organizational, or financial channels and thus strictly restrained under government regulation and censorship. All of these, in turn, lead to a low level of press freedom (regarding both negative and positive press freedom).

The construction of this causal mechanism (state control) is largely informed by the developmental state model as well as relevant studies on the role of the media in the society. According to the developmental state model (Amsden 1985; Gold 1986; Johnson 1987; Haggard 1990; Wade 1990; Öniş 1991), the Taiwanese government tends to hold a high level of autonomy relative to the society, build institutionalized links with certain state-owned enterprises and selected private businesses, and adopt financial, monetary, fiscal, and other policy tools to strategically guide economic resources to certain promising industries in the process of economic development. William Hachten’s normative developmental model of the media (1981) suggests that the states in developing countries which play a developmental role in the process of national development tend to control the media and mobilize them as an instrument of the state to serve national goals such as nation building and economic development. Some empirical
studies offer evidence for the negative impacts that market intervention might have on press freedom. For instance, Djankov and colleagues (2003) find that countries with higher levels of state intervention in the economy tend to have a greater level of state ownership of media and thus a lower level of press freedom. Bueno de Mesquita and Downs (2005) moreover find that authoritarian states tend to strategically use the economic resources that they obtain from the process of economic development to repress the development of coordination goods, such as press freedom and other political rights, in their civil societies. Lihyun Lin (2000, 133), more specifically, provides evidence that the Taiwanese authoritarian government tended to control the press by establishing a “patron-client relationship” with certain newspaper groups, in which the press works for the state to propagandize government policies and ideologies in return for state-guaranteed protection and favors. All of these studies, therefore, suggest potential causal relationships among economic interventionism, the control of the government over the media, as well as the level of press freedom.

ii. Market Co-optation

The second mechanism that this study proposes to explain the causal relationship between the state’s economic role and press freedom is called market co-optation. When the government does not play such an interventionist role in the market economy any longer, it will lose the capacity for controlling the media with abundant policy tools and economic resources. Under this circumstance, market forces (such as private enterprises, advertising providers, multinational corporations, and even foreign governments) will
have more opportunities to take the place of the government to incorporate the media through the circulation, advertising, and ownership markets and use the media as instruments for increasing profits, publicizing commodities, enhancing corporate or national images, or conducting political propaganda. As a result, the media will be extricated from government intervention, which causes a higher level of *negative press freedom*. However, there will appear concentration of media ownership as well as market-oriented self-censorship in a relatively free market, which hinders the public’s right to access diverse information and mass media and thus results in a lower level of *positive press freedom*.

The construction of this causal mechanism (*market co-optation*) is largely informed by the studies about media concentration, market-oriented self-censorship, and media biases. Some research acknowledges media concentration or a small number of players owning the vast majority of the media outlets as a result of state non-intervention in the press market (Peterson 1979; McChesney 1999). Other studies moreover point out the negative impacts of media concentration on the diversity of news context and the accessibility of mass media (Baker 2007; Ellman and Germano 2009). Still other studies, furthermore, indicate that the press in a free market tend to create media biases through self-censorship in favor of the interests of advertising suppliers (McChesney 1999; Ellman and Germano 2009), consumers or audience (McChesney 1999; Hamilton 2004; Gentzkow and Shapiro 2006), and media owners themselves (McChesney 1999; Gilens and Hertzman 2000). In the case of Taiwan, both Chen-Ling Hung (2006) and Lihyun Lin (2008) find that a series of *laissez-faire* media policies after the late 1980s tended to
strengthen larger media corporations, sacrifice weaker media firms, reduce the diversity of news content, and thus finally discourage the public from getting access to diverse information and mass media. All of these studies, therefore, suggest the potential causal links among the government’s inactive role in the market economy, the incorporation of the media by market forces, and the level of press freedom.

III. Historical Institutionalism: An Analytical Framework

To include all the theoretical categories constructed above into an analytical framework, historical institutionalism is adopted as the major analytical approach for several reasons. The relations and dynamics among relevant theoretical categories are illustrated in Figure 4.
First, this study aims to explain both the negative and positive aspects of press freedom. This requires not only the analyses of formal institutions (such as government structures of media and corporate structures of media) which shape negative and positive press freedom, but it also requires the analyses of informal institutions (such as market structures of media, media cultures and norms, and news production routine procedures) which have influence on positive press freedom. Historical institutionalism is appropriate for such investigations, because it resonates more and more with sociological institutionalism to understand institutions in a broader way to include both formal institutions and informal routines (Bannerman and Haggart 2015, 15-16). From this point of view, institutions tend to be defined not only as sets of formal and informal rules and
procedures deployed by states or business firms (North 1990, 3; Thelen and Steinmo 1992, 2), but also as sets of informal social networks, cultural frameworks, routinized processes that reproduce any informal social relations and norms, as well as formal rule systems (Jepperson 1991, 145).

Second, this study seeks to offer an explanation at both domestic and international levels. In particular, it aims to take internal factors (such as the state’s economic role) and external factors (such as economic dependence) into account simultaneously. Historical institutionalism is appropriate for such analyses, because of its noted strengths in the development of macro-level and multi-level analyses of empirical phenomena by contextualizing them within broad structural and temporal framings (Pierson and Skocpol 2002, 695-696; Campbell 2004, 11). Historical institutionalism is also considered applicable in the field of international relations and that of international political economy, due to the potential of international-level mechanisms to explain internal institutional changes (Farrell and Newman 2010).

Third, this study seeks to provide an explanation with both the logic of instrumentality and that of appropriateness. In particular, it wants to put both material-induced mechanisms (such as material self-interest, state control, and market co-optation) and ideational-induced mechanisms (such as norm diffusion) into consideration at the same time. Historical institutionalism is appropriate for such analyses, because it simultaneously recognizes both the logic of instrumentality and that of appropriateness and thus provide a way to examine the roles of both material self-interest and ideational identification in shaping actors’ motivation and behaviors concerning institutional design
Fourth, this study seeks to explain the transformation of media-related institutions (such as government institutions, market structures, and corporate structures of media) as well as its influence on the level of press freedom. This requires a two-step investigation. The first step is to explore the impacts of economic dependence and the state’s economic role on institutional changes regarding the media. The second step is to examine the effects that media institutions have on state elites’ or media capitalists’ decision makings regarding press freedom. Historical institutionalism is appropriate for such investigation, because it offers a contextual, temporal framework that helps to comprehend not only how institutions shape actors’ interests, identities, and behaviors, but also how institutions themselves are affected and change over time (Thelen and Steinmo 1992; Pierson and Skocpol 2002, 695-696; Streeck and Thelen 2005).

In the light of historical institutionalism, institutional stability and change are seen as outcomes of power competition (Hall and Taylor 1996, 938; Mahoney and Thelen 2010, 8-9). The relative stability of institutions is generally considered as a result of path dependence. By definition, path dependence refers to a dynamic process in which existing institutions are reinforced and maintained by some positive feedback and thus changed in a modest, evolutionary way. With the effect of positive feedback, existing institutions tend to sustain the present arrangements of power among actors, which then increases the cost of choosing to switch to any alternative institutions, which accordingly leads to the formation of a specific historical path (Thelen 2003, 218-220; Pierson 2004, 20-21, 30). For instance, collective action problems, institutional density, power
asymmetries, and the complexity and opaqueness of political processes are identified as the features in the political sphere that strengthen positive feedback and facilitate status quo maintenance (Pierson 2004, 30). On the other hand, the moment of significant institutional change is often considered as a critical juncture. By definition, a critical juncture refers to a relatively short time in which the existing balance of power among actors is so disrupted that a new path of institutions is created (Capoccia and Kelemen 2007, 360-362), which is typically understood as the result of exogenous shocks. However, as institutions are outcomes of power competition, there must still be some continuity even at the stage of significant institutional change, while there must also be some institutional changes at the stage of relative stability (Streeck and Thelen 2005, 7).

Nonetheless, more and more historical institutionalists acknowledge the insufficiency of path dependence in accurately predicting institutional changes, suggesting the necessity of introducing more accurate mechanisms for explaining institutional changes better (Campbell 2004, 27). For this reason, this study proposes material self-interest, norm diffusion, state control, and market co-optation as mechanisms that may produce path dependence, with the expectation to specify the causal linkages among variables of interest and offer more specific explanations on the moments and patterns of institutional changes regarding press freedom. Therefore, the application of historical institutionalism in this study may add some intellectual value to existing scholarship. First, this study has potential to contribute to the historical institutionalism scholarship that is mostly rooted in the field of comparative politics, by introducing some theoretical concepts from the field of international relations (such as
economic dependence, material self-interest, and norm diffusion) as more accurate mechanisms for domestic institutional changes. Second, this study resonates with the appeal of communication scholars to take more advantage of historical institutionalism in studies of media and communications (Bannerman and Haggart 2015), by applying this approach to investigating media practices and press freedom.

IV. Methods and Data

To examine the proposed theory, a case study was used as the principal research method. In particular, two kinds of case study were adopted. First, multiple within-case comparisons were used to explore the correlations between the two independent variables (economic dependence and the state’s economic role) and the dependent variable (the level of press freedom). This methodology seeks to observe the variations in the values of the independent and dependent variable across time within a case. The examination would be considered passed if the value of the dependent variable does empirically co-vary with the values of the two independent variables in accordance with the expectation of the proposed theory. In this study, the possibility of causal relationships would be considered established, if Taiwan does have a higher/lower level of press freedom when Taiwan depends economically on a liberal/repressive core country, or when the Taiwanese government plays a less/more interventionist role in the market economy.

Second, process tracing was also adopted to examine the proposed causal mechanisms (namely material self-interest, norm diffusion, state control, and market co-optation). This methodology seeks to explore the chain of events that connects the
independent variables to the dependent variable, by dividing the chain into smaller steps for investigators to look for observable evidence for each step. In this study, the mechanism of norm diffusion would be considered founded, if the link among economic dependence, norm learning/translation, the ideational preferences of main actors, the stability/change of media institutions, and the level of press freedom is empirically established. The mechanism of self-interest would also be considered founded, if the connection among economic dependence, the interest-maximizing behavior of main actors, the stability/change of media institutions, and the degree of press freedom is empirically established. The mechanisms of state control and market co-optation would also be considered constituted, if the link among the state’s active/inactive role in the market economy, the influences of state power/market forces on the media, the stability/change of media institutions, and the level of press freedom is empirically established. By conducting process tracing, researchers are able to comprehend the dynamics of power competition that reinforces or alters existing institutions and even identify the historic moments, if any, when institutional stability gives way to institutional change.

Taiwan was selected as the focus of this study for two reasons. First, Taiwan is a case of both empirical and theoretical significance in the fields of development and democratization. In particular, Taiwan is one of the most notable cases of economic development in the world and even regarded as a successful model of developmental state in East Asia during the last 50 years (Amsden 1985; Gold 1986; Johnson 1987; Haggard 1990; Wade 1990; Öniş 1991; Evans 1995). Taiwan is also recognized as a
successful case of the third wave of democratization in the post-Cold War era (Huntington 1991). It is thus important to explore the follow-up development of such a political economy after successful industrialization and more specifically to comprehend the dynamics and viability of economic liberalization and political democratization in such a society. Moreover, in the contemporary context of China’s economic rise, Taiwan, as the country in which China has particularly intense interest, is a particularly vivid and revealing example for examining the potential impact that China might have on the political economy of other countries, especially in East Asia. In this view, it is promising for the theory that this study built based on the case of Taiwan to be transferable and applicable to other newly industrialized countries and third-wave democracies in East Asia, contributing to further theoretical development in both the development literature and the democratization scholarship.

Second, Taiwan is also a case that is methodologically appropriate for the implementation of process tracing and multiple within-case comparisons. In particular, Taiwan is a case that is likely to include rich data for the implementation of process tracing. As mentioned above, Taiwan is the country in which China has particularly intense interest, and it is thus most likely to be the first being affected if China does bring any impact on human rights, media freedom, and democracy in its neighboring countries and even the rest of the world. Therefore, Taiwan is the most promising case to include sufficient observable evidence for China’s impacts, which is of particular importance for process tracing to be successfully implemented as well as for proposed causal mechanisms to be effectively established. On the other hand, Taiwan is also a case that
has potential to include sufficient within-case variances over time in the values of the independent and dependent variable, which helps the implementation of multiple within-case comparisons. For example, the case of Taiwan involves the variance in *economic dependence*, because Taiwan once largely relied on the foreign aid, direct investment, and trade surplus from the US during the Cold War, but it has turned to depend more on the trade surplus coming from China than that from America during the post-Cold War era. The case of Taiwan also involves the variance in *the state’s economic role*, as the Taiwanese government played a leading role in national economic development from the late 1940s to the early 1980s, but it started to give way to the market after practicing economic liberalization in the middle 1980s. The case of Taiwan moreover involves the variance in *the level of press freedom*, since, according to Freedom House, Taiwan had a low degree of press freedom from the 1950s to the 1980s, but started to have higher level of media press since the late 1980s, and however recently experienced a degradation of press freedom from the late 2000s until today. To show the feasibility of multiple within-case comparisons, the expected co-variation relationships between the independent and dependent variables are summarized in Table 1.

<table>
<thead>
<tr>
<th>Taiwan</th>
<th>Late 1940s-Mid 1980s</th>
<th>Late 1980s-Mid 2000s</th>
<th>Late 2000s-Present</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Dependence</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>US</td>
<td>China</td>
<td></td>
</tr>
<tr>
<td><strong>State’s Economic Role</strong></td>
<td>Active Intervention</td>
<td>Less Intervention</td>
<td>Less Intervention</td>
</tr>
<tr>
<td><strong>Negative Press Freedom</strong></td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td><strong>Positive Press Freedom</strong></td>
<td>Low</td>
<td>Improved</td>
<td>Degraded</td>
</tr>
</tbody>
</table>

Table 1. The Expected Co-Variation Relationships between Causes and Outcomes
As empirical evidence for case studies, archives and interviews were the two most important sources of research data. Archival data were collected from the government, media corporations, and academic institutions in Taiwan, as well as some press freedom-related NGOs such as Freedom House, Amnesty International, and Reporters Without Borders. With these data, this study is able to conduct multiple within-case comparisons by observing the values of the variables of interest (such as the level of economic dependence, the extent of market intervention, and the degree of press freedom) and their variations over time.

Interview data, on the other hand, were gathered through fieldwork in Taiwan in the first half of 2014. With purposive and snowball sampling, a series of semi-structured interviews was conducted with over 30 media managers, journalists, media-related NGOs, and government officials in Taiwan, which created a set of firsthand testimonies about post-democratization Taiwan’s media freedom practices. With these data, this study is capable of conducting process tracing to have the proposed causal mechanisms (i.e. self-interest, norm diffusion, state control, and market co-optation) established, by finding evidence for each small step within a causal linkage, the prevalent motivation driving each step, and strategies adopted by different actors and groups over time. In addition, secondary literatures, news reports, and autobiographies were also used as additional sources of data, to buttress and complement the archival and interview data.

In sum, this study proposes a two-level political economy theoretical framework to investigate the development and degradation of freedom of the press in Taiwan from
1949 to 2015. A case study will be conducted with the methods of *multiple within-case comparisons* and *process tracing* in light of *historical institutionalism*. For research purposes, three historical stages are identified in correspondence to the development of Taiwan’s press freedom, including (1) The Cold War and authoritarianism from 1949 to 1988, (2) Neoliberalism and liberalization from 1988 to 2008, and (3) China’s economic rise and its impacts from 2008 to 2015. The empirical investigations of these three historical stages are respectively deployed in the following three chapters.
CHAPTER THREE
THE COLD WAR AND AUTHORITARIAN CONTROL OVER THE MEDIA,
1949-1988

This chapter aims to explore the influences of both economic dependence and the state’s economic role on freedom of the press in Taiwan from 1949 through 1988. In particular, it seeks to examine how the Taiwanese government’s interventionist role in the market economy affected the establishment of media laws and regulations through the mechanism of state control, on the one hand, and the operation of the media through that of market co-optation, on the other hand. It then looks into how Taiwan’s economic dependence on the US during the Cold War reinforced the Taiwanese government’s instrumental use of the media through the mechanism of material self-interest, on the one hand, and even legitimatized the state’s authoritarian control over the press through the mechanism of norm diffusion, on the other hand. It finally concludes with a discussion of the overall effects that government institutions, market structures, and corporate structures had on freedom of the press in Taiwan.

I. The State’s Internal and External Economic Relations

After World War II, the Cold-War confrontation between East and West was established in the international system. While the eastern camp was dominated by the Soviet Union which promoted communism, the western camp was led by the US which supported capitalism. In December 1949, the KMT was retreated from mainland China to
Taiwan, due to its failure in the Chinese Civil War against the CCP. After the outbreak of the Korean War in June 1950, the US government started to notice the strategic role of Taiwan in its containment policy against communist China and thus sent the US Navy’s Seventh Fleet to the Taiwan Strait for protecting Taiwan from communist attacks. Up to this point, Taiwan was formally incorporated into the western capitalist camp as one of the US anti-communist fortresses in the West Pacific area (Jacoby 1966; Shiau 1989). Therefore, the US provided Taiwan with a great deal of military and economic assistance and also served as Taiwan’s main sources of raw materials, capital goods, trade surplus, and foreign investment. Taiwan was thus economically dependent on the US regarding both capital and trade and even regarded as one of the American “semi-peripheries” in the capitalist world system (Gold 1981, 146, 148; Cumings 1987).

In terms of capital, Taiwan obtained foreign aid from the US in an amount of 1,482,200,000 USD between 1951 and 1968, whose detailed annual figures are shown in Table 2 (The Taiwan Council for Economic Planning and Development 2011, 255). US aid contributed a great deal to Taiwan’s import-substitution industrialization which was carried out from 1949 to 1960 with the aim of alleviating inflation and trade deficit by reducing the import of consumer goods from abroad and cultivating national consumer goods industries at home (Shiau 1989, 53). This was because, according to Latin American experiences, one of the most difficult problems of import-substitution industrialization was the deterioration of trade deficit resulting from the expanded import of raw materials and capital goods from abroad used for making consumer goods at home (Haggard 1990, 161-179). In the case of Taiwan, despite the trade deficit in a total
amount of 1,457,237,000 USD between 1952 and 1968 (Taiwan Economic Data Center 2016), US aid to Taiwan almost entirely offset the trade deficit during this period and thus to a great extent alleviated Taiwan’s economic pressures at the initial stage of economic development. In addition to US aid, Taiwan also received considerable FDI from the US. Appendix A shows that the US accounted for averagely almost two-fifth (38.21%) of the annual FDI from abroad between 1953 and 1988 (The Taiwan Investment Commission 2016). Along with Taiwan’s economic development strategy switched from import-substitution industrialization to export-oriented industrialization in light of the US aid mission’s advice in the late 1950s, FDI contributed a lot to the development of Taiwan’s private enterprises and export-oriented sectors.

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4 The initial goal of US aid was military-oriented, that is, to strengthen the KMT regime’s capacity for containing communist expansion on its own, by encouraging the Taiwanese government to pursue self-sustained economic development policies, stabilize the economy, and increase military capabilities (Goulet and Hudson 1971, 80; Shiau 1989, 56). That was the reason why the US government supported import-substitution industrialization in Taiwan with US aid from 1951 to 1958.

5 The goal of US aid was switched from military-oriented towards development-oriented due to the US balance of payments deficit starting around 1958. That was the reason why the US aid mission suggested the Taiwanese government to change its economic development strategy from import-substitution industrialization to export-oriented industrialization in the late 1950s (Jacoby 1966, 138-139; Shiau 1989, 54, 60).
<table>
<thead>
<tr>
<th>Year</th>
<th>US Aid to Taiwan (Unit: US$1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>375,200</td>
</tr>
<tr>
<td>1952</td>
<td></td>
</tr>
<tr>
<td>1953</td>
<td></td>
</tr>
<tr>
<td>1954</td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>132,000</td>
</tr>
<tr>
<td>1956</td>
<td>101,600</td>
</tr>
<tr>
<td>1957</td>
<td>108,100</td>
</tr>
<tr>
<td>1958</td>
<td>81,600</td>
</tr>
<tr>
<td>1959</td>
<td>128,900</td>
</tr>
<tr>
<td>1960</td>
<td>101,100</td>
</tr>
<tr>
<td>1961</td>
<td>94,200</td>
</tr>
<tr>
<td>1962</td>
<td>65,900</td>
</tr>
<tr>
<td>1963</td>
<td>115,300</td>
</tr>
<tr>
<td>1964</td>
<td>83,900</td>
</tr>
<tr>
<td>1965</td>
<td>56,500</td>
</tr>
<tr>
<td>1966</td>
<td>4,200</td>
</tr>
<tr>
<td>1967</td>
<td>4,400</td>
</tr>
<tr>
<td>1968</td>
<td>29,300</td>
</tr>
</tbody>
</table>

Table 2. US Aid to Taiwan, 1951-1968
(Source: Taiwan Statistical Data Book 2011)

In terms of trade, on the other hand, Taiwan relied on the import of raw materials and capital goods from the US to implement import-substitution industrialization from 1949 to 1960. As Appendix B shows, the US accounted for 37.94% of Taiwan’s total average imports from abroad between 1952 and 1960 (Taiwan Economic Data Center 2016). When it came to the age of export-oriented industrialization, Taiwan relied more and more on the US as a stable export market to reach a trade surplus and support economic growth. In particular, Taiwan’s annual exports to the US on average took up only 5.88% of its total annual exports between 1952 and 1960, but it was raised to
29.41% between 1961 and 1973, and further expanded to 40.23% between 1974 and 1987 (Taiwan Economic Data Center 2016). With more and more export revenue from the US, Taiwan earned its first trade surplus from the US in 1968, before Taiwan started to maintain a stable overall positive balance of trade since 1971, except the 1974-75 trade deficit caused by the 1973-74 international oil crisis (Taiwan Economic Data Center 2016). The trade surplus with the US played a more and more important role in Taiwan’s economic growth. In particular, it represented 6.09% of Taiwan’s GDP in the 1970s (1971-1980) and became almost double to reach 11.38% in the 1980s (1981-1990) (Taiwan Economic Data Center 2016; The Taiwan National Statistics 2016).

At the domestic level, the KMT-led Taiwanese government played an interventionist role in the market economy during this period. After World War II, the KMT regime took over all the economic capital from Japanese private monopolies in Taiwan, transferred its ownership to the government, and continued dominating Taiwanese finance and trade through the public banking system and public enterprises (Shiau 1989, 40-48). In the context of the Chinese Civil War, the KMT regime further incorporated Taiwan into the total mobilization regime in the mainland with the purpose of mobilizing Taiwanese resources to support the KMT’s war against the CCP. Created in response to the warfare in the mainland initially against Japan and later against the CCP, the total mobilization regime granted the government a full power to practice financial regulation and trade management in the wartime, in addition to various coercive political controls (H. Hsueh et al. 2003, 95-97, 99). Based on these economic regulatory apparatuses, the KMT regime, after retreated to Taiwan in December 1949, had a relatively strong autonomy to
the market and the society, adopted various policy tools to foster national economic development, and was thus considered a model of the developmental state in East Asia (Amsden 1985; Gold 1986; Johnson 1987; Haggard 1990; Wade 1990; Öniş 1991; Evans 1995).

To illustrate, the Taiwanese government’s relative autonomy to the society was largely based on the incomes that the government could control by itself without cooperating with the society. For example, public sales, public enterprises, and US aid were financial resources under the direct control of the government itself and respectively accounted for 16.6%, 8.4%, and 12.5% of government total revenue in 1960 (Shiau 1989, 90). No wonder US aid was widely considered a key factor for enhancing state autonomy at the initial stage of Taiwan’s economic development (Öniş 1991, 121; Garver 1997, 240; Chu 2011, 250). After US aid ended in 1968, public sales and public enterprises continued to respectively account for 12.1% and 10.9% of the government’s annual income in 1970 (Shiau 1989, 90). In addition, the government’s relative autonomy to the market was largely based on its monopolistic control over the Taiwanese financial system. The control over financial capital enabled the government to foster certain strategic sectors through the guidance of investment along with industrial subsidies, which therefore established an institutionalized collaboration between the government and certain private businesses (Evans 1995). Another dimension of such state autonomy

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6 Public sales referred to an institution by which the Taiwanese government monopolized the sales of certain consumer goods such as tobacco and wine through the Taiwan Tobacco and Wine Monopoly Bureau in order to ensure government revenue. The Bureau was created in 1947 and corporatized in 2002. The state monopoly was started during the Japanese colonial era, maintained by the KMT government after 1945, and ended along with the process of economic liberalization in the 1990s.
was largely based on the US hegemon-supported Bretton Woods monetary regime since the end of World War II until it collapsed in 1973. Under Bretton Woods, states were given both controls over domestic credit and insulation from capital flight, which allowed statist industrial policies to be carried out.

With this relative autonomy, the Taiwanese government adopted various financial, monetary, fiscal, and regulatory policies to implement different strategies for economic development at various stages of economic development. In particular, it carried out import-substitution industrialization from 1949 to 1960, export-oriented industrialization from 1960 to 1973, the second import-substitution industrialization from 1973 to 1978, and the second export-oriented industrialization from 1978 to 1988 (Shiau 1989, 48-80; Haggard 1990, 76-99; Vogel 1991, 13-41; Shiau 2004, 9-10). Take the first two economic development strategies for example. The 1949-1960 import-substitution industrialization aimed to reduce trade deficit by reducing the import of certain consumer goods from abroad and establishing national consumer goods sectors at home. It was carried out by (1) imposing tariffs and quotas on the import of consumer goods, (2) keeping New Taiwan Dollar overvalued in favor of the import of raw materials (such as cotton and fertilizer) and capital goods from abroad, and (3) fostering domestic consumer goods sectors (such as the textile and fertilizer industries) through the public banking system. When it came to the 1960-1973 export-oriented industrialization, the goal turned to pursue trade surplus by fostering labor-intensive industries at home and selling Taiwanese-made goods abroad. It was implemented by (1) encouraging investment in export-oriented labor-intensive industries with low-interest loans, tax preferences, and
low wages as well as (2) facilitating the export of these strategic commodities through the underestimation of New Taiwan Dollar and the lifting of trade restrictions (Shiau 1989, 48-75).

Through these development strategies, the government played an active role in guiding the market economy and contributing to national economic growth. For instance, Figure 5 shows that public expenditure, including both consumption and investment, almost always took up about 20% of Taiwan’s annual GDP from the 1950s through the 1980s (The Taiwan National Statistics 2016). Figure 6 moreover shows that the fixed capital formation which private enterprises invested in respectively represented 8.95%, 12.89%, and 15.62% of Taiwan’s annual GDP in 1960, 1970 and 1980, while the fixed capital formation which the government plus public enterprises contributed to respectively accounted for 8.19%, 9.71%, and 15.40% (The Taiwan National Statistics 2016). Apparently, the public sector’s economic contributions almost caught up with the entire private sector’s throughout this period. Actually, these figures likely understated the significance of the public sector relative to the private sector during this time, considering the state’s influence on private capital formation through its control over the banking system. Therefore, the government played an even more interventionist role in the market economy than estimated.
Figure 5. Taiwan Government Spending, 1951-2015
(Source: The Taiwan National Statistics 2016)

Figure 6. Taiwan Fixed Capital Formation, 1951-2015
(Source: The Taiwan National Statistics 2016)
II. Economic Interventionism and Media Institutions in Taiwan

The Taiwanese government’s interventionist role in the market economy shaped media-related government institutions, market structures, and corporate structures through both the mechanism of *state control* and that of *market co-optation* from 1949 through 1988. In particular, the government sought to control the media by all means and use the media as its instrument for maintaining its political legitimacy in the society. On the other hand, private capital also sought to influence media operation and news content through the ownership, advertising, and circulation markets to increase profits, publicize commodities, and enhance corporate images. However, during this period, the government performed a much stronger influence on the media than private capital did, due to its active role in the market economy.

i. State Control

Economic interventionism endowed the KMT government with abundant economic resources and various policy tools to exercise authoritarian control over all aspects of the Taiwanese society including the media (Shiau 2001). After retreated from the mainland to Taiwan in December 1949, the KMT government, as an alien regime, was further devoted to mastering the Taiwanese mass communication system, in order to establish its authoritarian rule’s legitimacy in the Taiwanese society, on the one hand, and to maintain itself as the legitimate authority of the whole China for the confrontation with the CCP in mainland China, on the other hand (L. Lin 2000, 101-102).

A series of government institutions served as the legal foundations for the KMT
government to exercise its absolute control over the media in Taiwan. These institutions included the *National General Mobilization Law* (國家總動員法), the *Temporary Provisions Effective During the Period of Communist Rebellion* (動員戡亂時期臨時條款), the *Martial Law* (戒嚴法), the *Punishment of Rebellion Act* (懲治叛亂條例), the *Publication Act* (出版法), and relevant executive regulations, which were created one after another in response to World War II and the Chinese Civil War (H. Hsueh et al. 2003, 93-110, 193-194). In particular, the *National General Mobilization Law* was enacted in mainland China in May 1942 during the warfare against Japan, transplanted to Taiwan in November 1945 after World War II, and reactivated in July 1947 since the restart of the Chinese Civil War. The Law gave the KMT government a total power to impose regulations on Taiwan’s finance, trade, and various economic resources as well as restrictions on Taiwanese people’s political rights of the press, speech, publication, communication, assembly, and association (The Taiwan Legislative Yuan 2016b), in order to sustain the warfare against the CCP in mainland China. As a response to the Chinese Civil War, the *Temporary Provisions* were enacted in May 1948 to substitute for the Constitution which was implemented in 1947; they were later amended several times from 1948 to 1991 for the sake of the “ongoing” Chinese Civil War. The Provisions justified the expansion of presidential powers, the deprivation of civil liberties, and the indefinite suspension of the elections of the central legislative bodies in Taiwan (The Taiwan Legislative Yuan 2016e). The suspension of elections generated the so-called “ten-thousand-year Congress (萬年國會),” which was composed of the congressmen elected in mainland China before 1949 and thus used by the KMT regime in Taiwan as a
symbol of the legitimate authority of the whole China. As another response to the “lasting” Chinese Civil War, a Martial Law order was implemented starting from May 1949 until July 1987, which allowed the executive sector for violations of all the Constitution-protected civil rights and also enabled military institutions to hold any criminal cases (The Taiwan Legislative Yuan 2016a). Similarly, the Punishment of Rebellion Act was enacted in June 1949 until it was abolished in May 1991, which served as a special criminal law that targeted the offenses against internal and external security, brought them to martial trials, and punished them with the death penalty (The Taiwan Legislative Yuan 2016d). With regard to mass communication, a new Publication Act was passed in March 1952 by the KMT government with a claim to save paper and printing materials for the wartime, which led to a series of regulations on newspapers and magazines (The Taiwan Legislative Yuan 2016c) and was thus considered as the direct origin of law regarding the press ban in Taiwan.

Based on these institutions, coercion was the most direct strategy that the government took to master the media. It involved three main measures. First, the government regulated the entry of newspapers into the media market by issuing fewer newspaper certificates since 1951 and declining to release new certificates since 1960. Second, the government also regulated the quantity of news or the volume of newspapers by limiting the import of newsprint, managing the production and allocation of newsprint, and restricting the volume of newspapers (C. Cheng 1997; L. Kuo and Tao 2000a). Third, the government censored the quality of news or the content of newspapers by punishing any media whose news content was suspected of releasing military/political secrets,
damaging the social order, or endangering national security (Chen and Chu 1987, 49-50, 53-56). Generally speaking, these regulations were enforced by either the executive sector or the military, rather than the legal system. While the executive sector managed publications with disciplinary sanctions ranging from warnings, fines, seizure of publications, cease of issuance within a scheduled time, to withdrawal of licenses, the military coped with disobedient journalists with penalties such as imprisonment and the death penalty (H. Hsueh et al. 2003, 93-151).

As a result of coercion, intractable media and unwelcome news reports/opinions were largely excluded from the civil society for the KMT regime’s political legitimacy to be maintained. Due to the newspaper certificate regulation, only those with close relationships with the KMT’s party-state leadership were given the opportunities to run media businesses (L. Lin 2000, 106, 121). That was why there were only 31 newspapers permitted to exist from 1960 until 1988 (K. Chen and Chu 1987, 53-55). Under state censorship, any expressions that offended the KMT regime’s fundamental principle, i.e. the legitimate authority of the whole China, were prohibited and effectively eliminated from media discourse. In particular, those in sympathy with communism or the left wing and those in support of Taiwan independence were considered as the two most important challenges to the KMT’s party-state regime’s legitimate foundation and thus became the two most important objects that the government sought to censor. Due to “inappropriate” ideas and speeches, plenty of newspapers and magazines, such as the Independence Evening Post (自立晚報), the Public Forum News (公論報), the Free China Journal (自由中國), and the Taiwan Political Review (台灣政論), have ever been compelled to
cease publication (K. Chen and Chu 1987, 80-83, 192, 210-211; L. Lin 2000, 106-109, 121; H. Hsueh et al. 2003, 138-144, 148-151, 237-238). Journalists and people were also frequently imprisoned or even killed. From the 1950s through 1987, there were totally 29,000 White Terror cases, 140,000 people involved, and 3,000 to 4,000 people executed. While the cases occurring in the 1950s mostly involved communism, more and more cases were related to Taiwan independence since the 1960s (Hou 2007, 143, 160, 165-167).

While coercion was used to control intractable media, both organizational and financial co-optations were adopted to incorporate manageable media into the KMT’s party-state regime. In terms of organizational co-optation, the government sought to (1) master the ownership of media organizations by themselves, (2) co-opt private media owners into the KMT’s party-state organizations, and (3) permeate into the media by building the KMT’s organizational networks inside media companies (Kuang 2002, 10-12; H. Hsueh et al. 2003, 136-137). As for financial co-optation, the government generally provided cooperative media with various economic favors, including (1) subsidies, ranging from incentive rewards, tax exemption, tax preferences, newsprint price preferences, newspaper subscriptions, to staple food allocation; (2) financing, such as government investment and low interest rate loans; and (3) advertising, that is, government payment to newspapers for government notices to be carried (L. Lin 2000, 104, 107; Lai 2002, 151-153). According to the Publication Act, the government had the discretion to offer encouragement to newspapers which contributed to government propaganda, education, academics, technology, and enlightenment for marginalized areas
Through organizational and financial co-optation, both the market structure and the corporate structure of the media were shaped to be partial to the KMT’s party-state regime. In terms of market structure, the KMT, the Taiwan Provincial Government, and the military owned all the three terrestrial television stations in Taiwan (Cheng 1993, 46-47; Wang 1993, 83-103), including the Taiwan Television Enterprise (TTV) (台視), the China Television Company (CTV), and the Chinese Television System (CTS) (華視), respectively. In the newspaper market, political authorities controlled at least 12 companies out of 31 in total (K. Chen & Chu 1987, 91). As for privately-owned newspapers, since the United Daily News (聯合報) and the Credit News/China Times (徵信新聞/中國時報) have caught up with “publicly-owned” newspapers in the circulation market starting from the late 1950s (K. Chen & Chu 1987, 78) and became the two largest newspapers throughout this period, their Publishers Wang Tiwu (王惕吾) and Yu Chi-Chung (余紀忠) were both invited by government leadership to serve as members of the KMT Central Committee since 1969 and later as members of the KMT Central Standing Committee since 1979 (L. Wang 1994, 173-174). Under the KMT’s patronage networks, the two large media groups had more opportunities to receive political privileges, exclusive news information, and financial interests from the party-state regime.

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7 The TTV, the CTV, and the CTS were respectively established in 1962, 1968, and 1971 and considered as the three old terrestrial television stations (老三台) in Taiwan. They were respectively privately-owned, party-owned, and state-owned in terms of ownership structure. But, they were actually under the substantive control of Taiwan Provincial Government, the KMT, and the military, respectively. Long after the establishment of the three old terrestrial television stations, the Radio and Television Act (廣播電視法) was enacted in 1976 to justify the already existing administrative reality.
(L. Lin 2000, 113-114). As a result, they grew up as a stable oligopoly in the press market since the 1970s, and even occupied two-thirds of the circulation market (L. Lin 2008, 5-6) and nearly a half (45%) of the advertising market in the 1980s (K. Chen & Chu 1987, 191, 206-207).

When it came to corporate structure, the KMT permeated media organizations through not only financial but also organizational channels. After retreated to Taiwan, the KMT set up a series of branch offices within various government institutions, business enterprises, and local communities to dominate the Taiwanese society since 1949 (Kung 1998), formed the Department of Cultural Affairs (文化傳播工作會) at the KMT’s Headquarter in the early 1950s to take charge of mass communication affairs, created the Office of Information (新聞黨部) under the Department of Cultural Affairs in May 1965, and moreover established an affiliated branch office inside each newspaper, magazine, television, or radio station afterward (K. Chen & Chu 1987, 113-114; L. Lin 2000, 109, 111, 114-115; Kuang 2002, 12). Moreover, the government set up an official “Research Group” since July 1975 and convened regular TV program Communication Meetings (電視節目聯繫會報), in order to censor drama/commercial scripts, review the import/export of TV programs, direct the broadcasting of certain TV programs in the name of “improving” television services (H. Hsueh et al. 2003, 147-148). All of these organizational networks assisted the KMT’s party-state regime in absorbing potentially cooperative journalists, convening information affairs meetings regularly, and thus facilitating government censorship and subsequent self-censorship as well as news biases in media.
Under these market and corporate structures, media content was largely slanted to create a favorable atmosphere of public opinion for the KMT’s party-state regime. As indicated at the Seventh Plenary Session of the Sixth KMT Central Committee Conference in October 1955, the KMT’s four striving directions for mass communication affairs included (1) to create a close relationship with the press, (2) to ensure the active role of party newspapers in leading public opinions, (3) to ensure privately-owned newspapers not to be utilized by communists, and (4) to facilitate communication enterprises, create a healthy climate in press circles, and cultivate journalism professionals (H. Hsueh et al. 2003, 142-143). As a result, “publicly-owned” newspapers, compared to privately-owned ones, tended to carry more news and opinions that favored the KMT’s party-state regime than criticisms (Wu 1971). Even privately-owned media also tended not to harshly criticize the KMT’s authoritarian ruling before the middle 1980s, either to avoid political and legal penalties or to maintain a reciprocal relationship with authorities. For instance, when diplomatic frustrations started to weaken the KMT regime’s legitimacy in the late 1960s, privately-owned newspapers were encouraged to support political propaganda, slant news reports and public opinions in favor of the government, and help consolidate the KMT regime’s authority, in return for government approval for the import of newsprint, the reduction of the tariff on newsprint, the tax on advertising revenue, and the interest rate on loans, as well as the increase of the volume of newspapers (L. Lin 2000, 112-113).

Another example was the news coverage on the 1979 Formosa Incident (美麗島事件). In response to the campaign of the “augmented legislators” election (中央民代增額
選舉) which was originally scheduled to be held in 1979 but later postponed due to the breaking of the US-Taiwan diplomatic relations, the KMT proposed a special project in the late 1970s to shape news reports in favor of the government, by inducing the media to promote the KMT candidates, downplay the candidates outside the party, and exclude the reports about dissent speeches/actions from news coverage (H. Hsueh et al. 2003, 244). After the outbreak of the Formosa Incident in which a conflict between the police and protestors occurred along with a pro-democracy demonstration organized by opposition politicians in Kaohsiung in December 1979, the KMT even sought to shape public opinions in favor of the authorities by inducing the media to describe arrested activists as “rioters” or “traitors (H. Hsueh et al. 2003, 255-256).” As a result, most newspapers did not pay much sympathy with arrested victims at that time, but rather stood with the government and criticized dissent opinions and actions (F. Chen 2006), even if the Formosa Incident was widely regarded as the watershed of the Taiwan democratization afterward.

ii. Market Co-optation

Private capital, in addition to the government, also sought to incorporate the media and use them to make a profit, sell products, and even strive for political and economic interests from the authorities, which, in turn, reshaped media institutions and news coverage. However, due to the government’s interventionist role in the market economy, the influence of private capital was to a great extent conditioned by the tolerance of the government.
In the face of unfavorable government institutions, privately-owned newspapers had ever organized themselves together and successfully won over certain institutional changes. For instance, it was generally “publicly-owned” newspapers’ privilege in the early 1950s to receive advertisements from the government and apply for loans from public banks. To fight for these rights, the owners of the United Daily News, the Public Forum News, and the Independence Evening Post initiated the Taipei Privately-Owned Newspapers Association (台北市民營報業聯誼會) in 1952, in addition to the Taipei Newspapers Association (台北市報業公會) founded in 1949, with the intention of adding pressure on the government by collecting influences from all the privately-owned newspapers. Fortunately, the government finally approved their requests to share government advertisements and apply for public bank loans in 1952 and 1954 respectively (L. Wang 1994, 61-66). Similarly, when the government unexpectedly announced an administrative order in 1954 which aimed to prohibit a comprehensive set of items from being carried on newspapers, privately-owned newspapers once again worked together through the paper associations and successfully urged the administrative order to be suspended (K. Chen & Chu 1987, 65-68; L. Wang 1994, 68-69).

Despite these institutional adjustments, privately-owned newspapers had never substantively gained any fundamental institutional improvements through collective actions, due to their power asymmetry with the government. Take the Publication Act for example. After the Act was enacted in 1952 as the legal origin of the press ban, an amendment to it was proposed by the government in 1958 for the media to be imposed under stricter control. In particular, the scope of the restriction on publication content was
broadened and, meanwhile, the harshest penalty was upgraded from “cease of issuance within a scheduled time” to “revocation of a certificate (H. Hsueh et al. 2003, 143, 195, 199-120; The Taiwan Legislative Yuan 2016c).” To defend the existing space of speech, privately-owned newspapers assembled at the Newspapers Association and then filed a joint petition against the amendment. As a response, President Chiang Kai-shek 蔣介石 arranged a personal meeting with five private newspaper owners in the name of consulting public opinions. However, the KMT Central Standing Committee has already decided on the same day to “pass the original bill within the current session.” Under this circumstance, privately-owned newspapers had no choice but to accept the undesired outcome (L. Wang 1994, 69-73). It was apparent that, despite the collaboration among privately-owned newspapers, the government still held an dominant power than private capital in deciding major institutions and policies.

Within the scope of institutional restrictions, privately-owned newspapers still had capacity for competing with “publicly-owned” newspapers through the concentration of private ownership and the expansion of the circulation market, which brought about the change of the market structure of the press. Take the United Daily News for example. It originated in a newspaper joint issued by the Popular Daily 全民日報, the National News 民族報, and the Economic Times 經濟時報 in 1951. The three newspapers were then formally merged as the United Daily News in 1953. The main reason for corporate integration at that time was to increase profit opportunities and the financial balance by concentrating printing materials, saving workforce, and lowering production costs (L. Wang 1994, 31-35). To create market segments, the United Daily News concentrated its
coverage on city news to attract the readership from the lower middle classes such as farmers and workers, which was distinguished both from “publicly-owned” newspapers’ focus on political information and from another large privately-owned newspaper China Times’ s focus on economic information (K. Chen & Chu 1987, 72-73, 75-76). To exploit new readership markets, the United Daily News purchased the Public Forum News in 1967, renamed it as the Economic Daily News (經濟日報), and targeted professional readers in industrial and commercial circles. It also further acquired the Chinese Press (華報) in 1977, renamed it as the Min-Sen Daily News (民生報), and positioned it as a newspaper carrying general information about leisure and entertainment (L. Wang 1994, 130-135, 299, 302-308). All of these corporate strategies reshaped the market structure of the press during this period. In the circulation market, while privately-owned newspapers and “publicly-owned” ones respectively represented 13% and 87% of the total readership in the 1950s, the former started to surpass the latter in the circulation market since the late 1950s. Up to the 1980s, the two largest privately-owned newspapers (i.e. the United Daily News and the China Times) already occupied around two-thirds of the paper readership (K. Chen & Chu 1987, 44, 78, 191). Correspondingly, in the advertising market, while privately-owned newspapers received much fewer government advertisements and commercials than “publicly-owned” newspapers in the 1950s, the amount of the advertisements that the United Daily News plus the China Times received reached about 50% of the total amount of the advertisements that all the newspapers received in the 1970s (K. Chen & Chu 1987, 86, 161).

However, the expansion of private capital was still to a large extent moderated by
the government. A typical example was the investment of Wang Yung-ching (王永慶) in the *United Daily News*. As the Chairman of the Formosa Plastics Corporation (台塑公司) and an influential entrepreneur with an extensive business empire in Taiwan, Wang Yung-ching purchased two-thirds of the *United Daily News*’s shares in 1972 at Wang Tiwu’s invitation. Shortly after the acquisition, it was widely rumored in the society that “now that the Formosa Plastics Corporation was already the largest enterprise nationwide, wouldn’t the government be obedient to Wang Yung-ching if he further held the nation’s largest newspaper now?” (L. Wang 1994, 207-215). In addition, the *United Daily News* started to frequently carry opinions that advocated the privatization of naphtha crackers, which was aligned with Wang Yung-ching’s personal interests and annoyed the government. Under pressure from the government, Wang Yung-ching decided to withdraw from the *United Daily News* in 1973 (K. Chen & Chu 1987, 166). Apparently, even the most powerful private capital could not enter the media market and change market conditions at its will without government support.

Private enterprises had influences on the media not only through the purchase of ownerships but also through the supply of advertising. Along with Taiwan’s economic development, the expansion of commercials to a great extent reshaped the financial structure of the media. While commercials, in contrast to government notices, generally represented less than 30% of the total advertisements that a newspaper received in the 1950s (K. Chen & Chu 1987, 85), the percentage rapidly rose to over 60% in the 1960s (L. Wang 1994, 218). The change in financial structure brought about adjustments in organizational structure. For instance, the *Economic Daily News* started a Business
Services Page (工商服務版) in 1967 and even set up the Department of Business Services (工商服務部) in 1968 with the intention to attract more advertising from private enterprises by gathering and carrying more business information, drafting advertising copies for advertisers, holding activities that industrial and commercial circles were interested in, and building close relationships with them (L. Wang 1994, 140-141).

Similarly, the United Daily News and the China Times also started to narrow news space, broaden advertising space, and even carry some commercials in a news format to include more advertisements on papers in the 1970s (K. Chen & Chu 1987, 164). Even so, generally speaking, the norms of editorial independence and news professionalism were still respected, and the separation between editorial and business was also maintained. For instance, a rule has ever been set up in the United Daily News Group which insisted that advertising space should not surpass news space (L. Wang 1994, 221-222), despite the Group’s potential for obtaining even more commercials. Taken together, commercials brought a few impacts on the media’s corporate structures and news content. However, increasing financial resources from private enterprises also to some degree enhanced the media’s financial autonomy and thus their independence from government intervention. Nonetheless, apart from financial co-optation, the government were certainly still able to control the media with many other coercive and co-optative measures, as mentioned above.

III. Economic Dependence on the US and Media Institutions in Taiwan

Taiwan’s economic dependence on the US had a significant influence on Taiwan’s
media laws, regulations, and norms through the mechanism of material self-interest and that of norm diffusion. In particular, considering the US was the hegemon on which Taiwan depended economically during this period, Taiwanese state elites had an incentive to establish mass communication policies and media institutions that conformed to the expectation of the US in order to ensure material interests such as economic, military, and diplomatic supports coming from the US. Meanwhile, based on the intensive government and non-government networks between the US and Taiwan, Taiwanese state elites also had opportunities to learn American ideas regarding press freedom, introduce them from America to Taiwan, merge American norms with local ideas in Taiwan, and use the imported or merged ideas to shape media institutions and norms in Taiwan.

i. Material Self-interest

In the context of the Cold War, the US government sought to incorporate some non anti-American, politically stable regimes on the front lines of the Cold War as its collaborators for the purpose of fulfilling its Cold War strategy there without directly controlling those countries. The KMT regime in Taiwan was considered one of the successful collaborators of the US government in the Western Pacific region (Wakabayashi 2014, 86-87). In such a collaborative relation, the US government had its dilemma. On the one hand, it sought to encourage the Taiwanese government in creating a “Free China Model” in Taiwan to demonstrate the advantage of capitalism over communism in mainland China (The US National Security Council 1953). On the other hand, it did not want the “free China” project to harm the mutual trust with the KMT
regime, endanger the stability of the Taiwanese government, and thus undermine the fundamental Cold War goals of the US government itself (Tucker 1994, 77). Correspondingly, the Taiwanese government had its dilemma as well. On the one hand, it sought to strive for American support and international legitimacy by catering to the standards of liberal democracy that the US government promoted. On the other hand, it did not want American values to jeopardize the political legitimacy of its authoritarian control over the Taiwanese society (Wakabayashi 2014, 86-89). As a result, the KMT regime tended to make lenient policies towards the media and take the “free press” as a proof of “free China” when it was necessary to strive for American support, on the premise that the media would not be out of the government's control. Such a tendency was strengthened especially when the Taiwanese government strived for assistance from America, but weakened as the relations between Taiwan and the US were stabilized.

In the initial phase of the 1950s, Taiwanese state elites tended to take a more lenient approach to the press than before, since a stable relationship between the US and Taiwan has not yet been established. Before the Korean War broke out in June 1950, the US government basically insisted on a policy of “letting the dust settle in China,” which meant that the US government had neither taken a clear-cut position between the CCP in mainland China and the KMT in Taiwan, nor had any “intention of utilizing its armed forces to interfere in the present situation (Truman 1957, 2448-2449).” After the outbreak of the Korean War, the US government still maintained an attitude of “disengagement” towards the Taiwan Strait affairs. Even if the US Navy’s Seventh Fleet was sent to protect Taiwan from communist attacks, President Harry S. Truman still “[called] upon the
Chinese Government on Formosa to cease all air and sea operations against the mainland (Truman 1957a, 2468; Garver 1997; Lee 2007, 65-66, 68-69, 74-75).” However, the US government already started to provide military and economic aid to Taiwan since 1951, partly with an intention to facilitate the building of a “Free China Model” in Taiwan. According to the White House National Security Council, one of the US policies towards Taiwan in the early 1950s was to encourage the “Chinese National Government” to “[evolve] toward responsible representative government…capable of attracting growing support and allegiance from the people of mainland China and Formosa (The US National Security Council 1953).” This idea was used to justify the US aid to Taiwan under the Truman administration from 1945 to 1953 and then further translated into policy under the Dwight D. Eisenhower administration from 1953 to 1961 (Ravenholt 1952; Garver 1997, 230-231).

To strive for American support, Taiwanese state elites in the early 1950s sought to create media institutions in a way that catered to the liberal expectation of the US government, on the one hand, but did not fundamentally alter or diminish the KMT regime’s authoritarian control over the media, on the other hand. In particular, the government enacted a new Publication Act in 1952, which was considered much more lenient than its predecessor in 1937. There were three main improvements. First, the subjects of a penalty no longer included publishers but were only limited to publications. Second, the heaviest penalty was no longer “revocation of a certificate” but “cease of issuance within a scheduled time.” Third, several articles about the conditions for publications to earn rewards, subsidies, and tax preferences were added (L. Lin 2000,
The government also encouraged the development of privately-owned newspapers with several special measures. For instance, the authorities issued a significant number of newspaper certificates to private capital in the early 1950s. From December 1949 to December 1953, there were 18 new newspapers permitted to be established. Among them, at least 15 were privately-owned newspapers. The total number of newspaper certificates has already reached 30 in 1953 (K. Chen and Chu 1987, 44-45, 53, 91), while it was later fixed at only 31 since 1960 (K. Chen and Chu 1987, 53, 55). Moreover, the government also started a regulation in November 1950 to limit the volumes of newspaper to 1.5 sheets, which was favorable to the development of privately-owned newspapers. Since newsprint cost high in the 1950s, the restriction on the volumes of newspaper largely lowered privately-owned newspapers’ entry barrier and production costs, which, in turn, enhanced privately-owned newspapers’ competitiveness with well-capitalized “publicly-owned” newspapers (L. Lin 2000, 104). With the support of these preferential policies, privately-owned newspapers obtained more opportunities to survive and grow up, though most of them were exclusively held by social elites with credible connections with state elites. Such development of a “free press” in Taiwan was then used by the KMT government as “democratic window dressing” to strive for US support (L. Lin 2000, 106). The fact that Wang Tiwu was invited by the US Department of State to have a visit to America in 1963 after his United Daily News became one of the largest privately-owned newspapers in Taiwan showed the US government’s expectation and respect for the “free press” in “free China (L. Wang 1994, 108).”

Since the middle 1950s, Taiwanese state elites started to tear down the “democratic
window dressing” and withdraw the favors it gave to the press, since a relatively stable relationship has been built up between the US and Taiwan. Since the Eisenhower administration came to power in 1953, the US government started to pay much attention to Taiwan’s strategic significance in the US global containment policy (Lee 2007, 81-82). In particular, the US signed a *Mutual Defense Treaty* (中美共同防禦條約) with Taiwan in December 1954, which formally included Taiwan along with other American allies (i.e. Japan, South Korea, Vietnam, and the Philippines) into the US line of defense against communism in the Western Pacific area. President Eisenhower moreover proposed the *Formosa Resolution* to the US Congress in January 1955 to reiterate his resolve to defend Taiwan from the CCP’s potential threats (Eisenhower 1963, 445-447). In addition, the US continued to support the Republic of China (ROC) (中華民國) in Taiwan, rather than People’s Republic of China (PRC) (中華人民共和國) in the mainland, as the legitimate representative of the whole China in the United Nations and many other international organizations. It also ceaselessly provided Taiwan with economic aid from 1951 through 1965 as well as direct military assistance from 1951 through 1979.

Without the uncertainty of US support, Taiwanese state elites started to impose stricter institutional controls over the media in the late 1950s. For instance, the government proposed an amendment to the *Publication Act* in 1958 with the purpose of enlarging the restrictions on publication content and upgrading the heaviest penalty from “cease of issuance within a scheduled time” to “revocation of a certificate (L. Lin 2000, 106; The Taiwan Legislative Yuan 2016c).” This regressive amendment raised intense opposition from privately-owned newspapers. While the government had ever responded
to the opposition of privately-owned newspapers and suspended an administrative order that intended to add restrictions on publication content in 1954, the authorities became determined to put the harsher amendment into practice without listening to the voices of privately-owned newspapers in 1958. The difference between 1954 and 1958 to some extent resulted from the extent to which Taiwanese state elites needed to cater to American expectation for US support. Moreover, the government also decided to change the restriction on the volumes of newspaper from 1.5 sheets to 2 sheets in 1958, which was considered unfavorable to privately-owned newspapers. On the surface, the new policy looked neutral, as the expansion of newspaper volumes would increase both production costs and advertising opportunities at the same time (K. Chen and Chu 1987, 53; L. Lin 2000, 106). But actually, the new regulation was actually more beneficial to “publicly-owned” newspapers than privately-owned ones, since “publicly-owned” newspapers, with the support of the government, still held an advantageous position over privately-owned newspapers in the circulation market in the 1950s and thus had more capacity for attracting advertising revenues than the latter (K. Chen and Chu 1987, 44, 49, 86). In addition, the government did not allow any private capital to enter the television market, even if there have not yet been any television stations established in Taiwan. In June 1960, the first application to establish a privately-owned television station in Taiwan was proposed by the China Radio Association (中國無線電協進會) but finally rejected by the government.

From the late 1960s through the late 1970s, Taiwanese state elites took a more lenient attitude towards the press again, since the relationship between the US and
Taiwan was gradually weakened along with a series of changes in international situations. In 1969, the Nixon administration came into power in the US with an intention to get out of the Vietnam War. Meanwhile, a seven-month border conflict between the Soviet Union and China showed the political split within the communist camp. Therefore, the US government started to consider reshaping the balance of power in the international system by withdrawing from the Vietnam War, improving the US relations with China, and using China to check the Soviet Union (Tien 1992, 287-288). In this sense, the geopolitical importance of Taiwan and some other American allies in Asia was to a great extent weakened. The US government thus started to reconsider its policy towards Taiwan and gradually pulled back its political and economic support from the Taiwanese government (Shiau 1996, 290). In particular, the US terminated its economic aid to Taiwan in July 1965. President Nixon then announced the Guam Doctrine in July 1969 which suggested American allies in Asia taking responsibilities for their own security (Nixon 1969). The US also pressed Taiwan (ROC) to transfer the seat of China in the UN to mainland China (PRC) in October 1971. President Nixon then sought to normalize the US relations with China by officially visiting the mainland in February 1972. The US moreover withdrew all the US military forces from Taiwan in May 1975. Finally, the US ended its diplomatic relationship with Taiwan in January 1979. From 1969 to 1979, the total number of Taiwan’s diplomatic allies dropped rapidly from 68 to 22 (Wakabayashi 2014, 137-143).

To enhance Taiwan’s democratic image for American and international supports, Taiwanese state elites carried out “limited democratization” and some more lenient regulations on the press since the late 1960s. To illustrate, the Taiwanese government
held a one-off central legislative by-election in 1969 and started regular “augmented legislators” elections since 1972, to add a few representatives elected by Taiwanese people to the “ten-thousand-year Congress.” The government also started to put some selected Taiwanese youths and politicians in government positions since 1971, to diversify the political system which was ethnically dominated by Chinese mainlanders. The government moreover transformed its cultural policy in 1978 from exclusively promoting traditional Chinese culture to inclusively encouraging Taiwanese culture. All of these political reforms aimed to make up for the KMT regime’s weakened international legitimacy by strengthening its political legitimacy at home (Wakabayashi 2014, 158-169). Similarly, the government also sought to take more lenient policies towards privately-owned newspapers in return for their propagandizing governmental policies and ideologies at home and in the international society. In particular, the government never issued any new newspaper certificates since 1960 until 1988 (K. Chen and Chu 1987, 127), which protected existing newspapers from further competition and threat. The government also opened the import of newsprint and reduced the tariff on it in 1967 (L. Lin 2000, 112), which largely lowered newspapers’ production costs. The government moreover broadened the limit on the volumes of newspaper from 2 sheets to 2.5 sheets in April 1967 (K. Chen and Chu 1987, 53-54), which was favorable to the expansion of privately-owned newspapers. This was because, unlike the situation in the 1950s, privately-owned newspapers have surpassed “publicly-owned” ones in terms of circulation in the 1960s, so the new regulation brought more advertising opportunities to privately-owned newspapers than “publicly-owned” ones (K. Chen and Chu 1987, 114-
As a return for these favors, some privately-owned newspapers did speak for the government and Taiwan’s image in the international society. Take the *United Daily News* for example. Its Publisher Wang Tiwu successfully obtained the membership of the International Press Institute (IPI) in 1964, while the managers of some “publicly-owned” newspapers were declined to join it several times. In that international organization, Wang defended the Taiwanese government in 1966, saying that there actually existed a “free press” in “free China (Wang 1967; Wang 1981, 274).” He also successfully strived for a formal seat for Taiwan as a nation in the name of the Republic of China in 1969. Being authorized by the government, Wang moreover strived to maintain Taiwan’s seat at the IPI, when other members proposed to cancel Taiwan’s membership in 1970 and 1971 (L. Wang 1994, 123-127, 157-162). In addition, as a response to the government’s request, Wang established the *World Journal* (世界日報) in America in 1976 with the purpose of uniting “overseas Chinese,” concentrating liberal, anti-communist forces, and enhancing Taiwan’s international status (K. Chen and Chu 1987, 171).

**ii. Norm Diffusion**

Due to Taiwan’s economic dependence on the US, Taiwanese state elites had an incentive to cultivate a “free press” as authoritarian Taiwan’s “democratic window dressing” with occasional limited media reforms in order to strive for political and economic support from the US. Through strong political, economic, and social networks between the two countries, Taiwanese state elites also had opportunities to learn the
liberal ideas of the press from America, but they tended to merge American ideas with Taiwanese local ones, legitimatizing the KMT regime’s authoritarian control over the media in Taiwan.

During the Cold War, the US built a series of governmental and non-governmental networks with its allied countries including Taiwan for the sake of the containment of communism in the global realm. These networks were constructed not only for military and economic purposes but also with cultural and ideological intentions, shaping other nations’ preferences and behaviors through the appeal of American culture, political values, and foreign policies (Nye 2005, 127-148). To illustrate, the US government established a symbiotic relationship with the academic circle of communication studies in America from 1945 to 1960, sponsoring the establishment of university communication programs, the formation of communication academic networks, and the implementation of communication research projects, with the purpose of propagandizing anti-communist and pro-American ideas through mass communication at home and abroad (Simpson 1994, 65, 79-93). In Asia, the US government even set up a semi-official non-governmental organization, namely the Asia Foundation, in 1954 under the US State Department, with the intention to provide Asian countries with cultural and educational assistance and spread anti-communist ideologies there (L. Lin 2004, 87). In the case of Taiwan, the US constituted various channels for academic, educational, and cultural exchanges, in addition to military and economic collaborations, which helped establish an American academic and cultural hegemony in Taiwan (C. Cheng 1999). Take the field of mass communication for example. America was generally regarded by Taiwanese
journalism scholars as a center of journalism for gathering ideas (Tseng 1969, 2). Since the 1950s, not only did the US government sponsor American scholars to have an academic visit to Taiwan, but the Taiwanese government also subsidized academic exchanges between the US and Taiwan. For instance, the Asia Foundation has ever sponsored seven American scholars to Taiwan between 1954 and 1969, having a profound influence on the initial stage of the development of communication knowledge in Taiwan (L. Lin 2004, 87-88). On the other hand, Taiwanese students were also regularly subsidized with Taiwanese government scholarships to study abroad in America and absorb new journalistic knowledge from the US. Through these cross-nation networks, American ideas regarding the press were likely to be accessed by Taiwanese state elites and then exported from the US to Taiwan.

Around since the mid-20th century, the most popular media norm in America has transformed from the libertarian ideas of the press to the social responsibility theory of the press. Both of them were aligned with the spirits of classical liberalism. As a dominate media norm in America from the 18th century to the mid-20th century, libertarians suggested that the press should be totally free from government intervention and operate in a free market, serving as a device for presenting information and ideas to the public and facilitating the formation of public opinions to check on the government (Siebert 1979b). In the first half of the 19th century, there was “no contradiction between the private ownership of the press (the major medium of the time) and its public, political roles as a channel for strategic information and a forum for political debate.” However, by the beginning of the 20th century, there has been a “growing contradiction between the
idealized role of the press as a key resource for citizenship and its economic basis in private ownership (Murdock 1990, 1-2).” In particular, rising costs of newspaper production raised the barriers to entry into the media market and thus expanded the concentration of media ownership in the hands of few large and powerful corporate owners in America, which, in turn, to a great extent eroded the diversity of the ideas and information in the marketplace as well as the quality of public debate and democratic governance (Peterson 1979, 77-80). As a response, the Hutchins Commission (aka the Commission on Freedom of the Press), an academic institution established during World War II with an aim of inquiring into the proper role of the media in a modern democracy, proposed the social responsibility ideas of the press in 1947 as an adjustment to and a replacement for the conventional liberal theory. According to the social responsibility theory, the press plays a significant role in a democratic society. In particular, it should not only have freedom from government intervention, but it should also have a social responsibility to provide the public with diverse information, fair news reports, and an open platform for democratic communication. In this sense, the social responsibility theory even implies a corresponding obligation of the government to regulate the media for the diversity of media content, the competitiveness of the media market, and thus the greatest public good to be achieved (The Commission on Freedom of the Press 1947; Peterson 1979).

Taiwanese state elites played a critical role in introducing ideas, norms, and practices from America to Taiwan. This was mainly because the right to interpret international information and knowledge was monopolized by the Taiwanese authorities.
In particular, the Taiwanese government took a series of filtering measures to preclude “inconvenient” thoughts from being implanted from abroad, on the one hand, and to select some “healthy” foreign ideas to spread in Taiwan, on the other hand, in order to legitimatize the KMT authoritarian ruling. Such a filter has not yet been set up in the early 1950s, since Taiwan has not yet stabilized its relationship with the US at that time and the Taiwanese government thus tended to tolerate a free press as a “democratic window dressing” to strive for American support. For example, the government supported several privately-owned publications such as the *Free China Journal* and the *Journalism Magazine* (報學) which frequently advocated of liberal ideologies such as press freedom and democracy (Journalism Editorial Board 1951, 1; Chiu 2012, 13, 23). However, after the US-Taiwan relationship stabilized around the middle of the 1950s, the Taiwanese government started to take measures to shut out free press ideas. For instance, the government co-opted the *Journalism Magazine* with subsidies starting from 1959, slanting the journal’s ideas of press freedom to be more compatible with state regulatory policies regarding the media (L. Lin 2004, 94). The government also closed down the publication of the intractable *Free China Journal* and even imprisoned its publisher Lei Chen (雷震) in 1960 (H. Hsueh et al. 2003, 115-116; Shen 2007, 159-161). Moreover, the government rejected the civil society’s proposal to form a journalism program at National Taiwan University (NTU) (國立台灣大學), actively assisted in the establishment of Taiwan’s first department of journalism in National Chengchi University (NCCU) (國立政治大學) in 1954, and moreover transferred several senior government officials in charge of mass communication affairs to the management of the NCCU Journalism
Department. For example, Tseng Hsu-pai (曾虛白) served as the President of the KMT-owned Central News Agency (中央通訊社) before appointed as the first Chairperson of the NCCU Journalism Department. Hsieh Jan-chih (謝然之) also headed the KMT Propaganda Department’s Information Division and the Taiwan Provincial Government-owned Taiwan Shin Sheng Daily News (台灣新生報) before serving as the second Chairperson of the NCCU Journalism Department. In this way, the government excluded those who might be outside of their control from producing communication knowledge, on the one hand, and enabled state elites to play a leading role in constituting media norms, cultivating journalism professionals, and shaping public opinions in favor of the KMT’s dominance in Taiwan, on the other hand (Kuang 2002, 12; L. Lin 2004, 77, 80).

Through the government-controlled filtering mechanisms, the social responsibility ideas of the press that prevailed in America in the mid-20th century were imported to Taiwan during the 1960s, but these ideas were translated by being merged with some Taiwanese local ideas regarding the press with an intention to legitimatize the KMT’s authoritarian control over the media. According to Tseng Hsu-pai, journalism research should be considered as a combination of national conditions and foreign theories (Tseng 1969, 2). In introducing the concept of the social responsibility of the media, journalism authorities produced several versions of interpretation with different emphases for the imported media norm to be accommodated to Taiwan’s political, economic, and social particularities (L. Lin 2004, 93, 96, 97-102, 150-151). To illustrate, some scholars considered it the journalists’ social responsibility to sacrifice their own individual freedom for national security and freedom. As Hsieh Jan-chih noted in his article
“Freedom of the Press and National Security:”

Free China is caught in a life-and-death struggle with the cruelest and the most ferocious communist bandits, reaching a point where its very existence is at stake. The responsibility of journalists in such a great historic era is definitely never limited to the so-called social responsibility from European and American perspectives, but journalists should be imposed a responsibility to lead public opinion in the face of the rise and fall of the nation...Individual freedom is built on national security. The more individual freedom, the less national freedom. The greater personal freedom, the more threats imposed on the security of the nation and the society...Journalists should cherish freedom of the press and preserve the dignity of their own profession, on the one hand, and they should also place importance on their moral responsibility for the society as well as legal liability for national interests and security...One should take it for granted to sacrifice a certain number of individual rights and freedoms for the whole nation’s interests under the wartime emergency measures (Hsieh 1963, 4-6).

Other journalism scholars contended that the press’s social responsibility was to function as an elite or an expert in public affairs to guide the formation of “appropriate” public opinions. As Tseng Hsu-pai noted in his writings on Walter Lippman’s journalism theory:

To be a real journalist, one should serve as an expert who knows well about correct information and takes the responsibility to guide public opinions with news reports towards the right direction...The will of the citizenry is so subject to being utilized that it should be led correctly. Is this not an extension of our Founding Father Sun Yat-sen’s theory that asserts the obligation of those who know to teach those who do not? People ought to trust experts when engaging in political affairs. Does this not logically originate in Sun Yat-sen’s “principle of people’s power” (民權主義) which endows people with the rights and meanwhile enables the government to have capabilities? (Tseng 1963, 4)

Such a contention was further elaborated by Li Zhan (李瞻), a prominent professor at the NCCU Journalism Department, as a part of the philosophy of journalism based on
Sun Yat-sen’s “San-min Doctrine” (三民主義).\(^8\) According to this philosophy, journalism is regarded as the “most important instrument that those who know use to teach those who do not and that those who have virtue and wisdom use to lead those who do not.” It should, therefore, be “hosted by men of greatest wisdom and virtue rather than sordid merchants (Li 1972, 252).” In addition, still other journalism scholars, such as Ma Xingye (馬星野) and Li Zhan, interpreted the media’s social responsibility as an instrument to propagandize the performance of national economic development and to demonstrate the advantage of the San-min Doctrine over communism (Li 1975, 26, 59-62; X. Ma 1982, 6; L. Lin 2004, 150-151).

These newly-created media norms largely deviated from the liberal nature of the American social responsibility theory, but rather conformed to the authoritarian character of the KMT’s policies towards the press, which in turn helped reinforce the authoritarian institutions of the press during this period. In particular, the social responsibilities of the press that journalism authorities advocated of were well aligned with the normative roles that Chiang Kai-shek and the KMT posited on the press. According to Chiang Kai-shek, a modern journalist should take the responsibilities to “publicize national policies,” “facilitate national development,” and “lead public opinions (X. Ma 1982, 5).” At the Seventh Plenary Session of the Sixth KMT Central Committee Conference in October 1955, the KMT also restated its consistent attitude

\(^8\) The San-min Doctrine, aka the Three Principles of the People, refers to a political philosophy that was developed by Sun Yat-sen with an aim to realize nationalism, democracy, and the livelihood of the people in China. The Doctrine was later advocated by the KMT to compete with communism in mainland China.
towards freedom of the press, saying that “freedoms of speech and publication should be protected by law” but “should not be abused unlimitedly.” The KMT moreover indicated its prospect of the media in which newspapers are expected to cooperate with the authorities, lead public opinions, and resist communist psychological warfare (H. Hsueh et al. 2003, 142-143). Merged with the Taiwanese government-promoted media norms, the originally liberal social responsibility theory functioned paradoxically to legitimate and reinforce the authoritarian institutions of the press in Taiwan. For instance, the idea that stressed the responsibility of the press as an elite or an expert to lead public opinions provided a legitimate reason for “public” ownership of the press, the restriction on the number of newspaper certificates, and the practical tendency to issue newspaper certificates only to certain credible social elites rather than the mass. The idea that prioritized national security over press freedom also defended the regulation on the volume of newspapers which was claimed to be implemented for the reservation of resources during the wartime. The two ideas mentioned above plus the idea that treated the media as an instrument for propagandizing the San-min Doctrine moreover justified the regulation of the content of the media to guide the formation of public opinions, quiet pro-communist and pro-Taiwan independence voices, and publicize the results of national development.

IV. Summary: Media Institutions and the Underdevelopment of Press Freedom

Taiwan’s economic dependence on the US and the Taiwanese government’s interventionist role in the market economy worked together to shape a set of institutions
among the government, the market, and the media in Taiwan from 1949 through 1988. These media-related institutions were characterized by the government’s authoritarian control over the press, state-sponsored oligopolies in both the newspaper and television markets, as well as state-oriented self-censorship and news biases in favor of the authorities.

The initial status of these institutions was fundamentally decided by the mechanism of state control, in which state elites were devoted to master the media as its instrument for establishing the KMT’s political legitimacy in the Taiwanese local society as the legitimate authority of the whole China to confront with the CCP in mainland China. The institutions were then maintained and reinforced by both the mechanism of state control and that of norm diffusion. In the latter case, state elites introduced the social responsibility ideas of the press from America to Taiwan but merged them with the KMT’s authoritarian media norms to legitimize its authoritarian regulations over the press. On the other hand, the authoritarian institutions were sometimes weakened by the mechanism of material self-interest, in which state elites made a few lenient policies towards the media when necessary and used the “free press” as “democratic window dressing” to strive for economic, military, and diplomatic support from the US. The institutions were also weakened on occasion by the mechanism of market co-optation, in which private capital worked together to struggle for political and economic interests from the authorities to compete with “publicly-owned” newspapers and maximize their profits. However, both American influences and corporate forces were indirect and thus much weak relative to KMT’s authoritarian power from 1949 until 1988, such that, their
counter-movements did not bring about any critical junctures that caused significant institutional changes during this period.

As a result, the establishment and maintenance of these institutions, in turn, had impacts on the conditions of freedom of the press in Taiwan. Generally speaking, Taiwan experienced a low level of press freedom throughout this period. To illustrate, Taiwan’s negative press freedom was limited under the government’s authoritarian control over the media (government institutions of media). In particular, the government held a high level of newspaper ownership and controlled all of the television stations. As for privately-owned newspapers, the government constituted and implemented a series of strict regulations on the issuing of licenses, the price and allocation of newsprint, as well as the volume of newspapers. The government also exercised rigorous censorship over the content of news reports. All of these largely restricted the media’s freedom to start and run media businesses, make news reports, spread information, and express their real opinions, which, in turn, caused severe damage to the negative press freedom in Taiwan.

Taiwan’s positive press freedom, on the other hand, was also strongly restricted by the government-sponsored oligopoly (market structures of media) and the government-permeated media organizations (corporate structures of media). In particular, there was always an oligopoly in both the newspaper and television markets throughout this period. The two largest newspapers (namely, the United Daily News and the China Times) grew up to dominate the newspaper market under the support of the KMT’s party-state regime. Similarly, all the three television channels (namely, the TTV, the CTV, and the CTS) were either owned or substantially controlled by the government. These government-sponsored
oligopolies largely limited people’s opportunities to get access to the media. Not only did the government sponsor the oligopoly in the media market, but it also permeated the financial and organizational structures of media companies by offering subsidies, financing, and advertising to the media, holding direct control over the ownership of several media companies, co-opting media owners into the KMT’s core membership, and even establishing KMT’s branch offices inside media organizations. All of these facilitated the implementation of government censorship and government-oriented self-censorship and thus to a large extent weakened people’s capacity for getting access to complete information and diverse news reports. Therefore, Taiwan had a low level of not merely negative but also positive press freedom throughout this period.
CHAPTER FOUR

This chapter aims to explore the influences of economic dependence and the state’s economic role on freedom of the press in Taiwan from 1988 to 2008. In particular, it seeks to examine how Taiwan’s continued economic dependence on the US altered formal and informal institutions regarding the media through both the mechanism of material self-interest and that of norm diffusion. It then explains how the Taiwanese government’s retreat from intervention in the market economy changed the structural relations and interactions among the government, the market, and the media through both the mechanism of state control and that of market co-optation. Finally, this chapter concludes with a discussion of the overall effects that government institutions, market structures, and corporate structures of the media had on freedom of the press in Taiwan during this period.

I. The State’s Internal and External Economic Relations

Taiwan maintained its economic dependence on the US from 1988 to 2008. Throughout the entire Cold War era, the US kept leading its allied countries in the capitalist camp including Taiwan to compete with the Soviet Union-led communist camp in world politics. After the end of the Cold War, the US even became the only superpower in the international system. Though communist China had long since started its economic reforms towards capitalism beginning in 1978, Taiwan did not allow any direct trading
with communist countries until 1988 and did not have any substantial economic exchanges with China until the 1990s. Therefore, the US continued to serve as Taiwan’s most important source of capital and trade surplus during this period.

In terms of capital, Taiwan received a great deal of direct investments from the US, even if there was no more foreign aid coming in from America. In contrast, the Taiwanese government did not allow the inflow of Chinese investments in Taiwan until 2009. According to official statistics, the US respectively represented 31.31% of the FDIs from 1980 to 1989, 24.27% from 1990 to 1999, and 16.85% from 2000 to 2010. Despite the gradual decline, the US still accounted for an average of more than one-fifth (20.72%) of the total direct investments from abroad between 1988 and 2008 (The Taiwan Investment Commission 2016).

In terms of trade, on the other hand, the US continued serving as Taiwan’s largest export market until 2000 as well as Taiwan’s biggest trade partner until 2001 (The Taiwan Bureau of Foreign Trade 2016). As Figure 7 shows, the US represented over one-thirds (33.86%) of Taiwan’s total trading volumes between 1981 and 1990, while Taiwan’s other major trading partners such as Japan and Hong Kong respectively accounted for 19.42% and 5.76% during the same period. Even after Taiwan started a direct trade relation with China in 1991, the US still took up around a quarter (23.16%) of Taiwan’s total trading volumes between 1991 and 2000, while Japan, Hong Kong, and China respectively occupied 18.97%, 12.28%, and 1.66% in the meantime. Figure 8 also shows that, from 1981 to 1990, the US accounted for averagely 41.67% of Taiwan’s annual exports, while Taiwan’s other major trading partners such as Japan and Hong
Kong respectively represented 11.83% and 8.47%. From 1991 to 2000, the US still occupied roughly one-quarter (25.85%) of Taiwan’s total exports, while Japan, Hong Kong, and China respectively took up 10.69%, 21.55% and 0.74% (Taiwan Economic Data Center 2016; The Taiwan Ministry of Finance 2016a). In addition, the US moreover contributed to averagely 67.74% of Taiwan’s annual trade surplus between 1988 and 2008 (Taiwan Economic Data Center 2016). The stable trade surplus from the US was one of the most important sources of Taiwan’s economic growth during this period.

Due to Taiwan’s economic dependence on the US, Taiwan, just like Japan, South Korea, and some other countries in East Asia and Latin America, took a series of market-oriented economic reforms in response to the US-led neoliberal movement during the 1980s (Williamson 1989). These reforms included the appreciation of New Taiwan Dollar, the relaxing of the control over foreign exchanges, the lifting the restrictions over capital inflows, the reducing of tariffs and non-tariff barriers, the privatization of public enterprises, and the deregulation of licensed industries (Shiau 2004, 10-11; Chu 2011, 263-264). Accordingly, the Taiwanese government did not play such an interventionist role in the market economy as before from 1988 to 2008.
Figure 7. Taiwan Foreign Trade with Neighboring Economies, 1981-2015
(Source: Taiwan Economic Data Center 2016; The Taiwan Ministry of Finance 2016a)

Figure 8. Taiwan Foreign Export with Neighboring Economies, 1981-2015
(Source: Taiwan Economic Data Center 2016; The Taiwan Ministry of Finance 2016a)
To illustrate, without the comprehensive control over monetary, fiscal, and regulatory policy instruments, the Taiwanese government did not master such abundant economic resources as before and thus held a much lower level of autonomy relative to the market than before. Not only was US aid terminated in 1968, but all the public sale businesses were gradually corporatized no later than 2002. Under this circumstance, as Figure 9 shows, the proportions of public sales revenue and public enterprise revenue to the government’s total income respectively dropped from 6.06% and 14.60% in 1988 to 0.00% and 11.87% in 2008. In contrast, the ratio of tax revenue to the government’s total income rose from 66.84% in 1988 to 76.65% in 2008 (The Taiwan Ministry of Finance 2016b). Apparently, the government based its financial resources more and more on the tax contributions from the society than the incomes under the direct control of the government such as public sales, public enterprises, and foreign aid.
Figure 9. Taiwan Government Revenue, 1988, 2008
(Source: The Taiwan Ministry of Finance 2016b)
Economic liberalization also reduced the contributions of the government to national economic growth, especially compared to those of the private sector. According to Figure 5, while public expenditure almost occupied 25% of GDP around 1990, it accounted only for 20% around 2010 (The Taiwan National Statistics 2016). Figure 6 moreover shows that while the public sector’s and the private sector’s investment contributions to GDP was roughly matched in strength from the 1950s until the 1970s, the latter has been steadily more and more powerful than the former since 1983. More specifically, as Figure 10 shows, while the investments from the government plus public enterprises respectively represented 11.49%, 7.83%, and 5.94% of GDP in 1990, 2000, and 2010, those from private businesses respectively took up 13.32%, 18.47%, and 17.68% in 1990, 2000, and 2010 (The Taiwan National Statistics 2016). It was clear that the Taiwanese government did not play such an active role in leading national economic development as before.
Figure 10. Taiwan Fixed Capital Formation, 1990, 2000, 2010 (Source: The Taiwan National Statistics 2016)
II. Economic Dependence on the US and Media Institutions in Taiwan

Taiwan’s continued economic dependence on the US had a significant influence on the transformation of Taiwanese media institutions from 1988 to 2008 through both the mechanism of *material self-interest* and that of *norm diffusion*. In particular, due to Taiwan’s economic dependence on the US, Taiwanese state elites had a great incentive to cooperate with the political, economic, and media policies that the US government promoted towards Taiwan and the world, in order to ensure political and economic interests from America. Through intense political, economic, and cultural exchanges between Taiwan and the US, Taiwanese state elites also had more opportunities to learn new ideas regarding the media in America, introduce American media norms to Taiwan, and even make changes in media institutions according to the norms diffused from America.

*i. Material Self-interest*

Despite the weakened diplomatic relations and military cooperation between Taiwan and the US since the 1970s, the US was still the very great power that continued (and continues) to shield Taiwan from a rising Chinese power. Therefore, Taiwan was still to a large extent dependent on the US in terms of economy, security, and diplomacy. Under this circumstance, Taiwanese state elites had a great incentive to implement political, economic, and media policies that conformed either to American foreign policies or to the US government’s expectation for human rights and democracy in Taiwan, so as to ensure
political and economic resources offered by the US.

Starting from the 1980s, the US government promoted the ideology and policies of neoliberalism both at home and in the international system. By definition, neoliberalism referred to a series of ideas that preferred free markets, limited government, and corporate independence (Spiegel et al. 2012). According to these ideas, a nation’s economy would become healthier and the government would be made more efficient, if the power to govern the market economy was transferred from the public sector to the private sector (Chomsky 1999, 19-20; Bourdieu 2002, 164-165; Fourcade–Gourinchas and Babb 2002, 533-534; Harvey 2005, 1-4; Prasad 2006, 3-12; Klein 2007, 14-15). In America, these ideas were embodied by a group of government officials and technocrats in Washington DC, the International Monetary Fund (IMF), and the World Bank to be a “desirable set of economic policy reforms” named the “Washington Consensus.” According to John Williamson, the “Washington Consensus” was composed of a series of market-oriented policies such as restrictive monetary and fiscal policies, privatization, trade liberalization, and openness to foreign investment (Williamson 1989). Domestically, the US government put these free-market policies into practice at home to resolve the problems of both inflation and unemployment accelerated by the 1970s international oil crises (Cohen 2000). Internationally, the US government also encouraged its peripheral/semi-peripheral states in Latin America and East Asia as well as the other core countries to implement neoliberal reforms, in order to alleviate the problem of a trade deficit which the US suffered from for a long time by serving as an export market for its allied countries in the post-WWII era. In East Asia, the US government urged Japan,
South Korea, and Taiwan to open their financial and trade markets by threatening to impose economic sanctions or to terminate the transfer of technology (Chu 2011, 263). It also ensured these nations’ implementation of neoliberal economic reforms through the guidance and oversight of international institutions such as the GATT, the IMF, and the World Bank.

To avoid American economic sanctions and their subsequent material losses, Taiwanese state elites had a great incentive to carried out neoliberal economic reforms that the US government promoted in the global realm during the 1980s, which resulted in the deregulation of the media sector among other licensed industries since the late 1980s. In particular, in order to shrink the trade deficit with Taiwan which the US endured starting from 1968, the US government asked Taiwan to open its economic market, reduce tariffs/non-tariff protectionist measures, and appreciate New Taiwan Dollar (Lilley 2003, 240-241) by threatening to cancel the US preferential tariffs on Taiwanese products. The US government also urged the Taiwanese authorities to improve the protection of intellectual property rights by threatening to impose economic sanctions that the Section 301 of the 1974 US Trade Act authorized the US President to take against states violating the spirit of “fair trade (Shiau 2004, 10-11).” Under US pressure, the Taiwanese government decided to start the policy of “economic liberalization, internationalization, and institutionalization” since 1984. In terms of trade, the Taiwanese authorities not only reduced tariffs/non-tariff barriers since 1985, appreciated New Taiwan Dollar since 1986, and took measures to enforce the protection of intellectual property rights during the 1980s. However, the Taiwanese government also maintained
Taiwan’s Special Procurement Missions to the US which started since 1976 (Shiau 2004, 11; Chu 2011, 263) and even opened its domestic market to US agricultural products which were considered a significant threat to Taiwan’s agricultural sector (Hsueh 1996, 55-58, 119-122). In terms of finance, the government largely lifted its control over foreign exchanges, outward investment, and domestic financial businesses. As for other national economic sectors, several state-owned or licensed industries were liberalized and privatized one after another, including finances, telecommunications, transportation, and mass media (Chu 2011, 263-264).

Take the television industry for example. The pressure from the US government was one of the motive forces that caused the liberalization of cable television businesses in Taiwan. Prior to 1993, cable television was prohibited in Taiwan for the KMT to maintain its monopoly in the television sector. However, starting from the 1970s, there still appeared more and more underground cable television stations, many of which made profits by broadcasting illegally pirated movies and TV programs. In response to the pressure from American film producers, the US government placed the issues regarding the legalization of cable television and the enforcement of the ban on underground stations on the agenda of its consultations with the Taiwanese government about the protection of copyrights since March 1991 (Weng 1993, 463, 467). As a result, the Taiwanese government passed the *Cable Television Act* (有線電視法) in August 1993 which legalized all the underground stations in Taiwan, probably with the purpose of making the management of copyrights easier.

In addition to economic pressure, the US government also brought political pressure
to bear on the Taiwanese government to fulfill American expectation for the improvements in human rights and democracy in Taiwan. In particular, after Taiwan withdrew from the UN in 1971 and broke off its diplomatic relations with the US in 1979, the US Congress passed the *Taiwan Relations Act* in 1979 as a substitute for the 1954 *Sino-American Mutual Defense Treaty* to orientate the relationship between Taiwan and the US. According to the Act, the US was required to “provide Taiwan with arms of a defensive character” and “maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan (The US Congress 1979).” However, there were strings attached. That is, “nothing contained in this Act shall contravene the interest of the United States in human rights...The preservation and enhancement of the human rights of all the people on Taiwan are hereby reaffirmed as objectives of the United States (The US Congress 1979).” The *Taiwan Relations Act*, therefore, offered the US government leverage to put pressure on Taiwan’s domestic policies regarding human rights and political freedoms (Wakabayashi 1995, 193-195).

For example, as opposition movement leaders were arrested in the 1979 Formosa Incident, the US Department of State sent David Dean, Chairperson of the American Institute in Taiwan (AIT), to communicate with the Taiwanese authorities, asking them to lift the *Martial Law* and to give up bringing the arrested to a martial trial in return for more support from the US (Wakabayashi 1995, 201-202; Lilley 2003, 246). As a result, though the *Martial Law* was not lifted until 1987 and the accused were still sent to a martial trial, the trial was forced to be open to the press which was unprecedented in
Taiwan’s history. Similarly, as Chen Wen-chen (陳文成), an anti-KMT, pro-Taiwan independence assistant professor of mathematics at Carnegie Mellon University, was found dead on the campus of National Taiwan University in 1981 following being detained and interrogated by the Taiwan Garrison Command (警備總司令部), the US Congress amended the *Foreign Assistance Act* in 1982 which enabled the US President to cease the export of weapons to states that intimidate and persecute American citizens (Wakabayashi 1995, 205-206; Lilley 2003, 247). This amendment reinforced the fulfillment of the human rights terms enacted in the *Taiwan Relations Act*. Moreover, the US House of Representatives Commissions on human rights issues and Asia-Pacific affairs even made a joint resolution in 1986 which demanded the Taiwanese authorities to allow for the establishment of new parties, abolish censorship, and carry out parliamentary democracy (Wakabayashi 1995, 220).

In need of American political and military support, Taiwanese state elites had a great incentive to carry out political and media reforms that conformed to American standards of human rights and democracy since the middle 1980s (Li 2007). In particular, Taiwan required security assistance and diplomatic support from the US government in a confrontation with the PRC in mainland China in the international system. In terms of national security, Taiwan needed the supply of weapons and the transfer of military technologies from America to maintain a balance of power across the Taiwan Strait (Lilley 2003, 237-238). In terms of international diplomacy, Taiwan also required the assistance from the US government in negotiating with China for maintaining Taiwan’s memberships in certain important international organizations such as the Asian
To cater to American expectation for a more liberal democracy in Taiwan, President Chiang Ching-kuo (蔣經國) made an official decision at the third Plenary Session of the 12th KMT Central Committee in March 1986 to start political reforms. Shortly after that, President Chiang further announced the lifting of the Martial Law on July 15, 1987. In the context of political and economic liberalization, Premier Yu Kuo-hwa (俞國華) directed the Government Information Office (新聞局) to prepare for the lifting of the press ban in February 1987. The press ban was officially lifted on January 1, 1988, which was considered the starting point of media reforms in Taiwan.

ii. **Norm Diffusion**

Taiwanese state elites altered political, economic, and media institutions in Taiwan since the late 1980s, not only due to their realistic demand for political and economic interests offered by the US government, but also because of their identification with the respective values of liberal democracy and neoliberalism diffused from America. In particular, Taiwanese state elites had more opportunities to be familiar with and even identify with American ideas due to their long-term political, economic, and social interactions with government officials and the people in the US. Through the introduction of Taiwanese state elites, both the traditional value of Western liberal democracy and the neoliberal media norm which prevailed in America in the 1980s were likely to be imported to Taiwan and accordingly bring about relevant institutional changes in Taiwan.

Based on Taiwan’s close relationships and interactions with the US over an extended
period of time, Taiwanese state elites had plenty of opportunities to learn, understand, and absorb the ideas of western liberal democracy from America. For instance, Chiang Ching-kuo had ever visited America for five times between 1953 and 1970 before he served as the Premier of Taiwan since 1972 and as the President of Taiwan since 1978. Among various democratic practices in America, he was especially impressed by the separation of power among three branches of government as well as the constitutional protection of freedoms of speech and the press, which gradually developed his democratic knowledge (Mao 2003, 415). After serving as the President of Taiwan, Chiang Ching-kuo had ever privately expressed to James R. Lilley, the Director of the AIT from 1981 to 1984, his upcoming proposal for democratic reforms in January 1982, long before it was put into practice in the late 1980s (Lilley 2003, 245). Similarly, Yu Kuo-hwa had even studied abroad at Harvard University in the US in 1946 as well as at The London School of Economics and Political Science the UK in 1947, and he had also been appointed as Taiwanese representatives serving at several international organizations such as the International Bank for Reconstruction and Development, the Asian Development Bank, and the IMF. When serving as the Premier of Taiwan from 1984 to 1989, Yu Kuo-hwa clearly acknowledged that it was a global trend for any regime to transform from centralized authority to liberalization (Hsueh 1996, 2). He also publicly emphasized the importance of democratic politics and economic prosperity by regarding them as the two most important characters that enabled Taiwan to be respected in the international society (Yu 1996).

With progressive foreign values in mind, Taiwanese state elites introduced the ideas
and practices of western liberal democracy from America to Taiwan by encouraging Taiwanese officials, scholars, and people to learn new knowledge from abroad. For instance, President Chiang Ching-kuo clearly pointed out “absorbing new ideas and new policies on the basis of social stability to make further and more efficient progress” as one of the five central administrative goals for the near future in his second inaugural address in May 1984 (Chiang 2006). At the KMT Central Standing Committee Conference in October 1986, President Chiang more clearly suggested selecting experienced officials and professionals and sending them abroad to investigate the experiences of the US, the UK, West Germany, and Japan in the implementation of constitutional democracy (Mao 2003, 422). The government moreover sponsored several academic conferences, research projects, and consultative conferences during the 1980s to prepare for future political liberalization and democratization. Regarding media reforms, investigations regarding the lifting of the press ban were especially encouraged (Li 2007, 2).

In addition to the conventional value of western liberal democracy, the ideas of neoliberalism that prevailed in America in the 1980s also had a significant influence on Taiwanese state elites’ policy preferences regarding media reforms. As mentioned above, the US government promoted neoliberal ideas both at home and abroad in the 1980s in order to resolve domestic stagflation (i.e. high inflation and high unemployment at the same time), on the one hand, and to alleviate an increasing trade deficit, on the other hand (S.-M. Chen et al. 1991, 140-141; Chu 2011, 277-278). According to these ideas, the private sector functioned more efficiently than the public sector to improve the
economy’s efficiency and the people’s well-being in a society; for this reason, government intervention in the market economy should be limited, while the freedom of private corporations to maximize their profits should be expanded in a free market (Fourcade–Gourinchas and Babb 2002, 533-534; Harvey 2005, 1-4; Prasad 2006, 3-12; Klein 2007, 14-15). These ideas not merely led the US economic policy reforms, but also guided the transformation of media policies in America (L. Lin 2004, 183-185).

In particular, the US government carried out a series of new media policies in the 1980s which caused the further “privatization” of the US media. Such a privatization movement basically involved four components, that is, (1) denationalization, (2) liberalization, (3) commercialization, and (4) deregulation. To illustrate, denationalization referred to the transfer of media ownership from public companies to private investors, which largely reinforced and extended the sphere of influence of existing private media groups. Liberalization meant the opening of the entry into the media market, which increased the participation of non-media corporations and the interference of multinational corporations in domestic media businesses. Commercialization involved the commoditization of TV programs of publicly-owned media and thus the expansion of commercial advertising in media coverage, which slanted the content that the media presented to the public in favor of the corporate sector. Deregulation included the loosening of some restrictions on media corporations that were designed to protect trade union rights, avoid concentration of media ownership, and prohibit cross-media integration. In a word, neoliberalism shifted the overall rationale of the US media from a “defense of the public interest” towards the “promotion of corporate interests (Murdock
Under the influence of American ideas, Taiwanese state elites carried out a series of media institutional reforms since the late 1980s in the light of neoliberalism, which started with the lifting of the press ban in 1988. In the late 1980s, there were mainly three proposals regarding the removal of the press ban respectively suggested by three different social groups. First, the two largest newspaper groups, i.e. the United Daily News and the China Times, favored “complete deregulation,” since they anticipated their opportunities for further expansion under the market mechanism. Second, small newspapers preferred “partial deregulation,” because they were afraid that large newspapers would absorb all the advertising market if the restriction on the volume of newspapers was canceled. Third, some communication scholars advocated of the “reconstruction of a reasonable press market,” in which (1) newspaper monopoly, cross-media monopoly, and cross-sector monopoly should be restricted; (2) the ownership and the management should be separated; and (3) the media’s self-discipline mechanisms for their fulfillment of social responsibility should be established (L. Lin 2008, 7-9). As the proposal that was most aligned with the spirit of neoliberalism, “complete deregulation” was finally adopted and the press was thus completely liberalized from state control and allowed to manage itself in a free market. As the Director General of the Government Information Office in charge of the lifting of the press ban, Shaw Yu-ming (邵玉銘) revealed that the government consciously took an administrative omission in the process of coordination among social groups, because, in his opinion, “there was no government agency managing mass media in the US” and it would therefore not conform to democratic procedures if the
government did so (Shaw 2013, 285, 287; Han 2011).

In addition to the complete deregulation of the press, institutional and technological changes in the Taiwanese television sector were also largely shaped by Taiwanese state elites’ ideational preferences for neoliberalism. For instance, the institutional changes in terrestrial television were largely in compliance with the routes of commercialization, liberalization, and denationalization. While the ownerships of the TTV, the CTV, and the CTS were respectively controlled by the Taiwan Provincial Government, the KMT, and the military, their management strategies tended to be profit-oriented for a long time and their TV programs were thus widely considered fruitless to civic engagement in public affairs (Feng 1995, 39-40). Even if the three old stations were still under the substantive control of the authorities, the application for new certificates was opened to private capital in 1994 and the first privately-owned terrestrial television station (i.e. the Formosa Television Incorporation [FTV] [民視]) was allowed to be established in 1995. Moreover, the CTV and the TTV were respectively privatized in 1999 and 2006, while the CTS went public in 2006. Similarly, the formation and transformation of institutions regarding cable and satellite television also to a large extent followed the rationale of liberalization and deregulation. In particular, the enactment of the 1993 *Cable Television Act* not only allowed all the underground stations to persist legally, but the legalization of cable television also catered to private corporations’ interest in investing in cable television businesses for huge profits (Weng 1993, 473). The 1999 and 2001 amendments to the Act lifted the restriction on the interference of newspaper owners and terrestrial television owners in cable television businesses, cancelled the limitation on the concentration of
ownership, and gradually broadened the maximum percentage of the stocks that a foreign investor can hold (Kuang and Chang 2005, 196-197; P.-H. Chen 2009, 61-62, 64-70). As the Government Information Office noted in its *White Paper on Television and Broadcasting Policies*:

Cross-media management, from the perspectives of the market economy and technological development, has become an inevitable trend. [The idea of anti-monopoly and anti-concentration] will hinder the internationalization and liberalization of our country, increase the difficulties for private businesses, and be inconsistent with our nation’s policy direction to establish an “Asia-Pacific Regional Media Center (亞太媒體中心)” It has become a trend for cross-media management to be deregulated in countries around the world. Therefore…it would be appropriate to allow for cross-media management in principle and to restrict the number and proportion of the companies involved…To cooperate with the policy of internationalization and liberalization, the proportion for foreign corporations to invest in should be opened up to an appropriate degree, and the restriction on the number of stocks that each stockholder can hold should also be broadened, with the expectation of attracting capital and technologies from abroad and facilitating the healthy development of the national cable television industry (Government Information Office 1997, 64-65, 72).

As for satellite television, the *Satellite Broadcasting Act* (衛星廣播電視法) enacted in 1996 was also characterized by the allowance of cross-media integration as well as loosen restrictions on foreign investment (L. Lin 2004, 187-188). In its *White Paper on Television and Broadcasting Policies*, the Government Information Office also regarded “the development trends of international media” as the first and foremost rationale for the Satellite Broadcasting legislation. To illustrate,

There were four major development trends in the international media market since the 1980s. The first was deregulation, that is, the government loosened the
requirement for media management and allow more people to engage in the management of communication businesses. The second was globalization, that is, private firms attracted capital and introduced expensive new communication technology through cooperation and mergers and acquisitions in order to strengthen market competitiveness and the internationalization of manufacturing and marketing. The third was synergy, that is, a company managed upstream and downstream businesses and engaged in cross-media joint enterprises by means of vertical integration and diverse development. The fourth was convergence, that is, conventionally different sectors such as computer, telecommunication, and communication started to get united together. The development mentioned above trends led the media market to “internationalization,” “liberalization,” “cross-media,” and “cross-industry (Government Information Office 1997, 74).”

Taken together, after the late 1980s, a large part of the new media policies was considered to be carried out in accordance with the spirit of neoliberalism (L. Lin 2004, 186-188).9

III. Economic Liberalization and Media Institutions in Taiwan

In addition to Taiwan’s economic dependence on the US, the Taiwanese government’s less interventionist role in the market economy also had great influences on the transformation of the institutions regarding the media in Taiwan. These influences were taken effect through both the mechanism of state control and that of market co-optation. In particular, the government tended to adopt every possible means to manipulate the media with an attempt to publicize policies and maintain the government image. On the other hand, private capital sought to have a hand in the operation and the content of the media in order to advertise commodities, enhance brand images, and make profits.

9 Interview with Chiu Eve (邱家宜), Chief Executive Officer of the Foundation for Excellent Journalism Award, Taipei, July 1, 2014; Interview with Chung Chi-hui (鍾起惠), former Commissioner of the National Communications Commission, Taipei, July 15, 2014.
i. Market Co-optation

Since the 1980s, while the capacity of the government for mastering the market economy declined due to political and economic pressure from abroad, the influence of private businesses was to a great extent raised along with the growth of the market economy and the accumulation of private capital for an extended period of time. Private businesses even worked with political opposition forces and social movements to challenge the authority of the government, working upon the direction of the transformation in the overall political and economic structures as well as media-related government institutions, market structures, and corporate structures.

To strive for new opportunities for corporate profits, private businesses, in addition to the US neoliberal pressure and Taiwanese domestic opposition movements, also played an active role in facilitating the liberalization of Taiwanese political and economic institutions since the late 1980s. During the 1980s, the overall economic environment that private businesses faced was gradually deteriorated. As a result of various social movements organized by consumers, farmers, workers, women, and environmental activists (M.-K. Chang 1989; Hsiao 1992), production costs tended to be raised while the increase in commodity prices was under greater pressure than before. In response to neoliberal demands from the US government, New Taiwan Dollar was appreciated while Taiwanese tariffs and non-tariff barriers on imported goods were lowered, which largely harmed the competitiveness of Taiwanese private businesses in both American and domestic markets. Under this circumstance, export-oriented manufacturing industries,
echoing with opposition movements, requested the government to lift foreign exchange control, permit outgoing investment, and allow for trade with communist countries (Shiau 2004, 11, 13). Domestic-oriented service industries, whose rights were relatively inhibited in the past for the preferential cultivation of export-oriented sectors, also stood with consumers to demand the liberalization of service sectors, such as finances, telecommunications, transportation, and mass media (Chu 2011, 260-264). All of these liberalization policies were put into practice one after another since the late 1980s.

Private capital, in addition to opposition parties and social movements, also took a large part in the liberalization and further deregulation of the media sector to strive for political and economic interests since the late 1980s. As mentioned above, the two largest private press groups, the United Daily News and the China Times, successfully induced the government to adopt the approach of “complete deregulation” rather than that of “partial deregulation” or “reconstruction of a more reasonable media market” to the liberalization of the press in 1988 (K. Chen and Chu 1987, 211-212; L. Lin 2008, 7-10). Within three years after the lifting of the press ban in 1988, the two largest newspapers have further expanded to seize 70-80% of both advertising and readership (Su 2002, 75). When it came to the television sector, private capital, such as capital-endowed opposition politicians, underground station owners, and other private businesses that were interested in investing in the media, also cooperated with the major opposition party (i.e. the Democratic Progressive Party [DPP]) and media reform advocacy groups to fight for the openness of terrestrial television to private capital and the legalization of cable television since the late 1980s. While opposition politicians and underground stations owners were
generally motivated to break through the KMT’s monopoly on electronic media and fulfill opposition movements’ demands for political propaganda, other private businesses were simply intended to expand their own businesses’ commercial interests (Weng 1993, 459-484; Feng 1995, 33-35; P.-H. Chen 2009a, 45-50). As a result, cable and terrestrial televisions were respectively liberalized in 1993 and 1994. While cable television stations tended to be controlled by the DDP and local opposition forces, the first president of Taiwan’s first privately-owned terrestrial television station (i.e. the FTV) was Chai Trong-rong (蔡同榮) who was a member of the DDP and elected as national-level legislators several times. After the legalization of cable television, more and more private businesses sought to invest in the media due to its potential commercial opportunities. To fulfill corporate interests, a draft of the Cable Television Act that the government proposed in 1991 to a large extent favored the monopoly of a cable television system operator in each region (W.-W. Chung 1993, 428-430). Moreover, the antitrust clauses that originally enacted in the 1993 Cable Television Act, such as the restrictions on cross-media integration and concentration of ownership, were respectively deleted in 1999 and 2001 (P.-H. Chen 2009a, 61-62). To attract foreign investment, an article enacted in 1993 that prohibited foreigners from serving as the owners and stockholders of cable television businesses was amended in 1999 as another item that prescribed the maximum percentage of the stocks that a foreign investor was allowed to hold. Since the percentage was considered not high enough to attract foreign investment, its maximum was further broadened in 2001 (P.-H. Chen 2009a, 65-66). Apparently, private capital played a critical role in shaping the direction of media institutional changes from the late 1980s through
the 2000s.

Along with the liberalization and deregulation of government institutions of media, large businesses had more opportunities to expand themselves, merge with others, and become media conglomeration, which resulted in the change of the market structures of the media. To illustrate, the ownership of the media remained concentrated from 1988 to 2008, because older and larger media groups were more likely to survive and grow in a relatively free market than newer and smaller media companies (Hung 2006, 10-12; L. Lin 2008, 19). In the newspaper market, an oligopoly continued to exist throughout this period. Within three years after the lifting of the press ban in 1988, the United Daily News and the China Times expanded to seize 70-80% of both advertising and readership (Su 2002, 75). The Liberty Times (自由時報) and the Apple Daily (蘋果日報) then joined the oligopoly respectively in 1997 and 2003. Oligopolies also existed in the television market. For instance, there were only three terrestrial television companies in Taiwan before 1995, four after 1995, and then a total of five since 1998 until today. As for cable television, corporate groups started to invest in cable television systems or channels through the purchasing of their ownership after the legalization of cable television in 1993. Media corporations began to merge with profitable cable television businesses after the restriction on cross-media convergence was deleted in 1999. Foreign investors and transnational media corporations also began to invest in Taiwanese cable television businesses since the restriction on foreign investment in cable television was lifted in 1999. Through vertical, horizontal, and cross-media integration, a high level of ownership concentration appeared in the cable television sector (P.-H. Chen 2009a, 61-
63, 65-68). As Figure 11 shows, there were only five large cable television system operators in Taiwan during the 2000s. In 2006, these five controlled 41 cable television broadcasting networks out of 62 in total; the two largest of them held nearly a half (46.75%) of the total subscription in Taiwan (The Taiwan National Communications Commission 2007). In 2008, the five largest cable television system operators mastered 38 cable television broadcasting networks out of 61 in total; three of them, i.e. the Kbro Surf Company (凱擘), the China Network Systems, and the Taiwan Broadband Communications (台灣寬頻) were owned by foreign investment corporations, i.e. the US-based Carlyle Group, the South Korea-based MBK Partners, and the Australia-based Macquarie Group (P.-H. Chen 2009a, 68). In addition, there were the phenomena of cross-media convergence emerging in the 2000s. For example, the Eastern Multimedia Corporation (EMC) (東森媒體集團) merged with the Ming-Chung Daily (民眾日報) in 2000. The China Times acquired the Chung Tien Television (CtiTV) in 2002. The China Times Group then further purchased the stocks of the CTV, the Broadcasting Corporation of China (中國廣播公司), and the Central Pictures Corporation (中影公司) from the KMT in 2005 (P.-H. Chen 2009a, 63; P.-H. Chen 2010, 16).
Private capital’s control over media ownership had a significant influence on the news editing process of the media and thus slanted the content of the media in favor of media owners and media companies themselves. Media owners might use the media as their instruments to express their own political positions, on the one hand, and to please intended audiences, segment the audience market, and maximize audience ratings and advertising revenues, on the other hand (L. Lin 2008, 12-13, 16-17). Take the four largest
newspapers for example. While the *United Daily News* and the *China Times* were inclined to the KMT and pro-unification ideologies, the *Liberty Times* sided with the DPP and Taiwanese identity. In contrast, the *Apple Daily* tended to include more sensational news but kept neutral in domestic politics. The concentration of media ownership also brought about biases in news reports. According to Chen Ping-Hung’s (陳炳宏) research, media conglomerates, such as the Chung Tien Television (CtiTV), the Era Group (年代集團), the Eastern Broadcasting Company, and the Sanlih E-Television (SET), presented averagely 30 seconds of their own media groups/affiliated companies’ commodities, activities, programming, figures, or corporate images within one-hour news reports from August 1 to September 30 in 2007, which had an impact on the news diversity of these media groups (P.-H. Chen 2009b). Chen Ping-Hung’s another investigation also indicated a similar impact that cross-media convergence might have on media biases. In particular, after respectively merging with the EMC in 2000 and with the CtiTV in 2002, both the *Ming-Chung Daily* and the *China Times* started to significantly increase the quantity and the quality of the news reports regarding their mother companies’ media but reduce the coverage on other media and the society, which caused damages to media diversity (P.-H. Chen 2010). In contrast to domestic private capital, foreign investors during this period tended to simply treat Taiwanese media as simple instruments for investment and thus tended not to have any hand in the news editing process. Taken together, in such a

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10 Interview with Lu Dong-Shi (呂東熹), former President of the Association of Taiwan Journalists, Taipei, June 24, 2014; Interview with Hung Chien-Lung (洪建隆), Chief Secretary of the Information Bureau of Kaohsiung City Government, Taipei, August 24, 2014; Interview with Chen Chia-Dai (陳家帶), former Director of the *United Evening News* Editorial Center, Taipei, August 26, 2014.
continued concentrated market of the media, the public’s capacity for starting media businesses and receiving diverse information was still to some degree limited.

Private businesses not only incorporated the media through the ownership market but also through the circulation and advertising markets. In the circulation market, businesses which controlled newspaper distribution channels or cable television broadcasting networks had more and more influences on the financial structures of media organizations, which led to market-oriented self-censorship as well. For instance, as the largest grocery company which served as one of the most important newspaper distribution channels in Taiwan, the Uni-President Enterprises Corporation (統一集團) had ever postponed putting the Business Weekly (商業週刊) on the shelf on January 17, 2013 as a response to half a page of news reports regarding its high-level personnel arrangement on the magazine, until public wrath was drawn by such a rude behavior (Kuo 2013). Similar scenes occurred to electronic media as well. As a large cable system operator controlling 16.13% of cable television broadcasting networks and 21.81% of the total subscription in Taiwan (The Taiwan National Communications Commission 2013), the China Network Systems had the power to decide whether to include any cable television channels into its broadcasting networks and it thus had a large influence on cable televisions’ audience ratings, advertising quantities, and earnings. When a large-scale anti-media monopoly movement was raised by the merger proposal between the China Network Systems and the Want Want China Times Media Group in 2012, most

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11 Interview with Ho Jung-hsing (何榮幸), Founder and former President of the Association of Taiwan Journalists, Taipei, July 14, 2014.
cable televisions failed to produce corresponding amounts of news reports for fear of offending such a large cable system operator (Chung 2012, 81-84).

In the advertising market, private businesses incorporated the media with advertising fees and treated them as instruments for publicizing commodities and enhancing brand images, which to a great extent changed the corporate structures of media companies and in turn caused the media’s self-censorship and news biases in favor of advertising providers. In terms of financial structure, advertising took a more and more important part in a television company’s annual revenue. While it represented only around 15.94% of a television company’s annual income in 1992 (Feng 1995, 46), it respectively accounted for 87.4% and 83.3% of the total incomes of the TTV in 2003 and the CTV in 2004 (Chen 2005, 210). On average, advertising generally took up 80-90% of a television company’s annual revenue. Within the total advertising revenue, the commercials from private businesses generally accounted for 85-90%. Compared to television companies, newspapers must have been more eager to strive for advertising from private firms, both because newspaper readership has dropped from over three-quarters (76%) of the population in 1992 to less than one-half (49%) in 2004 (Brain Magazine 2005), and because the amount of advertisements that newspapers received has been surpassed by the amount that televisions received since 1995 (Li 2007). As for organizational structure, as advertising suppliers spoke louder than media corporations, the business department

12 Interview with Tsai Paul (蔡滄波), Deputy Manager of the Formosa Television News Department, Taipei, July 10, 2014.
13 Interview with Chung Chi-hui, former Commissioner of the National Communications Commission, Taipei, July 15, 2014.
gradually held an advantageous position over the editorial department. In some media companies, journalists were even treated as advertising salespeople, whose promotion was bundled with sales performance. As Huang Jhe-Bin (黃哲斌) noted in his well-known article “Leaving the China Times on a Jet Plane” in which he expressed his disappointment about journalism practices and explained his decision to leave his over 16-year career at the China Times:

News reporters have become advertising salespeople. Public relations companies and advertisers have become news drafters. The government and big businesses have directly stretched their hands in the editing console to decide media content. This was a masquerade filled with revelry and immorality. Yet the readers who paid for newspapers never had any idea that what they just bought were actually pieces of direct mail advertising from businesses and the government (J.-B. Huang 2010).

Under this circumstance, the editorial department, which had been independent of the business department, was now forced to cooperate with the latter, either by producing media content in favor of advertising suppliers or by placing advertising information directly in news and programs.14 According to Chen Ping-Hung’s questionnaire survey based on 295 Taiwanese journalists’ responses, there were 96.9% who have ever seen product placement or embedded marketing from the media, 93.5% who have ever heard their journalism colleagues practicing product placement, 60.2% who have ever practiced

14 Interview with Huang Jhe-Bin (黃哲斌), former senior news reporter and editor of the China Times, Taipei, June 16, 2014; Interview with Ho Jung-hsing, Founder and former President of the Association of Taiwan Journalists, Taipei, July 14, 2014.; Interview with Wang Chien-chuang (王健壯), former Chief Editor and President of the China Times, Taipei, July 24, 2014; Interview with Anonymous Interviewee, senior editor of the Sanlih E-Television, Taipei, July 30, 2014; Interview with Chen Chia-Dai, former Director of the United Evening News Editorial Center, Taipei, August 26, 2014.
embedded marketing by themselves, and 17.1% whose routine task was just to practice product placement. Moreover, none of the journalists replied that their affiliated media companies never practiced embedded marketing (P.-H. Chen 2005). As Lin Chao-chen (林照真) noted in her special report on embedded marketing:

Some newspapers still prohibited the editorial department, news reporters, and editors from having direct contact with advertising salespeople; others were just indifferent. Some advertisers in commercial and industrial circles preferred to establish direct contact with the editorial department. Under such a circumstance, many news reporters at the basic level thought that the heads of the media looked much like people in business while editors-in-chief looked just like general managers...Businesses shaped their own images or influenced government policies with embedded marketing. The more money they had, the more news space they were able to buy, the more they held the right to speak through the media (Chao-chen Lin 2005).

Take the Farglory Group (遠雄集團) for example. It was the largest construction company in Taiwan which had even served as the biggest advertising contributor in Taiwan from 2006 to 2010. When its President Chao Teng-Hsiung (趙藤雄) was detained for a bribery case in June 2014, most media were reluctant to report relevant news intensively and critically at first, to avoid any possible reduction of advertising from such a large conglomerate.15 Apparently, the increasing advertising revenues from private businesses caused a significant impact on the media’s editorial independence and news

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impartiality in Taiwan.

ii. State Control

While economic liberalization gave private capital more opportunities to incorporate the media, the government’s less interventionist role in the market economy largely weakened the government’s control over economic resources and policy tools and in turn softened its capacity for mastering the media. Since the late 1980s, though organizational and financial co-optations were still used by the government to incorporate the media as instruments for publicizing policies and maintaining government image, coercion functioned much less frequently and much less intensively than co-optation.¹⁶

The government gradually lost its capacity for maintaining coercive regulations over the media along with a series of deregulation of media institutions in response to both external neoliberal pressure and domestic political, social, and corporate groups’ demands. In addition to the liberalization of newspapers, cable television, and terrestrial television respectively in 1988, 1993, and 1994, the Publication Act that granted the government the right to manage and punish publications for an extended period of time was finally officially abolished in 1999. The Radio and Television Act, the Cable Television Act, and the Satellite Broadcasting Act were also amended in December 2003 with the purpose of urging political parties, the government, and the military to retreat from the operation of broadcasting and television businesses within two years after the

¹⁶ Interview with Wang Chien-chuang, former Chief Editor and President of the China Times, Taipei, July 24, 2014.
amendments were put into practice. For this reason, the Taiwan Provincial Government-controlled TTV was privatized in 2006 while the military-controlled CTS went public in 2006, after the KMT-controlled CTV was privatized in 1999 (P.-H. Chen 2009a, 57-60). Moreover, the National Communications Commission (NCC) (國家通訊傳播委員會) was established in 2006 as a new media regulatory agency for managing television and broadcasting media independent of the executive power. With these government institutions changed, the media were to a large degree protected from the coercive intervention of the government. Even so, there were still a few coercive measures identified by journalists that the government might be able to take to affect media operation and news content in reality. For example, the government might impose pressures on media owners and their companies with its power to issue licenses of broadcasting, television, and some other licensed businesses in which media owners might have interests. The police might still frequently restrict journalists’ right to gather news at occasions inconvenient to government authorities such as protests and demonstrations. Various political forces might moreover pressure journalists by threatening to involve them in expensive and time-consuming lawsuits.

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17 Interview with Lu Dong-Shi, former President of the Association of Taiwan Journalists, Taipei, June 24, 2014; Interview with Hu Yuan-Hui (胡元輝), former General Manager of the Taiwan Television Enterprise and former President of the Central News Agency, Taipei, July 25, 2014.
19 Interview with Chen Hsiao-yi (陳曉宜), senior news reporter of the Liberty Times and the President of the Association of Taiwan Journalists, Taipei, June 27, 2014.
20 Interview with Lu Dong-Shi, former President of the Association of Taiwan Journalists, Taipei, June 24, 2014; Interview with Wang Chien-chuang, former Chief Editor and President of the China Times, Taipei, July 24, 2014.
In contrast to the diminishing role of coercion, co-optation became more and more necessary for the government to control the media after 1988. Organizational co-optation still worked, though not so strongly as before. In terms of “publicly-owned” media, the government sought to continue its control through delay of privatization, assignment of personnel, and allocation of budget. For example, the government tried to alleviate people’s demand for the privatization of the three old terrestrial television stations (i.e. the TTV, the CTS, and the CTV) in the 1980s, by proposing to establish a new public television station with a higher level of content quality. The government also attempted to dominate the establishment of the public television station during the 1990s, so as to prevent others from entering the public television market (Feng 1993, 340-345).

According to the 1997 enacted *Public Television Act* (公共電視法), the Taiwan Public Television Service (PTS) (公共電視) was brought into existence in 1998 as a non-profit television station supported by a government-oriented foundation but independent from government intervention and any other external interference. However, no matter which party was in power, the government frequently used its discretion on personnel assignment and budget allocation to slant “publicly-owned” media’s news and program content in favor of the ruling party, especially during elections. This phenomenon occurred to “publicly-owned” media such as the Central News Agency, the PTS, the CTS, and the TTV, even after they were privatized or went public in the 2000s (Chen 2009, 58). When it came to privately-owned media, the government sought to establish “public relations” with them by offering exclusive information, treating journalists to lunch/dinner meetings, and inviting them to join visiting programs at home or abroad, in
return for news reports friendly to the government.21

Financial co-optation, on the other hand, was the most efficient strategy that the government took to incorporate the media after the late 1980s. Generally speaking, there were a series of advertising bidding processes regularly held by government agencies for media companies to submit propaganda proposals.22 To allocate advertising resources in a more influential way, the government even collected all the propaganda budgets together from all the government departments in a total amount of 20 hundred million NTD from 2003 to 2005 (Association of Taiwan Journalists et al. 2008). To strive for such abundant resources, some media corporations, such as the FTV, even established public relations companies which specialized in bidding for and implementing official advertising projects.23 In terms of financial structure, the government accounted for 10-15% of a media company’s advertising revenue.24 As for organizational structure, the editorial department was forced to cooperate with the business department, sacrifice part of its editorial independence, and slant news content in favor of the government (Chen 2005; C. Lin 2005; Huang 2010). In the case of embedded marketing, people even lost their ability to distinguish truths from propaganda, as propaganda information was hidden

23 Interview with Tsai Paul, Deputy Manager of the Formosa Television News Department, Taipei, July 10, 2014.
24 Interview with Chung Chi-hui, former Commissioner of the National Communications Commission, Taipei, July 15, 2014.
in news content. As Huang Jhe-Bin noted in his First Time Buying News blog:

Paid news almost becomes another kind of government subsidy, which is an “inconvenient truth” you are unwilling to be faced with. That is, the Government of the Republic of China which has been encumbered with many debts is moving the taxes you paid to buy the media, using them to advertise its own performance, exchange for popular support, and eventually exchange for your votes (J.-B. Huang 2010b).

IV. Summary: Media Institutions and the Improvements in Press Freedom

From 1988 to 2008, Taiwan’s continued economic dependence on the US and the Taiwanese government’s less interventionist role in the market economy worked together to facilitate the transformation of media-related institutions in Taiwan. The new relationships among the government, the market, and the media were characterized by the liberalization and deregulation of privately-owned media, the privatization of “publicly-owned” media, the concentration of media ownership in a relatively free market, and market-oriented news production processes.

The critical juncture for government institutions regarding the media to transform from interventionism towards liberalization occurred between the late 1980s and the early 1990s, which was decided by the mechanisms of material self-interest, norm diffusion, and market co-optation. At the international level, Taiwanese state elites started political, economic, and media reforms that conformed to the US government-promoted neoliberal policy guideline in order to ensure economic, military, and diplomatic resources offered by the US. Taiwanese state elites also advanced such institutional changes in the media sector due to their identification with the classical liberal or neoliberal norms regarding
the press that they introduced from America to Taiwan. At the domestic level, private businesses, in collaboration with political opposition forces and social movements, strived for the liberalization of the press, cable television, and terrestrial television so as to win over more opportunities to make profits. After liberalized, the new institutions were then maintained and reinforced from the middle 1990s through the 2000s by the mechanism of norm diffusion and that of market co-optation. In particular, both state elites’ ideational tendency towards neoliberalism and private businesses’ demands for further corporate interests were the key factors that caused the gradually further deregulation on the concentration of media ownership as well as foreign investment in cable television businesses. Various market forces moreover altered the market structures and the corporate structures of the media with their influences in the ownership, circulation, or advertising markets to serve their own corporate interests. In contrast, the establishment of the new institutions was occasionally resisted and postponed by the mechanism of state control. For instance, the KMT government delayed the privatization of “publicly-owned” terrestrial television stations since the 1980s until the late 1990s to maintain part of its control over the media. However, state capacity has become so weaker than corporate influence after economic liberalization that the government was unable to hinder the institutional changes after all during this period.

As a result, Taiwan experienced a higher level of press freedom than before. To illustrate, Taiwan’s negative press freedom made considerable progress, because the media have been liberalized from the government’s authoritarian control (government institutions of media). In particular, almost all the “publicly-owned” media were either
privatized or went public. All the regulations on privately-owned media were either completely lifted or largely softened. In the context of deregulation, though the government was still able to adopt co-optative measures to affect the media, its capacity of taking coercive measures to master the media was to a large extent weakened. Even when implementing financial co-optation (which was considered the government’s most effective strategy to incorporate the media after 1988), the government had to compete with the other advertising suppliers in the advertising market in the light of the market mechanism. Under these circumstances, media organizations were extricated from government intervention and allowed to manage themselves in the free market, which led to considerable improvements in negative press freedom during this period.

However, the improvements in positive press freedom were relatively limited, because the public’s access to diverse news and mass media was still to some extent restricted by market and corporate structures of media. In particular, the corporate structures of media companies were embedded in the circulation and advertising markets. When media firms based their financial resources more and more on advertising, it was difficult for the editorial department not to cooperate with the business department in the news production process, sacrificing the quality of news content for a larger quantity of advertising. As for the market structure of the media industry, the ownership of both newspaper and television businesses remained concentrated along with the logic of the free market. Both the corporate and market structures of media brought about market-oriented self-censorship and its subsequent news biases in favor of intended audiences, large conglomerates, advertising suppliers, and media owners themselves. All of these to
a large extent contained the public’s opportunities to receive complete information and participate in media businesses in a democratic society, which in turn restricted the improvements in *positive press freedom* during this period.
CHAPTER FIVE

CHINA’S ECONOMIC RISE AND ITS INFLUENCE ON TAIWAN’S MEDIA,

2008-2015

This chapter aims to explore the influences that economic dependence and the state’s economic role had on freedom of the press in Taiwan from 2008 to 2015. In particular, it seeks to investigate how Taiwan’s increasing economic dependence on China shaped the institutions and cultures in the Taiwanese media sector through both the mechanism of *material self-interest* and that of *norm diffusion*. It then looks into how the Taiwanese government’s continued liberal role in the domestic economy affected the institutional relations between the state and the media through the mechanism of *state control*, as well as how the Taiwanese government’s economic openness policies towards China reshaped Taiwanese media’s structural relations with the Chinese market through the mechanism of *market co-optation*. Finally, this chapter concludes with a discussion of the overall effects that government institutions, market structures, and corporate structures of the media had on freedom of the press in Taiwan.

I. The State’s Internal and External Economic Relations

From 2008 to 2015, the Taiwanese government insisted on the policy of economic liberalization which started from the 1980s at both the domestic and international levels. Domestically, the government maintained a relatively less interventionist role in the market economy. Internationally, the government continued its efforts to move forward
trade liberalization with foreign countries after Taiwan joined the World Trade Organization (WTO) in 2002. Especially, Taiwan adopted economic openness policies towards China along with the trend of China’s economic rise, which furthered economic liberalization and integration across the Taiwan Strait and, in turn, deepened Taiwan’s economic dependence on China.

To illustrate, the government maintained a non-interventionist role in the domestic economy from 2008 to 2015. As Figure 5 shows, government spending which represented around one-fifth (19.27%) of GDP in 2008 has steadily dropped to 16.48% in 2015 (The Taiwan National Statistics 2016). Figure 6 also shows that the investments from the government plus public enterprises represented only 5% of GDP between 2008 and 2015, while those from private companies reached around 17% in the meanwhile (The Taiwan National Statistics 2016).

Economic liberalization was implemented not only at home but also towards foreign countries. In particular, Taiwan signed a series of free trade agreements (FTAs) with five Latin American diplomatic allies (i.e. Panama, Nicaragua, El Salvador, Honduras, and Guatemala) in the 2000s, with China in 2010, with New Zealand in 2013, and with Singapore in 2013. Taiwan also signed an investment agreement with Japan in 2011 and kept negotiating with the US for the Trade and Investment Framework Agreement (TIFA). Among these countries, China has gradually become a rising regional hegemon that Taiwan economically depended on, in addition to the US.

In terms of trade, China has replaced the US and Japan to become Taiwan’s largest trade partner from 2005 until the present. In 2015, China was responsible for 22.67% of
Taiwan’s total trade amount, while the US and Japan respectively accounted for 11.92% and 11.39%, not to mention Singapore, New Zealand, and the five Latin American diplomatic allies which represented only 4.79%, 0.25%, and 0.16% respectively (See Figure 12) (The Taiwan Ministry of Finance 2016a). China has also taken the place of the US to become Taiwan’s largest export market starting from 2004 until today. As Figure 13 shows, while the US accounted for 23.42% of the Taiwanese annual exports in 2000, China was only responsible for 2.89%. However, while the Taiwanese annual exports to the US dropped down to respectively represent 14.67%, 11.46%, and 12.21% of the total Taiwanese annual exports in 2005, 2010, and 2015, the Taiwanese annual exports to China rapidly rose to take up 21.99%, 28.02%, and 25.40% of the total correspondingly (Taiwan Economic Data Center 2016; The Taiwan Ministry of Finance 2016a).

Apparently, China has served as Taiwan’s main source of a trade surplus. Moreover, Taiwanese firms were not simply selling into the Chinese consumer market, but they also served as part of Chinese supply networks by exporting to export manufacturers in China. This made Taiwan even more tightly bound to and dependent on China regarding economy.
<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>22.67%</td>
</tr>
<tr>
<td>US</td>
<td>11.92%</td>
</tr>
<tr>
<td>Japan</td>
<td>11.39%</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.79%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0.25%</td>
</tr>
<tr>
<td>Latin American allies</td>
<td>0.16%</td>
</tr>
<tr>
<td>Others</td>
<td>48.82%</td>
</tr>
</tbody>
</table>

Figure 12. Taiwan Foreign Trade with Economic Partners, 2015
(Source: The Taiwan Bureau of Foreign Trade 2016)
Figure 13. Taiwan Foreign Export with Neighboring Economies, 2000, 2005, 2010, 2015
(Source: Taiwan Economic Data Center 2016; The Taiwan Ministry of Finance 2016a)
In terms of capital, Taiwan also had a more and more intense relationship with China. In particular, since the Taiwanese government lifted its restriction on Taiwanese investment in mainland China in 1991, China has gradually become the most popular area in which Taiwanese people put their investments. According to Table 3, Taiwanese investments in mainland China steadily arose since 1991 and even started to surpass all the Taiwanese outward investments in the other foreign countries in 2002 (The Taiwan Investment Commission 2016). By the same token, after the Taiwanese government incrementally loosened its restrictions on Chinese investments in certain Taiwanese industries starting from 2009, there appeared more and more direct investment flows from China to Taiwan (The Taiwan Investment Commission 2016).
<table>
<thead>
<tr>
<th>Year</th>
<th>Case</th>
<th>Taiwan Investment to China</th>
<th>Amount</th>
<th>Case</th>
<th>China Investment to Taiwan</th>
<th>Amount</th>
<th>Case</th>
<th>Taiwan Total Outward Investment (excludes China)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>237</td>
<td>174,158</td>
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<td></td>
<td></td>
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<td>365</td>
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<tr>
<td>1992</td>
<td>264</td>
<td>246,992</td>
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<td></td>
<td></td>
<td>300</td>
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<td>1,262</td>
<td>1,140,365</td>
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<td></td>
<td></td>
<td></td>
<td>326</td>
<td>1,661,046</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>934</td>
<td>962,209</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>324</td>
<td>1,616,844</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>490</td>
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<td>1,356,878</td>
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<td>1996</td>
<td>383</td>
<td>1,229,241</td>
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<td></td>
<td></td>
<td></td>
<td>470</td>
<td>2,165,404</td>
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<td>1997</td>
<td>728</td>
<td>1,614,542</td>
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<td></td>
<td></td>
<td></td>
<td>759</td>
<td>2,893,826</td>
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<tr>
<td>1998</td>
<td>641</td>
<td>1,519,209</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>896</td>
<td>3,296,302</td>
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<tr>
<td>1999</td>
<td>488</td>
<td>1,252,780</td>
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<td></td>
<td></td>
<td></td>
<td>774</td>
<td>3,269,013</td>
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<td>2000</td>
<td>840</td>
<td>2,607,142</td>
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<td></td>
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<td>5,077,062</td>
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<td>2001</td>
<td>1,186</td>
<td>2,784,147</td>
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<td></td>
<td></td>
<td></td>
<td>1,387</td>
<td>4,391,654</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>1,490</td>
<td>3,858,757</td>
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<td></td>
<td></td>
<td></td>
<td>925</td>
<td>3,370,046</td>
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<tr>
<td>2003</td>
<td>1,837</td>
<td>4,594,985</td>
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<td></td>
<td></td>
<td>714</td>
<td>3,968,588</td>
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<tr>
<td>2004</td>
<td>2,000</td>
<td>6,939,912</td>
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<td></td>
<td></td>
<td></td>
<td>658</td>
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<td></td>
<td></td>
<td>521</td>
<td>2,447,449</td>
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<tr>
<td>2006</td>
<td>897</td>
<td>7,375,197</td>
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<td></td>
<td></td>
<td></td>
<td>478</td>
<td>4,315,426</td>
<td></td>
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<tr>
<td>2007</td>
<td>779</td>
<td>9,676,420</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>464</td>
<td>6,469,978</td>
<td></td>
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<tr>
<td>2008</td>
<td>482</td>
<td>9,843,355</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>387</td>
<td>4,466,491</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>249</td>
<td>6,058,497</td>
<td>23</td>
<td></td>
<td></td>
<td>37,486</td>
<td>251</td>
<td>3,005,554</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>518</td>
<td>12,230,146</td>
<td>79</td>
<td></td>
<td></td>
<td>94,345</td>
<td>247</td>
<td>2,823,451</td>
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<tr>
<td>2011</td>
<td>575</td>
<td>13,100,871</td>
<td>105</td>
<td></td>
<td></td>
<td>51,625</td>
<td>306</td>
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<td></td>
<td>331,583</td>
<td>321</td>
<td>8,098,641</td>
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<tr>
<td>2013</td>
<td>440</td>
<td>8,684,904</td>
<td>138</td>
<td></td>
<td></td>
<td>349,479</td>
<td>373</td>
<td>5,232,266</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>388</td>
<td>9,829,805</td>
<td>136</td>
<td></td>
<td></td>
<td>334,631</td>
<td>493</td>
<td>7,293,683</td>
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<tr>
<td>2015</td>
<td>321</td>
<td>10,398,224</td>
<td>170</td>
<td></td>
<td></td>
<td>244,067</td>
<td>462</td>
<td>10,745,195</td>
<td></td>
</tr>
</tbody>
</table>

Table 3. Taiwan-China Investment Statistics, 1991-2015
(Source: The Taiwan Investment Commission 2016)
Taken together, despite its economic dependence on the US for a long time since the Cold War period until the post-Cold War era, Taiwan has become more and more economically dependent on China in terms of both trade and capital at latest starting from the 2000s along with the trend of China’s economic rise.

II. Economic Dependence on China and Media Institutions in Taiwan

Taiwan’s increasing economic dependence on China had a significant influence on the transformation of the institutions and cultures in the Taiwanese media sector from 2008 to 2015 through both the mechanism of material self-interest and that of norm diffusion. In particular, due to Taiwan’s economic dependence on China, Taiwanese media capitalists had a great incentive to adjust their management strategies and news editing principles to cater to the Chinese government’s ideas and policies, in order to ensure their corporate interests in the Chinese circulation, advertising, and capital markets. Based on strong political, economic, and cultural networks across the Taiwan Strait, Taiwanese media capitalists also had more opportunities to identify with the ideas regarding the media in China, introduce Chinese media norms from China to Taiwan, and even altered Taiwanese media institutions and practices according to the norms diffused from China.

All of these happened to both pro-Chinese unification media and pro-Taiwanese identity ones in Taiwan. The Want Want-China Times Media Group, the United Daily News, the Sanlih E-Television (SET), and the Formosa Television (FTV) are the main subjects of the case studies below. While the former two are generally considered pro-
Chinese unification media, the latter two are pro-Taiwanese identity media. The experiences of some other media companies are discussed as well, however.

i. Material Self-interest

Since the 2000s, Taiwanese media companies were gradually incorporated into the Chinese market along with Taiwan’s increasing economic dependence on China. Under this circumstance, Taiwanese media capitalists had an incentive to urge their media companies to cooperate with the Chinese government’s mass communication policies in order to earn circulation and advertising revenues from the Chinese market. Taiwanese media capitalists also had an incentive to use running media businesses in Taiwan as a strategy to increase their political influences across the Taiwan Strait and strive for investment preferences and other business opportunities from the Chinese authorities. All of these reshaped Taiwanese media companies’ financial and organizational structures, which, in turn, generated self-censorship and news biases in favor of the Chinese government.

Under the structure of economic dependence, Taiwanese media companies derived an increasing share of their revenues and profits from the Chinese domestic market. According to Chen Ping-Hung’s research, in the middle 2000s, there were 38.4% of Taiwanese media companies expanding their businesses overseas and over 90% of them doing business in China. While the overseas business volume represented averagely 34% of a media company’s total business volume, the business volume in China generally accounted for 40% of the total overseas business volume. China was thus the most
important among all the overseas markets. As for those who have not yet entered the
Chinese market, 30% expressed their expectation to do it shortly (Chen 2006, 57-58, 60,
68). Taiwanese media companies especially starved for financial resources from China to
improve their financial balance since the late 2000s, when advertising revenues from
Taiwanese private enterprises declined due to the 2008 financial crisis and those from the
Taiwanese government also declined after government-sponsored embedded marketing
was forbidden in 2011 (Chung 2012, 67-70).

By doing business with the government, public enterprises, and private corporations
in China, Taiwanese media capitalists strived for financial resources from the Chinese
circulation, advertising, and capital markets. In particular, since China was a huge
circulation market with 1.3 billion population, many Taiwanese media, regardless of their
positions on the unification-independence issue, sought to set up offices, circulate
newspapers, broadcast TV programs, and reveal websites there to earn more subscription,
copyright fees, and advertising revenues (Lee 2014, 133-134). For instance, even pro-
Taiwanese identity television companies, such as the FTV and the SET, strived to sell
their TV programs and dramas to China for additional financial incomes (Cook 2013, 32-
33; Hsu 2014, 526-528; Kawakami 2015, 18), especially after the decline of their

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25 Interview with Lu Dong-Shi, former President of the Association of Taiwan Journalists, Taipei, June 24,
2014; Interview with Chen Hsiao-yi, senior news reporter of the Liberty Times and the President of the
Association of Taiwan Journalists, Taipei, June 27, 2014; Interview with Ho Jung-hsing, Founder and
former President of the Association of Taiwan Journalists, Taipei, July 14, 2014; Interview with Hu
Yuan-Hui, former General Manager of the Taiwan Television Enterprise and former President of the
Central News Agency, Taipei, July 25, 2014; Interview with Su Tzen-ping, former Director of the
Government Information Office and former Chairman of the Central News Agency, Taipei, July 28,
2014; Interview with Lee Chih-Te (李志德), senior news reporter of the Radio Free Asia, Taipei, August
19, 2014.

26 Interview with Anonymous Interviewee, former senior manager of the Formosa Television, Taipei, July
11, 2014.
advertising revenues due to the outbreak of the financial crisis in 2008 and the prohibition against government-sponsored embedded marketing since 2011 (Chung 2012, 67-70). Regarding advertising, China’s State Council Taiwan Affairs Office and provincial/municipal governments were eager to provide Taiwanese media with embedded advertisements since the late 2000s with the aim of attracting investments and tourists from Taiwan. Though such advertisements were forbidden by Taiwanese laws (The Taiwan Legislative Yuan 2015), some pro-unification newspapers in Taiwan, such as the China Times and the United Daily News, still illegally accepted them from Chinese provincial/municipal governments at latest since 2010 (The Taiwan Control Yuan 2010; Cook 2013, 32; Hsu 2014, 531; Kawakami 2015, 18) probably for the purpose of reaching a more balanced financial structure.

Taiwanese media owners and corporate managers not only encouraged their media companies in Taiwan to strive for circulation and advertising revenues from China, but some of those who had non-media enterprises in China also used running media businesses in Taiwan as their political leverage to strive for investment subsidies and other corporate interests from the Chinese government. Take the Want Want Group for example. Beginning with making and selling rice crackers in Taiwan, the Want Want Group started to expand its food business in China since 1989 and moreover invest in hotels, hospitals, insurance, and real estate there afterward (Brain Magazine 2008; Higgins 2012). Probably inspired by the experiences of some pro-China capitalists in

27 Interview with Chen Hsiao-yi, senior news reporter of the Liberty Times and the President of the Association of Taiwan Journalists, Taipei, June 27, 2014; Interview with Ni Yen-Yuan (倪炎元), former Chief Editorial Writer of the China Times, Taipei, July 16, 2014.
Hong Kong, some Taiwanese capitalists who based their business interests in China considered purchasing media ownership in Taiwan as a strategy to increase their political influences in return for potential business favors in China.\(^\text{28}\) In particular, the Want Want Group suddenly purchased the *China Times* in 2008 and further merged with the CTV and the CtiTV in 2009. After that, the Want Want Group not only received many embedded advertising fees from the Chinese authorities, but it also received subsidies in an amount of 47 million USD from the Chinese government in 2011 which accounted for 11.3% of its total net profit (The Economist 2013). In addition, when China’s State Council (國務院) issued the Number 62 Document (六十二號文) in November 2014 which aimed to cancel and recover all the tax preferences that local governments had offered to foreign investors without prior approval of the central government, the Want Want Group cooperated with the six major industrial and commercial associations in Taiwan, Taiwanese businesses associations in China, and the Taiwanese government-sponsored Straits Exchange Foundation (海峽交流基金會) to request for the Chinese government’s reservation or at least compensation for the tax preferences that Chinese local governments had previously approved to Taiwanese businesses, by holding forums for Taiwanese businesses during April 2015 and generating a substantial amount of relevant coverage via its printed and electronic media. As a response, China’s State Council decided to restore all the favors that local governments had already offered and

\(^{28}\) Interview with Chen Hsiao-yi, senior news reporter of the *Liberty Times* and the President of the Association of Taiwan Journalists, Taipei, June 27, 2014; Interview with Su Tzen-ping, former Director of the Government Information Office and former Chairman of the Central News Agency, Taipei, July 28, 2014.
already agreed to offer to Taiwanese businesses in May 2015. Apparently, some Taiwanese capitalists used the media as an instrument for fighting for their corporate interests in China.

Due to Taiwanese media capitalist’ increasing efforts to pursue circulation, advertising, and capital interests from China, the financial structures of Taiwanese media companies tended to be based more and more on the Chinese market. Therefore, in terms of organizational structure, the editorial department tended to cooperate with the owner, the business department, and the programming department to practice self-censorship and produce news biases in favor of the Chinese authorities. As an authoritarian regime with strict censorship over the media, the Chinese government was devoted to preventing domestic media coverage from certain forbidden topics (such as the 1989 Tiananmen Incident, Taiwan independence, Tibetan or Xinjiang autonomy, and the Falun Gong movement), on the one hand, and it also made efforts to guide editors and journalists to express the views that the government favored (such as those that helped stimulate people’s identification with the CCP, patriotism, and animosity against external threats), on the other hand (Kurlantzick and Link 2009, 16-19). To avoid being excluded by the Chinese government from the Chinese market, many Taiwanese media companies, regardless of their positions on the unification-independence issue, started to conform to some “hidden rules” (潛規則)29 in favor of the Chinese authorities not only in China but

also in Taiwan. Generally speaking, Taiwanese media were discouraged from presenting some sensitive issues which might annoy Chinese authorities such as the Tiananmen Incident, Taiwan independence, Tibetan or Xinjiang autonomy, and Falun Gong. Instead, Taiwanese media were encouraged to promote some perspectives propagated by the Chinese government such as social harmony, cross-strait exchange, mutual understanding, and peaceful development (Cook 2013, 25-26). A more in-depth analysis of the incorporation of Taiwanese media companies into the Chinese circulation, advertising, and capital markets and its consequent media biases in favor of the Chinese government will be presented in the section of market co-optation below.

**ii. Norm Diffusion**

Taiwan’s increasing economic dependence on China not only enhanced Taiwanese media capitalists’ incentive to treat the media as instruments for catering to the Chinese authorities and striving for more corporate interests from China, but it also facilitated Taiwanese media capitalists’ identifying with the norms regarding the press in China and managing their media businesses in Taiwan according to Chinese media norms. In particular, through more and more intense political, economic, and social networks established between Taiwan and China under the structure of economic dependence, Taiwanese media capitalists had more opportunities to be familiar with Chinese authoritarian, developmental ideas regarding the media and to introduce them from China.

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30 Interview with Lu Dong-Shi, former President of the Association of Taiwan Journalists, Taipei, June 24, 2014; Interview with Ho Jung-hsing, Founder and former President of the Association of Taiwan Journalists, Taipei, July 14, 2014; Interview with Hu Yuan-Hui, former General Manager of the Taiwan Television Enterprise and former President of the Central News Agency, Taipei, July 25, 2014.
to Taiwan, which in turn reshaped the media norms in Taiwan and reinforced the culture of self-censorship in favor of the Chinese government.

As a rising regional hegemon, China sought to contend against American hegemony to establish an alternative world order since the 2000s. By advocating of an alternative worldview that the Chinese authorities claimed to base on the Chinese Confucian culture and socialist ideology, China sought to compete with the US in terms of soft power, in addition to military and economic capabilities. In 2003, the phrase “peaceful rise” (和平崛起) was proposed by the Chinese government to describe its national development blueprint for the 21st century. The word “rise” was later replaced by the Chinese authorities with the term “development” in 2004 to soften the perception that China would be a threat to the established world order. However, “peaceful development” (和平發展) was in nature understood as China’s new national development strategy which sought to internally establish a series of Chinese-style “harmonious” political, economic, and social institutions, and externally contend against American hegemony to take the hegemonic position by creating an alternative world order (Shiau 2004, 24).

In terms of internal governance, China demonstrated a model of development in which rapid economic growth is likely to coincide with the maintenance of political control and social order without the emergence of liberal democracy and an independent civil society. Such an authoritarian-capitalist model of development was widely considered by developing countries as a potential alternative to the West-promoted democratic-capitalist model of development (Gat 2007, 59-60, 66-67; Ambrosio 2010, 382-383; Kurlantzick 2013, 117-134). In terms of international diplomacy, China was
against the US-led hegemonic order in which market economy, human rights, and democracy were regarded as universal ideas and policies and were spread around the world through the US-led globalization. In contrast, China rather strived for a multilateral world order in which different countries should hold different ideas and policies and should interact with other nations based on the principles of sovereign independence, non-interference in each other’s internal affairs, equality, and mutual benefit (Shiau 2004, 17, 24-25; Kurlantzick and Link 2009, 13-14, 22-23; Nathan 2015, 158). Such a “China Model” of governing a nation’s internal and external relations was first termed by Joshua Cooper Ramo in 2004 as the “Beijing Consensus” in contrast to the neoliberal “Washington Consensus” promoted by the IMF, the World Bank, and the US government (Ramo 2004). After the 2008 global financial crisis, the Beijing Consensus was moreover recognized by many, especially those in developing countries, as a potentially effective alternative to the Washington Consensus (Kurlantzick 2013, 117-120).

To promote the China model and its values overseas, the Chinese government was devoted to establishing a series of political, economic, and social networks in the international system. To build up allies in international politics, China usually served as a defender of noninterference for authoritarian regimes at the United Nations. Beijing, in particular, offered diplomatic support to authoritarian governments such as North Korea, Cambodia, Burma, Uzbekistan, Pakistan, Sudan, Zimbabwe, and Venezuela. It even formed its own regional multilateral organization, i.e. the Shanghai Cooperation Organization (上海合作組織), with Russia and several Central Asian autocracies in order to check the spread of Western democratic influence. In addition, the Chinese government
moreover organized training programs which aimed to pass on China’s models of economic development and authoritarian control to government officials, military officers, policemen, judges, and media workers coming from Southeast Asia, Central Asia, and Africa (Kurlantzick and Link 2009, 23-26; Kurlantzick 2013, 117-134; Pillsbury 2015, 177-196; Nathan 2015, 162-163, 165-167). When it came to regional economic cooperation, China did not cater to the prospect of open regionalism that the US and other Asia-Pacific developed countries advocated of, which involved strengthening cooperation between East Asia and other regions and realizing financial and trade liberalization. However, China rather tended to promote another version of regionalism in which the states within the East Asian region cooperated with one another to confront the US-led open-regionalism and globalization (Shiau 2004b, 10-11). As for financial relationships with foreign states, Beijing usually provided developing countries in Asia, Latin America, and Africa with aid, loans, and investments on much more favorable terms than Western financial assistance which often came with human rights and democracy strings attached (Diamond 2009, 80; Kurlantzick and Link 2009, 23-25; Pillsbury 2015, 177-196). To offer alternatives to the US-led IMF and World Bank, China even co-founded the New Development Bank (NDB) in 2014 with the other BRICS states, i.e. Brazil, Russia, India, and South Africa, to finance the projects for infrastructure and sustainable development in member countries. China moreover established the Asian Infrastructure Investment Bank (AIIB) in 2015 with 56 other founding members, including almost all the major economies around the world except the US, Canada, Japan, and, Taiwan, to support the building of infrastructure and sustainable
development in Asia-Pacific countries.

In addition to political and economic networks, the Chinese government also made efforts to expand its educational and cultural exchange channels abroad to promote the China model and its values overseas. For instance, the Chinese authorities started to establish Confucius Institutes (孔子学院) in universities all over the world since 2004 by providing partner universities with guiding principles, budget, and Chinese language and cultural teaching materials. The Institutes described their purpose as “providing Chinese language and cultural teaching resources and services” and “contributing to the development of multiculturalism and the building of a harmonious world (Hanban 2016).” However, the Institutes actually helped the Chinese authorities stretch out their hands in academic freedoms in the host countries (Kurlantzick and Link 2009, 21; Pillsbury 2015, 115-133). Up to December 2015, there have been 500 Confucius Institutes spreading in 125 countries across five regions of the world (Hanban 2015).

In terms of mass communication, the CCP’s Central Propaganda Department (中共中央宣传部) carried out the Large-scale Overseas Propaganda Plan (大外宣計畫) starting from early 2009 with a budget of 450 hundred million RMB (approximately 66 hundred million USD) by coordinating with nearly 30 other central ministries and commissions (The Global Times 2009). With this plan, the Chinese government principally expanded China’s six major official media institutions, including the New China News Agency (新华社), the People’s Daily (人民日报), the China Central Television (CCTV) (中央电视台), and the China Radio International (中国国际广播电台), towards overseas and on
occasion sponsored or purchased media organizations in foreign countries for the purpose of spreading Chinese points of view, contending with American soft power, and enhancing China’s national image in the international society (Lee 2014, 116-117; Nathan 2015, 160-162).

By taking advantage of Taiwan’s increasing economic dependence on China, the Chinese government was especially devoted to incorporating Taiwan into its national development strategy of “peaceful development” in the 21st century, which facilitated the constitution of strong political, economic, and social networks across the Taiwan Strait. As part of the CCP’s unification strategy towards Taiwan, Beijing made an attempt to “promote unification by economic means (以經促統),” that is, to facilitate cross-Strait political reconciliation and ultimate reunification by intensifying China’s economic and trade ties with Taiwan, though Beijing never gave up the possibility of unifying Taiwan by force. To isolate Taiwan from international connections, China kept Taiwan away from signing any FTAs with Taiwan’s important trading partners throughout the 2000s, on the one hand, and encouraged Taiwan to sign the Economic Cooperation Framework Agreement with itself in 2010 by surrendering part of its own profits, on the other hand (Tung 2011, 109, 112). Under the structure of economic dependence, various cross-Strait government-business networks were constituted one after another since the 2000s, through which Taiwanese entrepreneurs who sought to do business in China could strive for economic benefits from the Chinese government, while the Chinese authorities that held regulatory powers over economic activities in China could win over Taiwanese capitalists’ loyalty by offering privileges and special favors. There have been several
important government-business networks constituted across the Taiwan Strait, including (1) the Boao Forum for Asia (博鰲亞洲論壇), which was a regional organization established in 2001 providing Taiwanese commercial and industrial figures with an opportunity to meet Chinese leaders; (2) Lien Chan’s (連戰) visits to China, which were Former Taiwanese Vice President Lien Chan-led non-official delegations from 2005 to 2015 providing another opportunity for Taiwanese political and business leaders to meet Chinese leaders; (3) the Cross-Strait Economic and Cultural Forum (兩岸經貿文化論壇) (a.k.a. the KMT-CCP Forum [國共論壇]), which was a political platform starting in 2006 to facilitate the cooperation between the KMT and the CCP; (4) the Straits Forum (海峽論壇), which was the largest non-political platform starting in 2006 to facilitate non-governmental economic, social, and cultural exchanges between Taiwan and China; (5) the Cross-Strait CEO Summit (兩岸企業家峰會) (originally titled the Zijinshan Summit [紫金山峰會]), which was an elite business club starting in 2008 for the interchanges among entrepreneurs across the Strait; as well as (6) national and local Taiwanese businesses associations in China (J. Wu 2015, 5-8; J. Wu 2016, 425-445).

There was no exception to the field of mass media across the Taiwan Strait. At the Central People’s Broadcasting Station’s (中央人民廣播電台) 50th anniversary for its first broadcast to Taiwan on August 12 2004, Former Chinese President Hu Jintao (胡錦濤) announced the notion “Entering the Island, Entering the Household, and Entering the Mind” (入島、入戶、入心) as a new principle of the CCP’s unification propaganda towards Taiwan. To strengthen its media warfare against Taiwan, Beijing made efforts to
narrow down Taiwanese media’s access to international institutions and events, on the one hand, and actively create communication networks with Taiwanese media organizations and officials, on the other hand (Cook 2013, 30, 32). For instance, Taiwanese media owners and professionals were regularly invited to participate in government-hosted media forums in China such as the Straits Forums. Under the direction of the Straits Exchange Foundation of Taiwan, Taiwanese media shareholders, editors, and managers organized their first “Media Executives Delegation” to China in October 2009, in which they had a meeting with Wang Yi (王毅), Director of the State Council Taiwan Affairs Office of China, and Chen Yunlin (陳雲林), Chairman of the Association for Relations Across the Taiwan Straits (海峽兩岸關係協會) of China. Upon the request of the Chinese authorities, some Taiwanese media officials were even selected to attend “closed-door meetings” in Beijing to be educated with the Chinese central government’s guidelines for managing public opinions (C.-T. Lee 2014, 133, 135).

Through more and more powerful cross-Strait networks, Chinese norms regarding the media were likely to be introduced by Taiwanese media capitalists from China to Taiwan. While the media norm in China was in good tune with the communist model of the press (Schramm 1979, 39-72) during the rule of Mao Zedong (毛澤東), it became more and more aligned with the developmental model of the media (Hachten 1981) after the 1978 “Reform and Opening Up” (改革開放) led by Deng Xiaoping (鄧小平). In the Mao years, the CCP posited a normative role for the press to serve as the mouthpieces of the party by publicizing/implementing the policies of the party, enlightening people through the ideological education of communism, and declaiming against bourgeois
classes and capitalist democracies (Tseng 1966, 810-811, 824-825). Along with economic reforms starting from 1978, the press was not only required to serve the Deng-proposed “Four Cardinal Principles” (四項基本原則) (i.e., upholding the socialist path, the people’s democratic dictatorship, the CCP’s leadership, and Marxism-Leninism-Mao Zedong Thought), but the media was also expected to facilitate the Deng-promoted “Four Modernizations” (四個現代化) (i.e. strengthening agriculture, industry, national defense, and science and technology) as well as “One Center, Two Basic Points” (一個中心兩個基本點) (which meant that China’s central goal was to foster economic development, while the two basic ways to economic development were holding to the Four Cardinal Principles and insisting on Reform and Opening Up) (L. R. Li 1992, 12-15). The normative role of the media in China was gradually transformed from the means for effecting communist policies and ideologies to the instrument for promoting national economic development and building up national confidence and pride. Even until today, such a developmental norm of the media was still reflected in Chinese President Xi Jinping’s (習近平) narrative on the role of new media in the society. As Xi noted in his keynote speech at the World Internet Conference in Wu Town, China in December 2015:

Five philosophies of development have been put forward at the Eighth Session of the Fifth Plenary Session of the CPC: Innovation, Coordination, Green, Open, and Sharing...China will vigorously carry out a national development strategy based on the internet, a National Big Data Strategy, and an “Internet +” Action Plan. China will also cultivate a positive and progressive internet culture, expand economic space for the web, and facilitate the development and integration between the internet and the economic society. Our goal is to share the results of the development of the internet to more than 1.3 billion Chinese people and even bring benefits to all peoples (Xi 2015).
Moreover, Xi also elaborated China’s view of the ideal role of internet media in the international system, which was well aligned with the ideas of “peaceful development.” For instance, he said that:

In promoting the change of the global internet governance system, we should adhere to the following principles. Respect “Cyber Sovereignty” (網絡主權) …… We should respect each nation’s independent choice of the road to the development of the internet, the pattern of Internet management, the public policy regarding the web, and the right to equal participation in international cyberspace governance. We should not seek internet hegemony, not interfere in another nation’s internal affairs, and not engage in, turn a blind eye to, or support any cyber activities that may endanger another country’s national security… China is ready to work with all sides, to increase capital investment, to strengthen technical support, and to jointly promote the infrastructure of the internet around the globe, sharing with more developing countries and their people the opportunities of development that the web brought about (Xi 2015).

Following the norm of “peaceful development,” the media in China were not only encouraged to produce news and opinions that helped increase people’s identification with the CCP, but they were also invited to generate media content that helped cultivate people’s national consciousness and patriotism (Kurlantzick and Link 2009, 18-19). By the same token, Chinese media were moreover discouraged from presenting anything that might destroy people’s imagination of and belief in social harmony and economic development in China. For instance, the Tiananmen Incident, Taiwan independence, Tibetan or Xinjiang autonomy, and Falun Gong have certainly forbidden. Recently, even economic information, reports, and commentaries regarding turbulent markets and slow economic growth have started to be monitored, censored, and even suppressed (Wong
and Gough 2016). By threatening with legal, political, and economic punishments, the
CCP not only exercised governmental censorship on the media, but it also induced people
to practice “fear-induced self-censorship” in their daily life. Such censorship has become
a system that Chinese people already got used to and eventually accepted as “part of their
natural landscape (Link 2002, 2; Kurlantzick and Link 2009, 15-16).”

Due to close media exchanges across the Taiwan Strait, Taiwanese media capitalists
had many opportunities to be familiar with and identify with the authoritarian,
developmental ideas regarding the press in China and some of them thus played a critical
role in introducing the Chinese media norm to the Taiwanese media sector. Take the Want
Want-China Times Media Group for example. As the Want Want Group based its rice
cracker business and other investments in China long since 1992, its Chairman Tsai Eng-
meng (蔡衍明) spent most of his time in Shanghai than in Taipei and thus had plenty of
opportunities to learn how the media operated in China. After the Want Want Group
merged with the China Times Group in 2008, Tsai Eng-meng then transplanted Chinese
rules of the game for mass communication to his media businesses in Taiwan. As a
former China Times news reporter noted:

He (Tsai Eng-meng) just bought the story (of running the media) in the Mainland
and moved it here...Because he lived there for a long time, he has got used to it. He
felt that the media should just be run in that way...He felt that the media was just a
mouthpiece of somebody. Today he purchased the China Times. The China Times
just became his own mouthpiece...All the media in the Mainland were just like the
mouthpieces of the government...People said that he does not know the media well,
or does not know the media in Taiwan well. However, I do not think that he does not
know the media in Mainland. He did business there for many years. He certainly
knows well the way the media runs and the way the game goes there.\textsuperscript{31}

In particular, Tsai Eng-meng’s view of the media was aligned with the authoritarian features of the developmental model of the press. According to high-level officials of the \textit{China Times}, Tsai Eng-meng treated editors and reporters as “workers standing beside the rice cracker beltline” when he used the influence of the media to foster the corporate interests of its own businesses; Tsai also treated the media as “a subordinate to political authorities” or “a mouthpiece of the government” when he used the media to cater to the demands of the Chinese authorities.\textsuperscript{32} Also, the normative role that Tsai Eng-meng posited on the press was very much aligned with Beijing’s ideology of “peaceful development.” From Tsai’s point of view, the media in Taiwan should play a positive role in facilitating social mutual understanding, economic cooperation, and political harmony across the Taiwan Strait (Huang 2012).\textsuperscript{33} According to Want Want’s company brochure, the Group’s goal is to make the \textit{China Times} “the most influential Chinese-language daily” so as to “benefit the public” and “promote peace and harmony across the Strait (Higgins 2012).” At several cross-Strait media exchange events, Tsai Eng-meng publicly expressed his expectation for the media across the Strait to serve as a “bridge for communication” between both sides in order to “make a positive public opinion environment” for enhancing mutual understanding, promoting economic cooperation, and

\textsuperscript{31} Interview with Yo Wan-chi (游婉琪), former news reporter of the \textit{China Times}, Taipei, May 22, 2014.
\textsuperscript{32} Interview with Wang Chien-chuang, former Chief Editor and President of the \textit{China Times}, Taipei, July 24, 2014.
\textsuperscript{33} Interview with Anonymous Interviewee, senior manager of the Want Want China Times Group, Taipei, June 13, 2014; Interview with Ni Yen-Yuan, former Chief Editorial Writer of the \textit{China Times}, Taipei, July 16, 2014.
safeguarding the “peaceful development” of cross-Strait ties (X.-F. Lin 2009; Commercial Times 2015; China Times 2016). His narrative was almost, if not always, in accordance with that of the Chinese government. To fulfill Tsai Eng-meng’s will, the China Times’s Chief Editor has ever asked all the editors and reporters in the editorial department to reflect on the old China Times’s liberal culture which was developed and maintained for a long time before the 2008 merger so as to adapt to the Want Want corporate culture which was implanted from China (Chang 2012).34

The introduction of the Chinese media norm occurred not only to pro-Chinese unification media but also to pro-Taiwanese identity ones in Taiwan. With Taiwanese media’s increasing tendency to base their corporate interests in China, it has gradually become a “hidden rule” for Taiwanese media not to cover topics deemed sensitive to Beijing. Such a hidden rule turned out to be a “guiding principle” for Taiwanese media especially after 2008.35 Such self-censorship was initially implemented under the explicit or implicit direction of media owners for the sake of corporate interests; however, it turned out to be a culture that reporters and editors took for granted and complied with on their own, through the socialization in the daily routine news editing process. Take the Sanlih E-Television (SET) for example. As a response to Beijing’s warning to disapprove the broadcasting of its drama in China, the SET management posited an implicate principle of news reporting since 2008 to reduce news reports about the Tiananmen

34 Interview with Tsai Chi-Ta (蔡其達), former senior opinion editor of the China Times, Taipei, June 17, 2014.
35 Interview with Feng Sylvia (馮賢賢), Founder of the Alliance for the Birth of Public Media and former General Manager of the Taiwan Public Television Service, Taipei, August 13, 2014.
Incident, Tibet independence, and Falun Gong. To fathom and cater to the ideas of their bosses, editors and reporters tried to figure out the meaning of the implicate news reporting principle through formal and informal communications in the corporate hierarchy, learned how to take an appropriate attitude towards certain sensitive news topics, and finally put it into practice in everyday news editing processes (Kawakami 2015, 19). Apparently, through the top-down process of instruction and the bottom-up process of socialization and internalization, the Chinese culture of self-censorship has diffused to the media sector in Taiwan.

Under the influence of the Chinese ideas about the media, Taiwanese media capitalists were motivated to accommodate their media companies’ corporate structures to Beijing’s soft-power strategy of peaceful development, which reinforced self-censorship and news biases in favor of the Chinese authorities. In some media organizations, the editorial department tended to lose part of editorial independence especially in coping with the topics that Beijing was concerned about, since editors and reporters were subject to the culture of self-censorship that the media owner introduced from China, and they thus conformed to the “hidden rules” that discouraged news reports regarding certain Chinese sensitive topics but encouraged the coverage on certain Beijing-propagandized ideas (Chung 2012, 77, 103; Lee 2014, 136). In the Want Want-China Times Media Group, the staffs and businesses regarding cross-strait affairs at the

36 Interview with Anonymous Interviewee, senior editor of the Sanlih E-Television, Taipei, July 30, 2014.
37 Interview with Hu Yuan-Hui, former General Manager of the Taiwan Television Enterprise and former President of the Central News Agency, Taipei, July 25, 2014.
China Times were even moved from the Political Division to the Mainland Center within two years after the 2008 merger, for news reports about China and cross-Strait relations to be under direct control of the new owner and high-level managers. In addition, a new newspaper named the Want Daily (旺報) was also established by the Group in August 2009, with the aim to focus on providing Chinese and cross-strait information as well as improve mutual understanding between China and Taiwan (The Want Daily 2015). With these organizational structures adjusted, the news content of media companies in Taiwan, regardless of their position on the unification-independence issue, was to a certain degree slanted in favor of a positive image of China’s “peaceful development.” For instance, Tsai Eng-meng was suspected of increasing editorial pressure to whitewash the content regarding the Tiananmen Incident, Tibet independence, Xinjiang autonomy, and Falun Gong on both the news and the opinion pages of the China Times; however, he rather encouraged the coverage about the bright side of China which contributed to mutual understanding and harmonious development across the Taiwan Strait. The China Times’ s opinion pages, which had usually been regarded as a liberal

public sphere for open debate, is now rather considered a “mouthpiece of the Chinese
government,” which more and more clearly stood with China’s official viewpoints,
defended Beijing’s and its incumbents’ images, and even refuted Taiwanese majority’s
perspectives.\textsuperscript{41} According to the \textit{China Times}’s former columnist Chang Tieh-chih (張鐵志), editors of opinion pages have ever passed on a message from top managers, asking
him to “make fewer comments on Chinese sensitive issues” or to “avoid making criticism
with strong words.”\textsuperscript{42} A similar phenomenon occurred in the SET as well. After the
management had asked its News Department to reduce news reports about the Tiananmen
Incident, Tibet independence, and Falun Gong since 2008,\textsuperscript{43} the SET did present fewer
and fewer pieces of news on Tiananmen year after year at latest starting from 2010
(Hung, Yang, and Chen 2014, 19-23).

\section*{III. Economic Openness to China and Media Institutions in Taiwan}

The Taiwanese government’s continued withdrawal from direct intervention in the
market economy worked upon the government institutions, market structures, and
corporate structures of the media through the mechanism of \textit{state control} and that of
\textit{market co-optation}. In particular, the government’s less active role in the domestic
economy kept the government away from mastering many regulatory instruments and
resources and thus maintained the government’s low capacity for controlling the media

\textsuperscript{41} Interview with Tsai Chi-Ta, former senior opinion editor of the \textit{China Times}, Taipei, June 17, 2014;
Interview with Wang Chien-chuang, former Chief Editor and President of the \textit{China Times}, Taipei, July
24, 2014.
\textsuperscript{42} Interview with Chang Tieh-chih (張鐵志), former columnist of the \textit{China Times}, Taipei, June 28, 2014.
\textsuperscript{43} Interview with Anonymous Interviewee, senior editor of the Sanlih E-Television, Taipei, July 30, 2014
with coercive and co-optative means for the sake of policy and image promotion. On the other hand, the government’s economic liberalization policies towards China enabled the Chinese government to incorporate Taiwanese media in the circulation, advertising, and capital markets for the purpose of promoting Chinese values, enhancing China’s image, and facilitating cross-Strait unification.

i. **Market Co-optation**

Taiwan’s economic openness to China increased the Chinese government’s opportunities to incorporate Taiwanese media companies through the Chinese circulation, advertising, and capital markets to facilitate its unification and hegemonic propaganda towards Taiwan. In particular, the Chinese government frequently incorporated Taiwanese media companies by providing them with a significant number of government advertisements and opportunities of circulating publications or TV programs in China. It also encouraged pro-Beijing Taiwanese capitalists to purchase the ownership of media companies in Taiwan in exchange for special benefits for their businesses in China. All of these to a great extent altered the market and corporate structures of Taiwanese media and in turn brought about self-censorship and news biases in favor of Beijing in Taiwan.

By threatening not to allow Taiwanese media to enter the Chinese circulation market, the Chinese government pressed the media in Taiwan to create news biases in favor of Chinese authorities. As a huge circulation market with 1.3 billion population, China attracted many Taiwanese media companies to set up offices, circulate newspapers,
broadcast TV programs, and reveal websites there (Lee 2014, 133-134).\textsuperscript{44} However, as an authoritarian regime, the Chinese government explicitly or implicitly asked these Taiwanese media companies to conform to China’s censorship not only in China but also in Taiwan in exchange for circulation revenues and subsequent advertising incomes from China. The following were several examples for this.

First, some Taiwanese media sought to set up offices in China, but were asked to implement self-censorship regarding Chinese sensitive issues in Taiwan. For instance, the TTV had a plan to set up new offices in Beijing and some other cities in China in 2001. Yet, according to Hu Yuan-Hui (胡元輝) (former General Manager of the TTV), the Chinese government passed a clear message to the TTV management via a TTV reporter, which said that the permit for the new offices would not be issued until a TV program about Falun Gong\textsuperscript{45} on the TTV was closed down. Eventually, the issuance of the licence kept delayed when the Falun Gong program was being broadcasted, while the permit was finally issued until the Falun Gong program was terminated as originally scheduled.\textsuperscript{46} As a result of this incident, most Taiwanese media which had a plan to enter the Chinese

\textsuperscript{44} Interview with Lu Dong-Shi, former President of the Association of Taiwan Journalists, Taipei, June 24, 2014; Interview with Chen Hsiao-yi, senior news reporter of the Liberty Times and the President of the Association of Taiwan Journalists, Taipei, June 27, 2014; Interview with Ho Jung-hsing, Founder and former President of the Association of Taiwan Journalists, Taipei, July 14, 2014; Interview with Hu Yuan-Hui, former General Manager of the Taiwan Television Enterprise and former President of the Central News Agency, Taipei, July 25, 2014; Interview with Su Tzen-ping, former Director of the Government Information Office and former Chairman of the Central News Agency, Taipei, July 28, 2014; Interview with Lee Chih-Te, senior news reporter of the Radio Free Asia, Taipei, August 19, 2014.

\textsuperscript{45} Falun Gong was one of the major topics that the Chinese authorities generally censored, mainly because it was a popular spiritual movement in China with potential to organize and mobilize the mass and thus endanger the consolidation of the CCP rule.

\textsuperscript{46} Interview with Hu Yuan-Hui, former General Manager of the Taiwan Television Enterprise and former President of the Central News Agency, Taipei, July 25, 2014.
market became reluctant to produce news reports and TV programs about Falun Gong.\textsuperscript{47}

Second, some Taiwanese media would like to circulate their newspapers in China, but were pressed to slant their news content in favor of the Chinese authorities. For example, the \textit{United Daily News} strived for the special right to print and distribute its newspapers in China long since the 1990s. For such a privilege to be granted by China’s State Council Taiwan Affairs Office, the \textit{United Daily News} had to prevent its news reports and opinions from criticizing the Chinese government. Despite the privilege, the circulation of the \textit{United Daily News} in China was still restricted to certain regions, certain organizations, and certain people, such as Taiwan businesses, international businesses, five-star hotels, as well as academic institutions for Taiwan Studies (The China Times 2012).\textsuperscript{48}

Third, some Taiwanese media strived to sell the copyrights of their dramas to China, but were instead forced to prevent from being broadcasted in Taiwan some TV programs with which the Chinese authorities felt annoyed. For instance, the FTV sought to cooperate with the official Chinese station CCTV to have some Taiwanese-language-speaking soap operas dubbed into Mandarin Chinese and broadcasted in China. To smooth such business transactions in China, the FTV tended to avoid broadcasting some TV programs which involved topics deemed sensitive to Beijing. As the Founder of the FTV and a Central Standing Committee Member of the Democratic Progressive Party

\textsuperscript{47} Interview with Anonymous Interviewee, senior manager of the Want Want China Times Group, Taipei, June 13, 2014.

\textsuperscript{48} Interview with Su Tzen-ping, former Director of the Government Information Office and former Chairman of the Central News Agency, Taipei, July 28, 2014.
(DPP) (民主進步黨), Chai Trong-rong declined a proposal in the DDP Central Standing Committee in middle 2009 which asked the FTV to purchase and broadcast the film “The Ten Conditions of Love,” a documentary about Rebiya Kadeer, the spiritual leader of the Xinjiang independence movement (Hsu 2014, 525-526). Similarly, the SET strived to broadcast their TV dramas in China after 2008 and even replace the term “Taiwanese drama” (台劇) with the SET’s newly-created term “Chinese drama” (華劇) in December 2011 to facilitate its business in China. However, China’s National Broadcasting Headquarters, as an institution which held the power to approve the broadcasting of the dramas from abroad, dropped a hint that the SET should close down the “Big Talk News,” a popular pro-Taiwanese identity, anti-Beijing political talk show in Taiwan, for its business to go smooth in China. As a result, the Big Talk News was finally closed down in May 2012 under the pressure of the Chinese authorities (Ji 2012; Sun 2012; Chung 2012, 27, 33-34, 39, 52, 78).

Fourth, some Taiwanese media would like to protect their websites from being blocked in China to ensure a high level of traffic flow and accompanying advertising revenues, which led to the prevention of Chinese sensitive keywords in the cyberspace. According to a survey conducted from January 12 to April 1 in 2015, Taiwanese media’s web content blocked in China basically mirrored the level of the media’s friendliness/animosity towards Beijing. Take newspapers for example. While the websites of the pro-Taiwanese identity Liberty Times and the anti-Communist Apple Daily were

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49 Interview with Anonymous Interviewee, former senior manager of the Formosa Television, Taipei, July 11, 2014.

50 Interview with Lee Chih-Te, senior news reporter of the Radio Free Asia, Taipei, August 19, 2014.
respectively 95% and 92% blocked in China, those of pro-Chinese unification newspapers, such as the United Daily News and the China Times, were respectively 67% and 0% blocked (The United Daily News Group New Media Lab 2015).

In addition to the circulation market, the Chinese government also incorporated Taiwanese media companies in the advertising market. By offering embedded advertising, the Chinese authorities treated the recipients as its propaganda channel in Taiwan. Since the late 2000s, China’s State Council Taiwan Affairs Office and provincial/municipal governments were eager to provide Taiwanese media with embedded advertisements which aimed to attract investments and tourists from Taiwan. Though such advertisements were forbidden by Taiwanese laws (The Taiwan Legislative Yuan 2015), some pro-unification newspapers in Taiwan, such as the China Times and the United Daily News, still illegally accepted financial resources from Chinese provincial/municipal governments and carried numerous pieces of embedded advertisements regarding tourism promotion on the China Times at latest since 2010 (The Taiwan Control Yuan 2010; The China Times 2012a; Y. Hung, Yang, and Chen 2014, 13-19; C.-T. Lee 2014, 121) to reach a more balanced financial structure. The Want Want Group even established the Want Want-China Times Cultural Media (旺旺中時文化傳媒) in Beijing as an advertising agent to subcontract advertising packages from the

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Chinese authorities to other media firms in Taiwan (Chau-yi Lin 2012; C.-T. Lee 2014, 118-127). As indicated in an investigation report, when the Governor of the Fujian Province (福建省) of China visited Taiwan in March 2012, the Want Want-China Times Media Group cooperated with the propaganda plan of the Fujian Provincial Government and the Amoy Municipal Government (廈門市政府) by receiving money from both the governments via the Want Want-China Times Cultural Media in Beijing and then carrying a series of relevant embedded news on the China Times and its affiliated newspapers throughout the Governor’s entire trip in Taiwan (C. Lin 2012).

The Chinese government incorporated Taiwanese media companies not only in the circulation and advertising markets but also in the capital market. In particular, the Chinese authorities regularly provided selected privately-owned enterprises in China, including some companies invested by Taiwanese businessmen, with subsidies. For instance, the Chinese subsidiary company of the Uni-President Enterprises Corporation, which controlled a large newspaper distribution channel in Taiwan, received subsidies from the Chinese government in 2011 in an amount of 9 million USD which represented 18.2% of its annual net profit. The Want Want China Holdings Limited (中國旺旺控股有限公司), whose parent company Want Want Holdings Limited (旺旺集團有限公司) merged with the China Times Group in Taiwan in 2008, also received Chinese official subsidies in 2011 in an amount of 47 million USD which accounted for 11.3% of its total net profit (Fathom China 2013; The Economist 2013). The Chinese government also sought to purchase the ownership of Taiwanese media companies with official financial sponsorship. According to Boxun’s (博訊) investigation reports in late 2010, China’s
State Council Taiwan Affairs Office has ever prepared a huge number of capital in an amount of at least 300 million USD with a clearly identified purpose of purchasing the stock rights of some Taiwanese media such as the Television Broadcasts Satellite Media Group (TVBS 集團) and the United Daily News Group’s affiliated institutions, although those vast sums were suspected to be diverted and finally transferred to Taiwan, Hong Kong, and some other places before 2007 (Boxun 2010). Moreover, the Chinese government also encouraged some Taiwanese business figures whose businesses were based in China to purchase the ownership of Taiwanese media companies. According to an interview with Tsai Eng-meng, he denied himself as the agent that Beijing sent to buy the China Times Group, but he acknowledged that he knew China’s State Council Taiwan Affairs Office had ever tried to commission agents to do so (Hsi-ju Tien 2009). However, according to a senior Taiwanese government official, China’s Taiwan Affair Office actually cooperated with a senior KMT leader to convince Tsai Eng-meng to purchase the China Time Group under the direction of the CCP’s Publicity Department (中共中央宣傳部), in order to prevent the anti-communist Next Media Group (壹傳媒集團) from obtaining the China Times Group (Hsu 2014, 520). In addition, probably encouraged by Tsai’s becoming closer to the Chinese authorities after purchasing the China Times Group, some Taiwanese capitalists started to participate in the Taiwanese media sector with the expectation to obtain special interests for their enterprises in China (Cook 2013, 9; Hsu 2014, 534). For instance, as the largest instant noodle producer in China, the Ting Hsin Group (頂新集團) acquired the China Network Systems in Taiwan in August 2014. Similarly, as the President of the High-Tech Computer Corporation (HTC) (宏達電子公...
司) (a mobile phone company largely basing its manufacturing and sales in China), Wang Cher (王雪紅) purchased a considerable percentage of the stocks of the TVBS Media Group in June 2011 and then gained full control over the Media Group in January 2015.

The incorporation of Taiwanese media companies in the Chinese circulation, advertising, and capital markets to a great extent altered the corporate and market structures of the media in Taiwan, which resulted in self-censorship and news biases in favor of the Chinese authorities. In terms of financial structure, Taiwanese media based more and more their subscriptions and copyright fees in the Chinese market. They also received more and more advertising fees, subsidies, and other business interests from the Chinese government. To ensure such financial resources coming from China, in terms of organizational structure, the editorial department tended to be pressed to cooperated with the owner, the business department, or the programming department by restraining its own editorial independence and exercising self-censorship regarding Chinese sensitive topics in the routine news editing process. There were generally two patterns of self-censorship. Take the Want Want-China Times Media Group for example. One was top-down, in which the owner delivered his ideas about news editing and reporting to the chief editor, the chief editorial writers, and other high-level managers through weekly head meetings or some other informal communications. The other was bottom-up, in which reporters and editors slanted news and opinion content by themselves to cater to the ideas of the owner. The functioning of either pattern was largely based on the proprietor’s mastering the highest personnel power to decide the retaining and promotion
of its employees. As a result of self-censorship, media content was likely to be slanted in favor of the Chinese government. Such news biases especially happened to the media companies which had been somehow embedded in the Chinese market rather than those which had not yet. Take newspapers for example. According to Chang Chin-Hwa’s research, the China Times and the United Daily News, as the papers accepting embedded advertisements from the Chinese authorities, tended to take a more detailed, positive approach to reporting the news about Chinese leaders and their official visits to Taiwan, compared to the other two major newspapers (i.e. the Apple Daily and the Liberty Times) (Chang 2011; Y. Hung, Yang, and Chen 2014). Similarly, when covering Xinjiang conflicts, the China Times and the United Daily News, compared to the other two major newspapers in Taiwan, also had a clear tendency to conform to the “China official frame.” In particular, there were respectively 100% and 77.78% of the news reports on the China Times and the United Daily News which based exclusively on the Chinese official news sources. There were also respectively 100% and 83.33% of the news reports on the China Times and the United Daily News which ascribing the responsibility of the conflicts completely to the protesters rather than the regime. Moreover, both newspapers failed to include a diverse view of human rights in their news reports on Xinjiang conflicts; in particular, state violations of human rights such as liberty, due process of law, and ethnic autonomy were rarely mentioned (C.-H. Chang 2015).

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When it came to market structure, the trend of cross-media convergence was further reinforced due to some pro-Beijing Taiwanese capitalists’ expanding in the media market, while the ownership of Taiwanese media remained concentrated. In the newspaper market, an oligopoly was still composed of the *Apple Daily*, the *Liberty Times*, the *United Daily*, and the *China Times*, whose readership respectively represented 16.3%, 16%, 8.5%, and 7.1% of the population in 2008 as well as 13.5%, 14%, 5.5%, and 3.8% in 2014, while the ratings of any other newspapers were around or less than 1% (Taipei Media Agencies Association 2009; Taipei Media Agencies Association 2015). In the television market, there remained five terrestrial television stations and five large cable television system operators. As Figure 14 shows, the five large cable television system operators controlled 36 broadcasting networks out of 65 in total in middle 2016, while the two major even occupied nearly a half (43.61%) of the total subscription in Taiwan (The Taiwan National Communications Commission 2016). As for cross-media convergence, the Want Want Group, after purchasing the *China Times*, the CTV, and the CtiTV in 2008, further proposed to acquire the China Network Systems in 2011. Though this proposal was finally turned down by the NCC in 2013, the Group still successfully grew into a cross-media conglomerate. Such merger and acquisition actions were considered by many as a threat to the diversity of news and opinions offered to the public in Taiwan (The Taiwan Legislative Yuan 2011, 252; H.-L. Lin et al. 2012, 4-6; Chung 2012, 81-84).
ii. **State Control**

In contrast to powerful political and economic forces coming from China, the Taiwanese government maintained a relatively low level of capacity for controlling Taiwanese media during this period. However, in response to public opinions and social movements, the government already started some institutional reforms to check the negative impacts that state power and market forces had on the media.

Generally speaking, the government sought to influence the media with co-optative
means rather than coercive means during this period, just as it did from 1988 to 2008. While privately-owned media continued to be affected by state-sponsored advertisements, publicly-owned media were still vulnerable to government intervention in their personnel and budget arrangements. For instance, the government froze the Taiwan Public Television Service’s (PTS) budget from 2008 to 2009 with its majority party advantage in the Congress, in order to urge the PTS to close down “Have Something to Say” (有話好說), a talk show program which frequently criticized government policies. The government also manipulated the PTS’s personnel changes on the board of directors from 2009 to 2010 to enhance its influences on the operation of the PTS.\textsuperscript{53} Moreover, it was revealed that the government had a hand in the PTS’s decision-making process during the 2014 Sunflower Movement\textsuperscript{54} to delete some topics of TV programs which were considered unfavorable to the government (Alliance for Civil Society Oversight of Public Television Service 2014). In addition to co-optation, coercion was still on occasion used to regulate the television industry and to restrict journalists’ right to gather news information. For example, according to the Association of Taiwan Journalists (台灣記者協會) (Association of Taiwan Journalists 2014; Association of Taiwan Journalists 2015), news reporters were frequently expelled or even arrested by the police at the scenes of demonstrations such as the 2014 Sunflower Movement (太陽花運

\textsuperscript{53} Interview with Feng Sylvia, Founder of the Alliance for the Birth of Public Media and former General Manager of the Taiwan Public Television Service, Taipei, August 13, 2014.

\textsuperscript{54} The Sunflower Movement was a student and civil protest movement against the passing of the Cross-Strait Service Trade Agreement (CSSTA) by the ruling party KMT at the legislature without clause-by-clause review, which took place mainly at the Legislative Yuan of Taiwan and later at the Executive Yuan of Taiwan from March 18 2014 through April 10 2014.
動) and the 2015 Anti-Black Box Curriculum Movement (反黑箱課綱運動). Even so, generally speaking, state power played a relatively less interventionist role than political and economic forces from China in affecting media activities and news content Taiwan during this period.

Despite its low level of capacity for mastering the media, the government, in response to the voice of the civil society, started two significant institutional reforms during this period to protect the media from inappropriate intervention of the state, private enterprises, and foreign capital. First, the government had the Budget Act (預算法) revised in January 2011 to forbid embedded marketing by the government, as the reassignment of Huang Jhe-Bin, a former senior news reporter at the China Times, in December 2010 raised public attention to the serious problem of embedded advertising. The amendment resulted in fewer cases of embedded advertising from the central government but still a few from local governments. Second, the government also launched anti-media monopoly legislation in January 2013 which was still in progress up to the present, as the Want Want-China Times Media Group’s merger and acquisition actions raised a series of Anti-Media Monopoly Movement (反媒體壟斷運動) in the Taiwanese civil society from 2010 to 2012 (Cook 2013, 34). The Movement was organized by student organizations, civic groups, the Association of Taiwan Journalist, and the academia with the goal of opposing the proposals of the Want Want Group to

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55 The Anti-Black Box Curriculum Movement was a student protest movement against certain proposed changes regarding the senior high school curriculum without a transparent review process, which broke out at the Ministry of Education on July 23 2015.

56 Interview with Chiu Eve, Chief Executive Officer of the Foundation for Excellent Journalism Award, Taipei, July 1, 2014.
merge with several printed and electronic media which raised concerns regarding media conglomeration and cross-media convergence in Taiwan.

After the Movement, the DPP, as the major opposition party from 2008 to 2016, proposed an anti-media monopoly bill in January 2013. The New Power Party (NPP) (時代力量黨), a new political party largely composed of the leaders and core members in the 2012 Anti-Media Monopoly Movement and the 2014 Sunflower Movement, proposed another anti-media monopoly bill in March 2016. The DPP, as the ruling party starting from 2016, once again proposed still another anti-media monopoly bill in April 2016. Despite the difference in the proposed bills, the main direction of the legislation was to (1) prevent financial and insurance businesses licensed by the government from running media businesses, (2) impose restrictions on the integration between terrestrial televisions, between cable television systems, as well as between cable television systems and other types of media, (3) lower the maximum percentage of the stock that a foreign investor can hold, and (4) require the establishment of an editorial statute, an independent director elected by the staff, a trade union for journalists, a public interest litigation system for journalists, as well as a fund for the development of media diversity. In spite of the support of the DPP, the NPP, and media reform advocacy groups, the anti-media monopoly legislation was opposed by the KMT along with some conglomerates which either held financial and insurance businesses, or treated cable television systems as instruments for investment returns, or had an interest in expanding themselves in the media sector. As a result, the anti-media monopoly legislation was delayed and thus remained in progress from early 2013 up to the present.
IV. Summary: Media Institutions and the Degradation of Press Freedom

From 2008 to 2015, Taiwan’s increasing economic dependence on China and the Taiwanese government’s continued non-interventionist role in the market economy worked together to shape the change of media-related institutions in Taiwan. The new relationships among the government, the market, and the media were characterized by the embeddedness of Taiwanese media in the Chinese market, the external-oriented news production process that catered to the Chinese authorities, the transferring of media ownership to pro-Beijing Taiwanese capitalists, as well as the continued concentration of media ownership under the market mechanism.

These institutional changes regarding the corporate and market structures of the media were driven and reinforced by the mechanisms of market co-optation, material self-interest, and norm diffusion along with Taiwan’s increasing economic dependence on and economic openness to China from the late 2000s through today. In particular, due to Taiwan’s economic openness to China, the Chinese government had more opportunities to incorporated Taiwanese media companies into the Chinese circulation, advertising, and capital markets in order to facilitate its unification and hegemonic propaganda towards Taiwan. By the same token, due to Taiwan’s economic dependence on China, Taiwanese media owners and corporate managers also had a great incentive to adjust their management strategies and news editing principles to cooperate with the Chinese government’s mass communication policies in order to ensure their subscriptions, copyright fees, advertising fees, subsidies, or other business interests coming from China.
In addition, based on intense political, economic, and cultural networks across the Taiwan Strait, Taiwanese media capitalists also had more opportunities to be familiar with and identify with the ideas regarding the media in China, introduce the authoritarian, developmental model of the press from China to Taiwan, and alter Taiwanese media institutions, cultures, and practices according to the norm diffused from China. In contrast to market forces at home and state power from abroad, the Taiwanese government started to play a role in checking the existing market-oriented and external-oriented media ecology by carrying out media institutional reforms such as the amendment to the *Budget Act* and the progressing legislation regarding the prevention of media monopolies. However, taken together, the Taiwanese government’s capacity for regulating the media has not yet caught up with the Chinese government’s and Taiwanese private capital’s capacities for incorporating the media, which resulted in the accommodation of Taiwanese media institutions to Chinese government demands and market environments during this period.

As a result, Taiwan’s press freedom, especially *positive press freedom*, was eroded during this period. To illustrate, Taiwan’s *negative press freedom* basically remained unchanged, because there were no significant changes in terms of *government institutions of media*. The only significant institutional change was the amendment of the *Budget Act* which made government embedded marketing forbidden. However, the government was still capable of using other financial or organizational means, such as advertising and public relations, to co-opt the media, not to mention that embedded marketing was still adopted by a few local governments under the table. Under this circumstance, the
government’s capacity for controlling the media was neither weakened nor strengthened to a large extent. Generally speaking, the government still maintained a deregulation approach to mass communication policies which it has adopted since the late 1980s. Therefore, Taiwan’s negative press freedom remained stable during this period.

In contrast, Taiwan’s positive press freedom was considered eroded, since the public had fewer opportunities to access diverse reports and mass media than before along with the closer and closer economic ties between Taiwan and China. Such a degradation of press freedom resulted from a combined transformation of corporate structure and market structure of the media. At the sectoral level, the trends of media conglomeration and cross-media convergence were lasted and even reinforced along with pro-Beijing Taiwanese capitalists’ expansion in the Taiwanese media market. At the corporate level, both the financial and organizational structures of the media were to a large extent changed, as Taiwanese media companies were gradually embedded in the Chinese circulation, advertising, and capital markets. In particular, since Taiwanese media companies based their financial sources more and more on subscriptions, copyright fees, advertising fees, subsidies, and other business interests coming from China, the editorial department was pressed to cooperate with the owner, the business department, and the programming department in the routine news production process, which was more likely to generate news biases in favor of the Chinese authorities. Such external-oriented self-censorship occurred to both pro-Chinese unification and pro-Taiwanese identity media companies. The readers and audiences of those media, therefore, tended to be exposed to relatively biased information and incomplete news reports regarding Chinese sensitive
issues. Consequently, Taiwan’s *positive press freedom* was further restricted during this period.
CHAPTER SIX
CONCLUSION

This study offers a political economy explanation of the development and degradation of freedom of the press in Taiwan from 1949 through 2015 from both international and domestic perspectives. A longitudinal case investigation of Taiwan has been conducted in light of historical institutionalism with the methods of multiple within-case comparisons and process tracing on the basis of archives, secondary literatures, interview data gather from Taiwan. The case study basically supports the proposed argument and shows that the level of Taiwan’s press freedom hinged not only on the degree of the Taiwanese government’s intervention in the market economy, but also on the extent to which Taiwan economically depended on the world/regional hegemon (i.e. the US and China respectively).

To illustrate, at the domestic level, Taiwan did have a low degree of press freedom from 1949 to 1988, a period when the Taiwanese government intervened in the market economy very intensively. Taiwan did hold a higher level of media freedom from 1988 to 2008, when the Taiwanese government did not play such an interventionist role in the market economy any longer. At the international level, Taiwan did make considerable improvements in press freedom from 1988 to 2008, when Taiwan to a large extent depended economically on a liberal hegemon (i.e. the US). Taiwan did suffer from the degradation of media freedom from 2008 to 2015, when Taiwan became economically dependent upon a repressive hegemon (i.e. China).
However, either domestic or international factors alone do not work well to explain all the variations of Taiwan’s press freedom. For instance, Taiwan’s press freedom remained in an underdeveloped status from 1949 to 1988, despite Taiwan’s continuous economic dependence on a liberal hegemon (i.e. the US) throughout this period. Taiwan’s media freedom was still eroded from 2008 to 2015, in spite of the Taiwanese government’s insistence on economic liberalization policies in the meantime. This is mainly because domestic and international factors should be simultaneously taken into account to establish an adequate explanation of the practices of Taiwan’s press freedom. This is also because actors may occasionally use their agency through the functioning of mechanisms (i.e. material self-interest, norm diffusion, state control, and market co-optation) to ameliorate or deteriorate the condition of media freedom that is fundamentally decided by political and economic structures at home or from abroad (i.e. economic dependence and the state’s economic role).

The main findings of this study are illustrated in Table 4 and summarized as follows. A general discussion on the interaction between domestic and international factors, the mutual relations among mechanisms, as well as the implications of this study will then be presented.
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<td>Anti-media monopoly legislation (in progress)</td>
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I. Economic Dependence and Taiwan’s Press Freedom

At the international level, the case study shows that when Taiwan depended economically on a liberal hegemon such as the US, there were incremental, considerable improvements in Taiwan’s press freedom; however, when Taiwan increased its economic dependence upon a repressive hegemon such as China, Taiwan’s media freedom tended to be eroded. The causal linkages between economic dependence and press freedom were established through both the mechanism of material self-interest and that of norm diffusion. In particular, under the structure of economic dependence, Taiwanese state elites or media capitalists had an incentive to cooperate with the political, economic, and cultural policies that the US or China promoted in the international system, in order to ensure material interests coming from the hegemon. On the other hand, through strong political, economic, and cultural networks with the US or China, Taiwanese state elites or media capitalists had more opportunities to be familiar with and even identify with the press norms in America or China and then translate and introduce them from the hegemonic state to local contexts in Taiwan.

To illustrate, Taiwan kept a low degree of press freedom (both negative press freedom and positive press freedom) from 1949 to 1988. Due to Taiwan’s military and economic dependence on the US during the Cold War, Taiwanese state elites had an incentive to cater to the objective of the US government to build a “free China” in Taiwan by occasionally making a few lenient policies towards the media and cultivating a nominally and superficially “free press” as the “democratic window dressing” of the Taiwanese authoritarian regime, with the purpose of ensuring economic aid, military
assistance, trade surplus, and diplomatic support coming from America. The economic
dependence structure also gave Taiwanese state elites opportunities to introduce the social
responsibility theory of the press from the US, which however was mistranslated in
Taiwan to legitimize the Taiwanese authoritarian regulation and censorship over the
press as well as government ownership of the media.

Taiwan then enjoyed a much higher level of press freedom (though not *positive press
freedom* but *negative press freedom*) from 1988 to 2008. This was because Taiwan’s
continued economic dependence on the US urged Taiwanese state elites to adopt a series
of neoliberal economic reforms that the US government promoted in the global realm
during the 1980s, which gave Taiwanese state elites opportunities to accept the libertarian
(neoliberal) ideas of the media diffused from the US. All of these caused the
privatization, deregulation, and liberalization of Taiwanese media and, in turn, led to
concentration of media ownership in the free market as well as market-oriented self-
censorship and its accompanying news biases in Taiwan.

Taiwan recently suffered from a degradation of press freedom (only in terms of
*positive press freedom*) from 2008 to 2015. Along with Taiwan’s increasing economic
dependence on China, the media sector in Taiwan, like many other industries there, based
its financial resources more and more on the Chinese market. This urged Taiwanese
media, regardless of their positions on the unification-independence issue, to exercise
external-oriented self-censorship regarding Chinese sensitive topics; that is, to slant news
reports and opinions in favor of the Chinese authorities. The economic dependence
structure also encouraged some pro-Beijing capitalists to participate in Taiwanese media
businesses, expand their ownership in the Taiwanese media market, and even spread the authoritarian, developmental ideas of Chinese media to Taiwan, to correspond with China’s national strategy of “peaceful development.”

II. The State’s Economic Role and Taiwan’s Press Freedom

At the domestic level, the case analysis indicates that when the Taiwanese government intensely intervened in the market economy, Taiwan tended to maintain a low degree of press freedom; in contrast, when the Taiwanese government did not play such an interventionist role in the market economy any longer, Taiwan tended to have a higher degree of media freedom (especially in terms of negative press freedom). The causal linkages between the state’s economic role and media freedom were established through both the mechanism of state control and that of market co-optation. In particular, the government had an incentive to control the media with various coercive and co-optative means and use the media as instruments for publicizing policies, enhancing government image, and maintaining political legitimacy. On the other hand, market forces, such as private enterprises, advertising suppliers, multinational corporations, and even foreign governments, also had an incentive to incorporate the media through circulation, advertising, and capital markets and treat the media as instruments for pursuing profits, publicizing commodities, enhancing corporate or national images, or implementing diplomatic propaganda overseas.

To illustrate, Taiwan kept a low degree of press freedom (both negative press freedom and positive press freedom) from 1949 to 1988. This was because the
government’s interventionist role in the market economy enabled state elites to control numerous coercive policy tools which could be used to master the media through regulation and censorship. This was also because economic interventionism endowed state elites with a large amount of material resources which were likely to be employed to incorporate the media through financial and organizational channels. All of these led to a high level of state ownership of the press, state-sponsored oligopolies in the media market, as well as state-oriented self-censorship.

Taiwan then enjoyed a much greater level of press freedom (regarding negative press freedom rather than positive press freedom) from 1988 to 2008. As the government started to take a series of economic liberalization policies since the 1980s, state elites’ capabilities of controlling the media were weakened, which facilitated the privatization of publicly-owned media and the deregulation of privately owned media. These media institutional reforms, in turn, maintained large media groups’ advantages in the ownership market, strengthened the influences of private enterprises and advertising suppliers on media companies, and therefore brought about market-oriented self-censorship and its consequent news biases in favor of intended audience, big businesses, advertising providers, as well as media owners themselves.

Taiwan recently suffered from a degradation of press freedom (only in terms of positive press freedom) from 2008 to 2015. As the government extended its economic liberalization policies from the domestic level towards the international arena, the Taiwanese media sector was gradually embedded in the circulation, advertising, and capital markets overseas, particularly those in China. To ensure considerable
subscriptions, copyright fees, advertising fees, official subsidies, and government embedded advertisements from China, both pro-Chinese unification and pro-Taiwanese identity media companies were motivated to implement external-oriented self-censorship regarding Chinese sensitive issues, which to some extent brought the public in Taiwan with biased information in favor of the Chinese authorities’ interests.

III. General Discussion of Research Findings

In addition to the individual effects of international and domestic factors, the following is a general discussion about how the interaction between international and domestic factors as well as the mutual influence among distinct mechanisms shaped the institutional stability and change regarding press freedom in Taiwan.

First, only international factors (i.e. economic dependence) or domestic factors (i.e. the state’s economic role) alone did not work well to decide the level of Taiwan’s press freedom. For instance, Taiwan’s media freedom did not make any considerable improvements from 1949 to 1988, even if Taiwan depended economically on a liberal hegemon such as the US. This was because the positive effect of economic dependence at the international level was overwhelmed by the negative consequence of economic interventionism at the domestic level. Similarly, the level of Taiwan’s media freedom was still degraded from 2008 to 2015, even though the Taiwanese government maintained a relatively non-interventionist role in the market economy. This was because the positive effect of economic liberalization at the domestic level was gradually eroded by the negative influence resulting from Taiwan’s increasing economic dependence on
authoritarian China at the international level. Apparently, an adequate explanation of the alternation of Taiwan’s media freedom would not be made until both international and domestic factors are taken into account at the same time.

Second, the effects of the two international-level mechanisms (i.e. material self-interest and norm diffusion) on the condition of press freedom were mutually reinforced. Ideas tended to have their material foundations. Under the structure of economic dependence, while material self-interest fundamentally determined the rational choice of actors regarding institutional design, the ideas and norms diffused from abroad generally played a role to reinforce actors’ choices and sustain the institutions soon afterward. The second and third historical stages provided evidence for this. Since the late 1980s, Taiwanese state elites carried out a series of media deregulation policies, not only due to the economic pressure that the US government imposed to ensure the implementation of neoliberal economic reforms in Taiwan, but also due to the identification of Taiwanese state elites themselves with the ideas of neoliberalism diffused from America. Since the late 2000s, Taiwanese media capitalists started to urge their media companies to exercise self-censorship in favor of the Chinese authorities, not only because they feared being excluded from the profitable Chinese market, but also because they were familiar with the Chinese norms regarding the media, gradually got used to the culture of Chinese censorship, and even finally took them for granted.

However, the effect of norm diffusion conflicted with that of material self-interest at the first historical stage (1949-1988). That is, while Taiwanese state elites occasionally carried out a few lenient policies towards the media to cater to the expectation of the US
government and ensure economic and military support coming from America, they intentionally mistranslated the social responsibility theory diffused from America to legitimatize authoritarian media institutions in Taiwan in the meantime. This was because Taiwanese state elites played a dual role at both the international and domestic levels. While they played an intermediary role in the international arena to introduce liberal media norms from America to Taiwan, they also played a regulatory role at home to maintain authoritarian, interventionist control over the media. In the case of such a role conflict, not only the logic of self-interest at the international level but also the rationale at the domestic level determined state elites’ fundamental ideational and policy preferences regarding press freedom. Considering the priority of maintaining authoritarian institutions at home over introducing liberal norms from abroad, Taiwanese state elites chose to take the approach of “hybridization” rather than that of “replication” to introduce the social responsibility theory from America and accommodate it to the local particularities in Taiwan. This again showed that international and domestic factors should be simultaneously taken into consideration to offer an adequate explanation. It also revealed that material self-interest, both internationally and domestically, was a more fundamental logic than ideational identity that decided actors’ preferences and behaviors.

Third, the effects of the two domestic-level mechanisms (i.e. state control and market co-optation) on the practices of media freedom were inversely waxed and waned. That is, when the effect of state control was rising, the effect of market co-optation tended to be declining, and vice versa. For instance, due to the state’s adoption of economic interventionism, state power had much more capacity than market forces to
master the media at the first historical stage (1949-1988). In contrast, after economic liberalization, internal and external market forces exerted much stronger influences than state power to incorporate the media at both the second and third historical stages (1988-2015).

Nonetheless, civil society, in addition to the state and the market, was worth further attention. This was because it played a significant role in changing the power relations between the state and the market especially in the post-democratization era, which in turn affected the route of media institutional reforms. In particular, when the forces of the civil society allied with private capital from the 1980s through the 2000s, the relative capacity of market forces to state power was enhanced and several significant media liberalization policies were thus put into practice one after another. On the contrary, when the civil society called on the government to govern the excessive intervention of market forces in the media with its regulatory power since the 2012 Anti-Media Monopoly Movement, the strengths of market forces were expected to be to some extent checked by the presently progressing anti-media monopoly legislation. Obviously, the civil society played a key role in mediating the influences of state power and market forces on the operation of the media, which was out of the focus of this study and deserved further investigation.

Fourth, from a longitudinal perspective, different mechanisms played different roles in shaping institutional stability and change at different historical stages. From 1949 to 1988, Taiwanese state elites created the initial condition of authoritarian media institutions through the mechanism of state control. Though private capital has ever successfully strived for a little more space for media freedom through the mechanism of
market co-optation and state elites have also ever intermittently made a few policies that favored private media firms under the influence of material self-interest, Taiwanese state elites still fundamentally maintained strict authoritarian control over the press with various coercive and co-optative means and even ideationally legitimatized existing authoritarian institutions through the mechanism of norm diffusion.

From 1988 to 2008, Taiwanese state elites adopted a neoliberal approach to media institutional reforms under the influence of both material self-interest and norm diffusion. In the meantime, private capital also worked with social movements and opposition parties to strive for the privatization, deregulation, and liberalization of the media through the mechanism of market co-optation. Despite the attempts of the government to delay and weaken such a trend of institutional change through the mechanism of state control, policy makers concerning mass communication affairs still kept making further institutional adjustments for media liberalization, both to realize their own identification with neoliberal ideas regarding the press (as a lasting effect of norm diffusion), and to respond to the demand of private capital, at home and from abroad, for a more favorable market co-optation environment or more profitable investment opportunities in the media sector.

From 2008 to 2015, Taiwanese media capitalists started to accommodate the corporate and market structures of the press as well as the routine news production process in Taiwan to the political and economic situations in China, as a result of both material self-interest and market co-optation. Though initially activated by Taiwanese media capitalists’ material incentives to ensure their financial interests in China, such
institutional change was afterwards reinforced by the mechanism of norm diffusion in which Taiwanese media capitalists introduced Chinese media norms to their media companies in Taiwan and those who worked in media firms then adapted themselves to the culture of self-censorship coming from China. As a response to the civil society, the Taiwanese government was seeking to resist such structural changes in the media sector through anti-media monopoly legislation. However, it was still uncertain whether internal and external market forces would be effectively checked by state regulatory power.

IV. Theoretical and Empirical Implications

There are several theoretical and empirical implications involved in this study. First, it is suggested that our concern about freedom of the press should not be limited to negative press freedom, but greater attention should be paid towards positive press freedom. This is because positive press freedom is more vulnerable than negative press freedom in a nascent democracy, where state power is gradually restricted by democratic institutions and corporate power tends to rise and develop in a relatively free market. Moreover, positive press freedom is also more vulnerable than negative press freedom in the contemporary world of economic globalization, where political and economic forces from abroad are more likely to intervene in domestic media activities than before by circumventing the oversight of a national government, threatening the public’s right to access the truths and the media for democratic communication.

Second, this study corresponds with existing literatures and advances our knowledge concerning the roles of state power (Sciutto 1996; Link 2002; Djankov et al. 2003;
Davenport 2004; Bueno de Mesquita and Downs 2005; Bueno De Mesquita et al. 2005; Weingast 2005; N. Ma 2007; MacKinnon 2008; Egorov, Guriev, and Sonin 2009; King, Pan, and Roberts 2013), corporate power (McChesney 1999; Gilens and Hertzman 2000; Hamilton 2004; Gentzkow and Shapiro 2006; Baker 2007; Ellman and Germano 2009), or foreign power (Richards, Gelleny, and Sacko 2001; Hafner-Burton 2005; Dutta and Roy 2009) in deciding the condition of press freedom. More specifically, it acknowledges that state power is not the only threat to press freedom, but state power, market forces at home, and those from abroad might simultaneously play significant roles in shaping domestic practices regarding media freedom. This complete theoretical framework may apply to some third-wave democracies in Latin America and East Asia where deregulation reforms have been carried out under the trend of neoliberal globalization.

While state power may be the main cause of the underdevelopment of press freedom before democratization, both internal and external market forces seem to play a more and more important role in shaping media freedom after economic liberalization and political democratization. One policy recommendation implied here is to design institutions that protect the media not only from government intervention but also from inappropriate interventions of political and economic forces at home and from abroad.

Third, this study contributes to the international relations scholarship that regards international economic connections as one of the most significant determinants for domestic condition of human rights. However, it also reflects on some liberal or neoliberal points of view that see transnational economic linkages as necessarily beneficial to domestic practices regarding human rights (Richards, Gelleny, and Sacko
2001; Emilie M. Hafner-Burton 2005; Gray, Kittilson, and Sandholtz 2006; Mosley and Uno 2007; Dutta and Roy 2009). In particular, this study adds to existing scholarship that international economic connections do not always benefit domestic improvements in human rights, but may rather cause damage to it on occasions.

Fourth, this study also implies that norm diffusion does not always stem from liberal contexts, but norms are also likely to spread from authoritarian states to liberal states. This is because norm diffusion is not a purely ideational process, but it may also be embedded in material structures such as economic dependence. From the perspective of critical international relation theory (Cox 1983), norms may be more likely to be diffused from an economically powerful state to an economically vulnerable country. While existing literature tends to focus on norm diffusion from liberal states to repressive states (Keck and Sikkink 1998; Risse, Ropp, and Sikkink 1999; Gomez 2005; Neumayer 2005; E. M. Hafner-Burton 2008; Simmons 2009; Murdie and Davis 2012), this study acknowledges the fact that repressive norms are also likely to diffuse to liberal states, especially when repressive states become more economically powerful than liberal states.

Last but not least, this study moreover has empirical significance beyond the case of Taiwan under the contemporary trend of China’s rise. As China has become a significant economic power in the global realm, more and more concerns have arisen regarding the potential impacts China has on human rights and democracy in its neighboring area and even in the rest of the world (Link 2002; Gat 2007; Diamond 2009; Kurlantzick and Link 2009; Ambrosio 2010; Chang 2011; Wu 2012; Kurlantzick 2013; Cook 2013; Pillsbury 2015; Nathan 2015). Since Taiwan is the country which China has the most intense
interests in, it is, therefore, most likely to be the first one being affected. As such, the value of this study may not only apply in the case of Taiwan itself, but may also apply to many other countries whose levels of human rights and democracy are likely to suffer as a result of China’s authoritarian diffusion arising from China’s economic dominance.
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### APPENDIX A. US Investment to Taiwan, 1952-2015 (Unit: US$1,000)
(Source: The Taiwan Investment Commission 2016)

<table>
<thead>
<tr>
<th>Year</th>
<th>US Investment to Taiwan (Case)</th>
<th>(1) US Investment to Taiwan (Amount)</th>
<th>Total Foreign Investment to Taiwan (Case)</th>
<th>(2) Total Foreign Investment to Taiwan (Amount)</th>
<th>(1) / (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>1,067</td>
<td>0.00%</td>
</tr>
<tr>
<td>1953</td>
<td>1</td>
<td>1,881</td>
<td>14</td>
<td>3,695</td>
<td>50.91%</td>
</tr>
<tr>
<td>1954</td>
<td>3</td>
<td>2,028</td>
<td>8</td>
<td>2,220</td>
<td>91.35%</td>
</tr>
<tr>
<td>1955</td>
<td>2</td>
<td>4,423</td>
<td>5</td>
<td>4,599</td>
<td>96.17%</td>
</tr>
<tr>
<td>1956</td>
<td>3</td>
<td>1,143</td>
<td>15</td>
<td>3,493</td>
<td>32.72%</td>
</tr>
<tr>
<td>1957</td>
<td>1</td>
<td>11</td>
<td>14</td>
<td>1,622</td>
<td>0.68%</td>
</tr>
<tr>
<td>1958</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>2,518</td>
<td>0.00%</td>
</tr>
<tr>
<td>1959</td>
<td>1</td>
<td>100</td>
<td>2</td>
<td>965</td>
<td>10.36%</td>
</tr>
<tr>
<td>1960</td>
<td>5</td>
<td>14,029</td>
<td>14</td>
<td>15,473</td>
<td>90.67%</td>
</tr>
<tr>
<td>1961</td>
<td>1</td>
<td>4,288</td>
<td>29</td>
<td>14,304</td>
<td>29.98%</td>
</tr>
<tr>
<td>1962</td>
<td>9</td>
<td>808</td>
<td>36</td>
<td>5,203</td>
<td>15.53%</td>
</tr>
<tr>
<td>1963</td>
<td>10</td>
<td>9,028</td>
<td>38</td>
<td>18,050</td>
<td>50.02%</td>
</tr>
<tr>
<td>1964</td>
<td>7</td>
<td>10,196</td>
<td>41</td>
<td>19,897</td>
<td>51.24%</td>
</tr>
<tr>
<td>1965</td>
<td>17</td>
<td>31,104</td>
<td>66</td>
<td>41,610</td>
<td>74.75%</td>
</tr>
<tr>
<td>1966</td>
<td>16</td>
<td>17,744</td>
<td>103</td>
<td>29,281</td>
<td>60.60%</td>
</tr>
<tr>
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<td>20</td>
<td>15,935</td>
<td>212</td>
<td>57,006</td>
<td>27.95%</td>
</tr>
<tr>
<td>1968</td>
<td>22</td>
<td>37,834</td>
<td>321</td>
<td>90,014</td>
<td>42.03%</td>
</tr>
<tr>
<td>1969</td>
<td>37</td>
<td>28,816</td>
<td>201</td>
<td>109,437</td>
<td>26.33%</td>
</tr>
<tr>
<td>1970</td>
<td>19</td>
<td>68,820</td>
<td>151</td>
<td>139,866</td>
<td>49.20%</td>
</tr>
<tr>
<td>1971</td>
<td>24</td>
<td>44,323</td>
<td>132</td>
<td>166,208</td>
<td>26.67%</td>
</tr>
<tr>
<td>1972</td>
<td>25</td>
<td>38,368</td>
<td>165</td>
<td>126,656</td>
<td>30.29%</td>
</tr>
<tr>
<td>1973</td>
<td>38</td>
<td>68,259</td>
<td>351</td>
<td>252,494</td>
<td>27.03%</td>
</tr>
<tr>
<td>1974</td>
<td>28</td>
<td>78,768</td>
<td>168</td>
<td>195,800</td>
<td>40.23%</td>
</tr>
<tr>
<td>1975</td>
<td>15</td>
<td>42,264</td>
<td>87</td>
<td>130,175</td>
<td>32.47%</td>
</tr>
<tr>
<td>1976</td>
<td>16</td>
<td>35,465</td>
<td>98</td>
<td>141,519</td>
<td>25.06%</td>
</tr>
<tr>
<td>1977</td>
<td>23</td>
<td>61,536</td>
<td>102</td>
<td>165,871</td>
<td>37.10%</td>
</tr>
<tr>
<td>1978</td>
<td>22</td>
<td>72,574</td>
<td>116</td>
<td>215,037</td>
<td>33.75%</td>
</tr>
<tr>
<td>1979</td>
<td>26</td>
<td>81,860</td>
<td>123</td>
<td>328,835</td>
<td>24.89%</td>
</tr>
<tr>
<td>1980</td>
<td>23</td>
<td>189,854</td>
<td>110</td>
<td>465,964</td>
<td>40.74%</td>
</tr>
<tr>
<td>1981</td>
<td>31</td>
<td>206,127</td>
<td>105</td>
<td>395,757</td>
<td>52.08%</td>
</tr>
<tr>
<td>Year</td>
<td>Value</td>
<td>Percentage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
<td>------------</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1982</td>
<td>380,006</td>
<td>24.21%</td>
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</tr>
<tr>
<td>1983</td>
<td>404,468</td>
<td>24.54%</td>
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</tr>
<tr>
<td>1984</td>
<td>558,741</td>
<td>43.18%</td>
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<td></td>
</tr>
<tr>
<td>1985</td>
<td>702,459</td>
<td>48.49%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>770,380</td>
<td>19.07%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>1,418,796</td>
<td>31.47%</td>
<td></td>
<td></td>
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<tr>
<td>1988</td>
<td>1,182,538</td>
<td>13.60%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>2,418,299</td>
<td>15.75%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>2,301,772</td>
<td>25.25%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>1,778,419</td>
<td>34.42%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>1,461,374</td>
<td>15.08%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>1,213,476</td>
<td>19.37%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>1,303,882</td>
<td>20.04%</td>
<td></td>
<td></td>
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<tr>
<td>1995</td>
<td>2,925,340</td>
<td>44.57%</td>
<td></td>
<td></td>
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<tr>
<td>1996</td>
<td>2,460,836</td>
<td>19.87%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>4,266,629</td>
<td>11.52%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>3,738,758</td>
<td>25.46%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>4,231,404</td>
<td>27.07%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>7,607,755</td>
<td>17.46%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2001</td>
<td>5,128,518</td>
<td>18.33%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>3,271,749</td>
<td>18.35%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2003</td>
<td>3,575,674</td>
<td>19.21%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2004</td>
<td>3,952,148</td>
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<td></td>
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</tr>
<tr>
<td>2005</td>
<td>4,228,068</td>
<td>19.01%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2006</td>
<td>13,969,247</td>
<td>6.32%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2007</td>
<td>15,361,173</td>
<td>20.49%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>8,237,114</td>
<td>34.68%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>4,797,891</td>
<td>5.51%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>3,811,565</td>
<td>8.38%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>4,955,435</td>
<td>14.89%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>5,558,981</td>
<td>7.28%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>4,933,451</td>
<td>11.81%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>5,770,024</td>
<td>2.56%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4,796,847</td>
<td>2.75%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX B. Taiwan-US Trade Statistics, 1952-2015 (Unit: US$1,000)
(Source: Taiwan Economic Data Center 2016; The Taiwan Ministry of Finance 2016a)

<table>
<thead>
<tr>
<th>Year</th>
<th>(1) Import from the US</th>
<th>(2) Total Import</th>
<th>(1) / (2)</th>
<th>(3) Export to the US</th>
<th>(4) Total Export</th>
<th>(3) / (4)</th>
<th>Trade Surplus from the US</th>
<th>Trade Surplus Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>29,052</td>
<td>187,215</td>
<td>15.52%</td>
<td>4,065</td>
<td>116,474</td>
<td>3.49%</td>
<td>-24,987</td>
<td>-70,741</td>
</tr>
<tr>
<td>1953</td>
<td>74,131</td>
<td>191,700</td>
<td>38.67%</td>
<td>5,334</td>
<td>127,608</td>
<td>4.18%</td>
<td>-68,797</td>
<td>-64,092</td>
</tr>
<tr>
<td>1954</td>
<td>98,068</td>
<td>211,433</td>
<td>46.38%</td>
<td>5,010</td>
<td>93,299</td>
<td>5.37%</td>
<td>-93,059</td>
<td>-118,134</td>
</tr>
<tr>
<td>1955</td>
<td>95,543</td>
<td>201,022</td>
<td>47.53%</td>
<td>5,400</td>
<td>123,275</td>
<td>4.38%</td>
<td>-90,143</td>
<td>-77,747</td>
</tr>
<tr>
<td>1956</td>
<td>81,399</td>
<td>193,696</td>
<td>42.02%</td>
<td>6,688</td>
<td>118,296</td>
<td>5.65%</td>
<td>-74,711</td>
<td>-75,400</td>
</tr>
<tr>
<td>1957</td>
<td>84,650</td>
<td>212,243</td>
<td>39.88%</td>
<td>5,222</td>
<td>148,285</td>
<td>3.52%</td>
<td>-79,428</td>
<td>-63,958</td>
</tr>
<tr>
<td>1958</td>
<td>84,369</td>
<td>226,188</td>
<td>37.30%</td>
<td>9,716</td>
<td>155,814</td>
<td>6.24%</td>
<td>-74,653</td>
<td>-70,374</td>
</tr>
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<td>83,506</td>
<td>231,441</td>
<td>36.08%</td>
<td>13,469</td>
<td>156,906</td>
<td>8.58%</td>
<td>-70,037</td>
<td>-74,535</td>
</tr>
<tr>
<td>1960</td>
<td>113,108</td>
<td>296,780</td>
<td>38.11%</td>
<td>18,853</td>
<td>163,982</td>
<td>11.50%</td>
<td>-94,295</td>
<td>-132,798</td>
</tr>
<tr>
<td>1961</td>
<td>130,844</td>
<td>322,116</td>
<td>40.62%</td>
<td>42,780</td>
<td>195,158</td>
<td>21.92%</td>
<td>-88,064</td>
<td>-126,958</td>
</tr>
<tr>
<td>1962</td>
<td>115,404</td>
<td>304,110</td>
<td>37.95%</td>
<td>53,168</td>
<td>218,206</td>
<td>24.37%</td>
<td>-62,236</td>
<td>-85,904</td>
</tr>
<tr>
<td>1963</td>
<td>150,519</td>
<td>361,636</td>
<td>41.62%</td>
<td>53,898</td>
<td>331,665</td>
<td>16.25%</td>
<td>-96,621</td>
<td>-29,971</td>
</tr>
<tr>
<td>1964</td>
<td>138,991</td>
<td>427,968</td>
<td>32.48%</td>
<td>80,645</td>
<td>432,956</td>
<td>18.63%</td>
<td>-58,347</td>
<td>4,988</td>
</tr>
<tr>
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<td>176,372</td>
<td>556,011</td>
<td>31.72%</td>
<td>95,930</td>
<td>449,682</td>
<td>21.33%</td>
<td>-80,443</td>
<td>-106,329</td>
</tr>
<tr>
<td>1966</td>
<td>166,335</td>
<td>622,361</td>
<td>26.73%</td>
<td>115,885</td>
<td>536,270</td>
<td>21.61%</td>
<td>-50,450</td>
<td>-86,091</td>
</tr>
<tr>
<td>1968</td>
<td>239,494</td>
<td>903,280</td>
<td>26.51%</td>
<td>278,194</td>
<td>789,189</td>
<td>35.25%</td>
<td>38,699</td>
<td>-114,091</td>
</tr>
<tr>
<td>1969</td>
<td>290,925</td>
<td>1,212,698</td>
<td>23.99%</td>
<td>399,047</td>
<td>1,049,365</td>
<td>38.03%</td>
<td>108,122</td>
<td>-163,333</td>
</tr>
<tr>
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<td>363,911</td>
<td>1,523,951</td>
<td>23.88%</td>
<td>564,174</td>
<td>1,481,436</td>
<td>38.08%</td>
<td>200,263</td>
<td>-42,515</td>
</tr>
<tr>
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<td>408,150</td>
<td>1,844,100</td>
<td>22.13%</td>
<td>859,200</td>
<td>2,061,300</td>
<td>41.68%</td>
<td>451,050</td>
<td>217,200</td>
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<tr>
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<td>543,421</td>
<td>2,514,300</td>
<td>21.61%</td>
<td>1,251,307</td>
<td>2,997,400</td>
<td>41.75%</td>
<td>707,886</td>
<td>483,100</td>
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<td>951,824</td>
<td>3,794,300</td>
<td>25.09%</td>
<td>1,677,144</td>
<td>4,505,000</td>
<td>37.23%</td>
<td>725,321</td>
<td>710,700</td>
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<td>6,973,400</td>
<td>24.09%</td>
<td>2,036,639</td>
<td>5,684,000</td>
<td>35.83%</td>
<td>356,733</td>
<td>-1,289,400</td>
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<td>1,652,185</td>
<td>5,961,900</td>
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<td>5,353,600</td>
<td>34.06%</td>
<td>171,049</td>
<td>-608,300</td>
</tr>
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<td>1,797,602</td>
<td>7,612,700</td>
<td>23.61%</td>
<td>3,038,690</td>
<td>8,218,000</td>
<td>36.98%</td>
<td>1,241,088</td>
<td>605,300</td>
</tr>
<tr>
<td>1977</td>
<td>1,963,851</td>
<td>8,533,800</td>
<td>23.01%</td>
<td>3,636,236</td>
<td>9,406,300</td>
<td>38.66%</td>
<td>1,672,385</td>
<td>872,500</td>
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<tr>
<td>1978</td>
<td>2,378,198</td>
<td>11,046,700</td>
<td>21.53%</td>
<td>5,014,528</td>
<td>12,755,300</td>
<td>39.31%</td>
<td>2,636,329</td>
<td>1,708,600</td>
</tr>
<tr>
<td>1979</td>
<td>3,383,326</td>
<td>14,798,200</td>
<td>22.86%</td>
<td>5,652,375</td>
<td>16,168,500</td>
<td>34.96%</td>
<td>2,269,049</td>
<td>1,370,300</td>
</tr>
<tr>
<td>1980</td>
<td>4,673,594</td>
<td>19,760,300</td>
<td>23.65%</td>
<td>6,760,509</td>
<td>19,878,200</td>
<td>34.01%</td>
<td>2,086,915</td>
<td>117,900</td>
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<tr>
<td>1981</td>
<td>4,765,763</td>
<td>21,199,551</td>
<td>22.48%</td>
<td>8,163,099</td>
<td>22,611,197</td>
<td>36.10%</td>
<td>3,397,336</td>
<td>1,411,646</td>
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220
<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Growth Rate</th>
<th>Percentage Increase</th>
<th>Cumulative Value</th>
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<tbody>
<tr>
<td>1982</td>
<td>4,563,266</td>
<td>18,888,375</td>
<td>24.16%</td>
<td>22,204,270</td>
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<tr>
<td>1983</td>
<td>4,646,433</td>
<td>20,287,078</td>
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<td>25,122,747</td>
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<td>1984</td>
<td>5,041,650</td>
<td>21,959,086</td>
<td>22.96%</td>
<td>30,456,390</td>
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<tr>
<td>1985</td>
<td>4,746,273</td>
<td>20,102,049</td>
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<td>30,725,662</td>
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<tr>
<td>1986</td>
<td>5,432,594</td>
<td>24,181,460</td>
<td>22.47%</td>
<td>39,861,504</td>
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<tr>
<td>1987</td>
<td>7,647,962</td>
<td>34,983,380</td>
<td>21.86%</td>
<td>53,678,748</td>
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<tr>
<td>1988</td>
<td>13,006,725</td>
<td>49,672,800</td>
<td>26.18%</td>
<td>83,351,567</td>
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<tr>
<td>1989</td>
<td>12,002,788</td>
<td>52,265,326</td>
<td>22.97%</td>
<td>102,608,893</td>
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<tr>
<td>1990</td>
<td>12,611,827</td>
<td>54,716,004</td>
<td>23.05%</td>
<td>126,624,897</td>
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<tr>
<td>1991</td>
<td>14,113,788</td>
<td>62,860,545</td>
<td>22.45%</td>
<td>189,485,442</td>
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<tr>
<td>1992</td>
<td>15,771,032</td>
<td>72,006,794</td>
<td>21.90%</td>
<td>261,492,236</td>
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<tr>
<td>1993</td>
<td>16,722,624</td>
<td>77,061,203</td>
<td>21.70%</td>
<td>338,553,439</td>
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<tr>
<td>1994</td>
<td>18,042,642</td>
<td>85,349,194</td>
<td>21.14%</td>
<td>423,902,633</td>
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<tr>
<td>1995</td>
<td>20,771,393</td>
<td>103,550,044</td>
<td>20.06%</td>
<td>527,452,677</td>
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<tr>
<td>1996</td>
<td>19,971,851</td>
<td>102,370,021</td>
<td>19.51%</td>
<td>630,823,708</td>
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<tr>
<td>1997</td>
<td>23,233,847</td>
<td>114,424,665</td>
<td>20.30%</td>
<td>845,248,373</td>
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<tr>
<td>1998</td>
<td>19,845,059</td>
<td>105,229,820</td>
<td>18.86%</td>
<td>104,074,875</td>
</tr>
<tr>
<td>1999</td>
<td>19,818,117</td>
<td>111,196,086</td>
<td>17.82%</td>
<td>115,920,991</td>
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<tr>
<td>2000</td>
<td>25,269,878</td>
<td>140,731,990</td>
<td>17.96%</td>
<td>131,190,869</td>
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<tr>
<td>2001</td>
<td>18,407,253</td>
<td>107,970,570</td>
<td>17.05%</td>
<td>145,598,122</td>
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<tr>
<td>2002</td>
<td>18,255,577</td>
<td>113,245,120</td>
<td>16.12%</td>
<td>156,853,717</td>
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<tr>
<td>2003</td>
<td>16,995,299</td>
<td>128,010,148</td>
<td>13.28%</td>
<td>175,845,416</td>
</tr>
<tr>
<td>2004</td>
<td>21,780,377</td>
<td>168,757,598</td>
<td>12.91%</td>
<td>209,635,975</td>
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<tr>
<td>2005</td>
<td>21,170,843</td>
<td>182,614,393</td>
<td>11.59%</td>
<td>231,806,828</td>
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<tr>
<td>2006</td>
<td>22,664,494</td>
<td>202,698,135</td>
<td>11.18%</td>
<td>255,271,333</td>
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<tr>
<td>2007</td>
<td>26,508,055</td>
<td>219,251,567</td>
<td>12.09%</td>
<td>285,771,890</td>
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<tr>
<td>2008</td>
<td>26,326,558</td>
<td>240,447,789</td>
<td>10.95%</td>
<td>312,808,338</td>
</tr>
<tr>
<td>2009</td>
<td>18,153,900</td>
<td>174,370,531</td>
<td>10.41%</td>
<td>203,674,648</td>
</tr>
<tr>
<td>2010</td>
<td>25,379,359</td>
<td>251,236,390</td>
<td>10.10%</td>
<td>301,808,864</td>
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<tr>
<td>2011</td>
<td>25,758,792</td>
<td>281,437,549</td>
<td>9.15%</td>
<td>308,257,310</td>
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<tr>
<td>2012</td>
<td>23,603,823</td>
<td>270,472,560</td>
<td>8.73%</td>
<td>301,180,864</td>
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<tr>
<td>2013</td>
<td>25,201,256</td>
<td>269,896,778</td>
<td>9.34%</td>
<td>305,441,190</td>
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<tr>
<td>2014</td>
<td>27,422,549</td>
<td>274,026,149</td>
<td>10.01%</td>
<td>313,695,906</td>
</tr>
<tr>
<td>2015</td>
<td>26,409,750</td>
<td>228,619,969</td>
<td>11.55%</td>
<td>280,387,811</td>
</tr>
</tbody>
</table>