

Article

# Impact of crisis on state-society relations: The case of a democratizing Taiwan

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**This study aims to explore the evolving relationship between the state and civil society from the perspective of crisis and its impact on governance type. Theoretically, the study adopts a dichotomous concept of crisis as either dissensus or consensus, and develops a typology of four governance modes that capture the dynamics of state-society relationships to facilitate empirical analysis: adversarial, managerial, network and collaborative governance. Empirically, Taiwan, a nascent democracy and developmental state, and, specifically, the Ministry of Labor are chosen as an instrumental case to demonstrate the historical impact of crises on governance style and the general quality of democracy.**

**Key words:** Dissensus crisis, consensus crisis, governance, state-society relations, democratization.

## INTRODUCTION

Crises are not foreign to any human society's social or political development. Barton (1970) defines crisis as a situation in which "...many members of a social system fail to receive expected conditions of life from the system." Brown and Goldin (1973) argue that crises are inherently political phenomena and should be conceptualized as such. If we take the social and political impact of "crisis" seriously, we can ask questions such as what the impact of crisis is on state-society relations. This is a question that receives scarce scholarly attention, but it is a question that, if answered properly, could yield new insights to better understand the evolution of the interaction between governments and civil society and its corresponding effect on the quality of democracy. This analysis might be particularly useful for nascent democracies that usually undergo dramatic changes in

state-society relations during democratization and wish to understand this process.

To answer the earlier mentioned research question, this study first theoretically reviews the effect of both dissensus and consensus crises, on relations between the government and the non-profit sector. Then, a typology of four public governances is delineated, with a special focus on the relationship between the state and civil society and its forms of interaction: adversarial, managerial, network and collaborative governance. In the second part, a nascent democracy, Taiwan, is chosen as an instrumental case to empirically explore how crises shape general state-society relations historically, specifically examining the impact of crises on the interaction between civil society and the Ministry of Labor (MOL) since its founding in the 1940s. The MOL case

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study:

1. Serves as example to empirically map the relationship between the state and civil society with reference to the four types of public governance and
2. Demonstrates how dissensus crisis versus consensus crisis influence the evolution of state-society relations in practice. Lessons and challenges drawn from theoretical and empirical reflection are provided for researchers interested in similar crisis-governance mapping analyses that examine state-society relations in a nascent democracy.

### Impact of crisis on state-society relations

In public policy studies, there is a research community concerned about the impact of crisis on policy making, particularly its role as a focusing event (Birkland, 1997) or as a disruption of routine to trigger policy change (Boin, 2009; Keeler, 1993; Klein, 2007; Lomborg, 2004). However, we find limited systematic endeavors to examine the effect of crisis on shaping state-society relations in different types of public governance in the process of crisis management.

One theoretical approach that might be helpful to address the issue of crisis in state-society relations and governance is to first distinguish crisis into two categories: dissensus crisis and consensus crisis (Warheit, 1968; Waxman, 1973). One can then study how these two types of crises diverge or converge with regard to the norms, values or actions of the government and civil society. Dissensus types of crises involve sharply contrasting views and conflicts between stakeholders, such as government officials and non-governmental organization leaders. Actors lack consensus regarding the source of crisis or what should be done to resolve it (Stallings, 1973). In contrast, consensus types of crises are characterized by agreement on the norms and values that are appropriate in dealing with the collective stress situation (Quarantelli, 1970). It is worth noting that altruistic norms and behaviors typically spring from a consensus crisis, such as a natural disaster, whereas conflict and social fragmentation normally emerge from a dissensus crisis, such as a civil disturbance.

Argohty (2003) discusses how the 9/11 tragedy is a consensus type of crisis that drew enormous support from the state and civil society. He uses the "mass assault" metaphor coined by Barton (1969) to describe the overflow of individuals and organizations that entered the emergency social system immediately after the terrorist attack with no coordination (Mileti and O'Brein, 1991). However, the massive response and close state-society relations are usually confined to the emergency period. If voluntarism extends to the post-impact and recovery stages, it takes a more structured and organized form (Wolensky, 1979). Xu (2014) explores the change in

state-society relations in the 2008 Sichuan earthquake in China. The quake was considered a consensus crisis that cultivated relatively amicable state-society relations and provided civil associations in communist China with a situational opening for political opportunity. Although most studies view the surge of civic engagement in earthquake relief efforts as a natural outcome of long-term changes in the structural relations between the state and society, Xu (2014) calls for a further examination of how "crisis" plays a role beyond that of a catalyst. Following this line of logic, this study focuses on how crisis introduces conflict to state-society relations, sustaining adversarial or managerial governance, promoting public-private collaboration, and facilitating network or collaborative governance.

### A TYPOLOGY OF GOVERNANCE

Since the 1990s, there has been a global trend that has moved the focus of governing from "government" to "governance" (Ansell and Gash, 2008; Kooiman, 2003; Pierre, 2000; Pierre and Peters, 2005). This transition has been implemented as the domain of environmental governance (Kaika, 2003; Pahl-Wostl et al., 2008; Sonnenfeld and Mol, 2002) or the proliferation of self-local or user governance (Hansen, 2001; Rhodes, 1997, 2000a; Stewart and Stoker, 1995; Stoker, 2000), often under the name New Public Management (Olsen, 1991; Olsen and Peters, 1996). The public sector has been revitalized by introducing new ways of incorporating "users" of public policy, including private institutions, associations, non-state actors, and citizens, into governing.

Several typologies of governance have been explored by scholars to consider various ways of governing. Hall (2011) proposes a typology of the relative power balance between the state and other policy actors as categorical variables (Figure 1). Four models of coordination are examined: hierarchies, markets, networks and community (Frances et al., 1991; Pierre and Peters, 2000). Each mode of governance is related to a specific use of policy instruments, policy positions, the views of non-central actors, and success criteria.

Hierarchical governance through vertically integrated state structures remains an idealized model of democratic government and the public bureaucracy (Pierre and Peters, 2000). However, given the changes in governing because of globalization, the diffusion of information, and increasing public demand, it is increasingly recognized that political decision making is not confined to the formal structures of government (Sørensen and Torfing, 2005). Formal and informal institutions, mechanisms, and processes are widely referred to as governance (Pierre, 2000). As a result, the other three modes of governance based on markets, networks, and communities represent different

|                  | Public actor                                     | Private actor  |
|------------------|--|--|
| Hierarchical     | Hierarchies<br>Nation state and<br>supranational | Markets<br>Marketization and privatization of<br>state instruments |
| Steering modes   | Networks<br>Public-private<br>partnerships       | Communities<br>Private-private partnerships<br>communities         |
| Non-hierarchical |  |  |

Figure 1. Framework of governance typology (Source: Hall 2011).

|                                      |                           | State-Civil Society Relation   |  |
|--------------------------------------|---------------------------|--|--|
|                                      |                           | Conflict   | Cooperation  |
| Mode<br>of<br>Civic<br>Participation | Non-<br>institutionalised | Adversarial governance<br>- Technical<br>adversarialism<br>- Electoral<br>adversarialism | Network governance<br>- Beyond street-level<br>bureaucrat<br>- Beyond organizational<br>boundaries           |
|                                      | Institutionalized         | Managerial governance<br>- New managerialism<br>- New Public<br>Management               | Collaborative governance<br>- Institutionalized<br>multilateral and<br>consensus decision-<br>making process |

Figure 2. Typology of governance (Source: Compiled by author).

mechanisms of non-state actors' participation in the policy-making process and use different instruments of policy intervention.

Beyond the four modes analyzed by Hall (2011), this study constructs a typology that conceptualizes the relationship between the state and civil society. Four categories represent the state-society relationship from the perspective of public governance: adversarialism, managerialism, network and collaborative (Figure 2). Each conceptualization relates to a mode of civic participation in governance that ranges from non-institutional to institutional, and the relationships between the state and society are either conflict- or cooperation-oriented.

### Adversarial governance

Adversarialism consists of technical adversarialism and electoral adversarialism. The former refers to a governing style based on the assumption that technical issues

should be left in the hands of experts due to a deficiency of scientific knowledge in the layperson (Earle and Cvetkovich, 1995; Slovic et al., 1982). Often, the duty of government authorities is to educate the public and bring its perceptions in line with scientific opinion (Rowe and Frewer, 2000). The relationship between the state and society is therefore characterized as conflictual and often involves distrust when officials consider the public incapable and deny them a meaningful and active role in the decision-making process. Therefore, civic participation can only seek non-institutional means. This antagonistic position is exacerbated by electoral adversarialism, in which majoritarian "winner-take-all" electoral rules and institutions provide no incentive to opposing stakeholders to seek common ground (Levi-Faur, 2012).

### Managerialism

In public policy making, managerialism refers to the transfer of the managerial style in the business world to

**Table 1.** Metaphor for role of government.

| Variable                                  | Adversarial | Managerial    | Network                 | Collaborative                       |
|---|-------------|---------------|-------------------------|-------------------------------------|
| Role of government in relation to society | Dictator    | Goal achiever | Co-governor/<br>partner | Co-governing guardian/civic enabler |

Source: Compiled by author.

public governance (Terry, 1998) – the so-called New Public Management (NPM) or “post-bureaucratic” style. To resolve problems with inconsistency and inefficiency, managerialism calls for entrepreneurial management to be borrowed from corporate governance and applied to public organizations (Clarke and Newman, 1993). Privatization or semi-privatization measures were incorporated into the public sector through, for instance, public/private partnership (PPP) or competitive bidding. Marketization was expected to expose the pathologies of government bureaucracy (Kettl, 2000). Under this governance reform, although the mode of civic participation provides some institutionalized channels in comparison with adversarialism, the relationship between the state and society remains tense because marketization shifts public services to those who can pay. Government is less likely to provide services that do not cover marginal costs, and clients are placed above community (Eikenberry and Kluver, 2004).

### Network governance

Network governance has received increasing attention since the 1990s in various fields of social policy (Kooiman, 1993, 2003; Marsh, 1998; Pierre, 2000; Pierre and Peters, 2000; Rhodes, 1994, 1997, 2000b). It entails a governance style beyond the “street-level bureaucrat” and an exercise of management beyond organizational boundaries (Newman, 2004). According to Jones et al. (1997), network governance is characterized by informal social systems more than bureaucratic structure. Network governance challenges professional expertise in public management by creating the need to explore many different options and raising questions about the decision-making process. Rhodes (2000a) contends that network governance is a structural arrangement that provides a non-institutionalized mechanism for the private and the public to interact based on trust and open communication to solve a specific policy problem. Network governance is a way to reduce conflict between the state and society and to informally encourage cooperation.

### Collaborative governance

In contrast to network governance, collaborative

governance refers to an explicit and institutionalized strategy of incorporating stakeholders into a multilateral and consensus-oriented decision-making process (Ansell and Gash, 2008). With the institutionalization of participatory inclusiveness as a primary focus in the decision-making process, the collaborative model is distinct from public-private partnerships. Both types of governance require collaboration between the public and private sectors to deliver services, but collective decision making in public-private partnerships is secondary to their definition and practice.

The role of government in relation to civil society in these four models can be summarized using the metaphors shown in Table 1. Adversarial governance can be conceptualized as (though not equal to) a “dictator” because its decision-making process is characterized by a top-down and closed-door nature that denies civic participation.

The managerial model is a goal achiever that prioritizes efficiently reaching a designated quantitative goal. Network and collaborative governance are both co-governors, but collaborative governance also designs formal structures to “empower, enlighten, and engage citizens in the process of self government” (Smith, 1993). Public administrators in collaborative governance should be held “ethically responsible” for encouraging the participation of the citizenry in planning and providing public goods and services, and the schools of public administration should become “schools of democracy” (Cooper, 1991; Stivers, 1994).

### Taiwan case study

Based upon the earlier mentioned theoretical foundation, this study proposes to examine the impact of crisis on the interplay between the state and civil society from a public governance perspective in Taiwan, a nascent democracy whose democratization experience was coupled with a state-building process after World War II. To provide empirical grounding and a demonstration of this proposition, this study conducts an instrumental case study of Taiwan’s general historical development of state-society relations and then uses the specific case of the MOL and its programs in relation to civil society to explore how crises intervene in the formation of state-society relations and the shift of governance type in different periods.

**Table 2.** State-society relations from diverse forces perspective.

| Year   | 1947-1962                                 | 1963-1978                           | 1979-1990  |
|--------|---|-------------------------------------|--|
| Period | Political forces in absolute command      | Economic forces in relative command | Social forces in mobilization  |
| Crisis | Dissensus crisis:<br>February 28 incident | -                                   | Dissensus crisis:<br>Anti-authoritarian state; Social movements to make claims on the state; Yet once KMT actively took the initiative, students played only passive role; 17 social movements |

Source: Summarized from Hsiao (1990).

### Historical review of state-society relations in Taiwan

Historically speaking, state-society relations in Taiwan from the 1940s to the 1990s entail a mixture of state-building and democratization processes (Chou and Nathan, 1987; Myers, 1987). Whereas, the main concern of Kuomintang (KMT) in the post-war era, as a single-party government in the Republic of China on Taiwan, was to suppress dissent and secure governing legitimacy, issues related to civil society among the dangwai (outside party) non-governmental underground organizations, intellectuals or students in Taiwan before the 1990s were closely linked to anti-authoritarian movements.

The nature of the relationship under these circumstances was conflictual rather than cooperative, whereas the governance style remained adversarial. In the late 1980s, under pressure to develop Taiwan's economy and the international trend of NPM, KMT began to promote the privatization of state-owned enterprises (SOEs), which marked the beginning of a managerial governance style. Starting in 1994, SOEs such as China Steel, China Oil, YangMing Marine Transportation, and BES Engineering were gradually privatized to promote managerial efficiency and to attract investment from both domestic and international markets (Chang, 1986; Crane, 1989; Liou, 1992; Lu, 1985).

According to Hsiao (1990), a distinguished sociologist in Taiwan, three major forces are responsible for the transformation of state-society relations in this nascent democracy (Table 2): political, economic and social forces. Among these three forces, two forces were triggered by political or social crises. The first period of political force was characterized by a dissensus crisis of the anti-tobacco state monopoly or the general anti-state movement of the incident on February 28, 1947, which resulted in thousands of deaths and the beginning of the white-terror era (Wu, 2005). The third period of social force featured as many as 17 different social movements reflecting dissensus crises by the end of 1988 (Hsiao, 1990). Most of these social movements not only complained about inaction by the state in response to social problems but also invoked the protection of minority rights, including the Hakka Rights Movement

(1988), the Handicapped and Disadvantaged Welfare Group Protests (1987), and the Aboriginal Human Rights Movement (1983). Civil society pushed the government to make changes in public policy and to maintain accountability to the public.

Taiwan's state-society relations can also be understood from the perspective of the student movement. Wright (1999) presents a detailed history of student movements in Taiwan after the end of World War II (Table 3). This historical account, with five distinct periods, reveals an adversarial style of governance with rare cooperation, at least until the 1990s. This period is characterized by antagonistic state-society relations with numerous dissensus crises marked by sharp disagreements between government and civil society. Moreover, due to martial law (1949 to 1987), the mode of civic participation in governance has no legal or institutionalized basis. Student movements are often joined by intellectuals from the dangwai, which is a force outside the KMT party.

### MOL CASE

In addition to the general analysis of state-society relations in Taiwan, the study use the MOL as a specific case for careful scrutiny and analysis to understand how crisis affects the shift in governance type in relation to the evolution of state-society relations. The MOL is an instrumental case because civil society in Taiwan, which represents an archetype of a developmental state with extensive government intervention to achieve an extraordinary rate of economic growth (notably, in the 1980s) (Clark and Lam, 1998; Evans, 1995; Öniş, 1991), has historically and currently worked closely with the MOL, either opposing its labor-related policies (Ho, 2003) or depending on the MOL's governmental funding.

Recently, the MOL was upgraded from the Council of Labor Affairs (CLA) under the Executive Yuan in February 2014. For the purpose of historical analysis, the study divided the development of the agency into five phases since its founding after World War II (Table 4). If these five agency development phases are categorized based on the relationship between the state and civil society, four distinct periods of state-society relations can

**Table 3.** State-society relations from student movement perspective.

| Year   | 1940-1970s   | 1980s   | 1986   | Late 1980s   | 1990   |
|--------|--|---|--|--|--|
| Period | Severely restricted university campuses  | Cracks in the political opportunity structure   | Civil Society Emerges at NTU   | Spread of Campus Activism  | Disjointed Student Civil Society Rises   |
| Crisis | Dissensus Crisis: "Protect the Diaoyutai Islands" (Bao Diao) student movement in 1973; Some students joined Dangwai activities in 1977 | Dissensus Crisis: 1977 Chung-li incident; 1982 Big Discussion Society pressed for a direct election of NTU's student government chair; 1985 pro-reform student representatives call for support direct election again | Dissensus Crisis: 1986 off-campus protests against the building of a Du Pont chemical plant in Lukang; 1986 representatives of 50 campus groups signed a letter calling for an end to the publication pre-screening system | Dissensus Crisis: 1987 inter-campus university reform alliance movement  | Dissensus Crisis: Sanyue movement (Month of March movement) – largest student movement in ROC history "Four Big Demands" |
| Impact | -  | KMT added new supplementary seats to National Assembly; Dangwai candidates received 30% of vote   | -  | Chiang Ching-kuo himself publicly declared his desire to push for university reform/topic also scheduled in Legislative Yuan | -  |

Source: summarized from Wright (1999).

be identified:

1. The worker-suppressing period (1949 to 1999).
2. The unionism-surgency period (1987 to 1999).
3. The civil society-networking period (1999 to 2008).
4. The civil society-collaborating period (2008 to 2013).

**Worker-suppressing period: 1949 to 1987**

Phase I is characterized by a dissensus crisis of martial law lasting from 1949 to 1987, when a state of emergency was declared due to war between nationalists in Taiwan and communists in Mainland China. Under martial law, this period exhibits characteristics of adversarial governance where strict political censorship was implemented

and political gathering, association, petitioning, and striking were prohibited in Taiwan. Consequently, formal forms of civil society were severely suppressed or nonexistent. The Labor Bureau under the Ministry of Interior (the founding body of today's MOL) introduced no programs related to civic participation. The KMT regime did not differ significantly from the Chinese Communist party in establishing party branches and officials within factories for tight labor control (Walder, 1983). The relationship between the state and civil society was characterized by tension and conflict in a typical adversarial governance style. Workers' grievances came mainly from the KMT domination and state suppression. Their only outlet was to rally for support outside the party (dangwai). After workers completed their work, dangwai magazines were brought into the factory operating room, which is

how anti-KMT ideas were disseminated in the factories (Wu, 1996).

**Unionism-surgency period: 1987 to 1999**

As Taiwan entered phase II after the lifting of martial law in 1987, it joined the third-wave democratization movement worldwide (Huntington, 1993). For instance, the first direct presidential election was held in 1996, and space subsequently expanded for civil society to grow. In 1987, the Labor Bureau under the Ministry of Interior was also upgraded to a central government agency and was named the Council of Labor Affairs (CLA) under the Executive Yuan, symbolizing the state's new policy orientation and effort to improve conditions and strengthen protection for workers. However, the governance style in this nascent

**Table 4.** MOL-society relations historical development.

| Year                                      | Phase I   | II  | III   | IV   | V  |
|---|---|---|---|--|--|
|   | 1949-1987   | 1987-1999   | 1999-2008   | 2008-2011  | 2011 –onward   |
|   | (1) Worker-suppressing period                               | (2) Unionism-surging period   | (3) Civil society-partnering period   | (4) Civil society-collaborating period   |  |
| Crisis                                    | Dissensus crisis: 1949 forced implementation of martial law | Dissensus crisis: Surge of labor movement                             | Consensus crisis: 1999.9 earthquake   | Consensus Crisis: 2008 global economic crisis/2008.8 Typhoon Morakot                           |  |
| Office                                    | Ministry of Interior, Labor Bureau                          | Upgraded to Executive Yuan, Council of Labor Affairs                  | Same  | Same   | Upgraded to Ministry of Labor in 2014. 2   |
| Program related to civic participation    | None  | None<br>Top-down allowance/substitute to disaster- affected residents | Sustainable Taiwan Development Employment Program STDEP 2001-02; The Multi- Employment Promotion Program (MEPP 2002-) | Cooking for new empowerment employment program (EEP); Promote the concept of social enterprise | 2011 establishment of social economy promotion bureau; 2012 empowerment employment program |
| Role of state to society; Governance mode | Dictator; Adversarial governance                            | Top-down governance type; Adversarial governance                      | Managerialism (PPP) partner/ co-governor network governance   | Promote self-government; co-governor; network governance                                       | Civic enabler; - collaborative governance  |

Source: Compiled by author.

democracy during phase II was still adversarial, practicing top-down, one-way communication. The government's consistently adversarial governing position, even after the lifting of martial law in 1987, led to more dissensus crises, represented by a surge of labor movements reinforced by stronger union control – an institutionalized mode of civic participation in governance and the rise of the newly formed Democratic Progress Party (DPP) opposition.

Specifically, the rise of unionism during this period originated during the two weeks after the lifting of martial law in July 1987. Residents of the

Houching neighborhood blocked the gate of the state-owned China Petroleum Corporation (CPC) Kaohsiung refinery plant (Ho, 2003).

Social index statistics in Taiwan also recorded a sudden rise in industrial disputes, which skyrocketed to 1443 in 1987 and 1485 in the following two years<sup>1</sup>. Elsewhere, many labor disputes were related to privatization policies conducted by the KMT government pursuing the New Public Management style of managerialist governance.

The state-society relationship remained conflictual under the above dissensus crises

rather than cooperative until the 2000s. For instance, the Local One chapter of the Taiwan Petrochemical Workers' Union (TPWU), which consisted of state-owned CPC employees, continued to defend labor rights during the privatization process which marks the transformation from adversarial to managerialist governance. The UPWU president even claimed that the union would forever be an opposition

<sup>1</sup> See data in "Zhonghua minguo Taiwan diqu shehui zhibiao tongji" (Statistics of social index in the Taiwan area, ROC) (Taipei: 1996)

party<sup>ii</sup>. The relationship between the state and society, as the managerialism theory predicts, remains tense due to the fact that privatization and marketization system favor those who can pay for the public service and ignore those who cannot not pay.

### Civil society-networking period: 1999 to 2008

The conflictual state-society relations experienced a sudden change in 1999 that was triggered by a rare consensus crisis that is natural disaster in its nature: the second-deadliest earthquake in Taiwan's recorded history, which occurred on September 21, 1999. The state-society relation changed from antagonistic to a more partnering type of relation. Namely the governing mode transformed from managerial governance to network governance emphasizing the exploration of non-institutionalized mechanism for the private and the public to interact based on trust and open communication. The so-called 921 earthquake, or the Jiji quake, killed 1,415 people, injured more than 10,000 people, destroyed more than 50,000 buildings, and damaged another 50,000 buildings<sup>iii</sup>. The earthquake instantaneously created environmental and social problems that were beyond the reach of any single government agency, which are the principal actors in adversarial governance or any particular PPP which dominates managerial governance. Naturally, the disaster became a focusing event (Birkland, 1997) that reprioritized the policy agenda and resource distribution of government agencies such as the MOL. The earthquake also brought together the resourceful private and non-private sectors for post-disaster relief efforts. A senior officer in the MOL recalled.

After the 921 earthquake, we witnessed for the first time in Taiwan's history the sudden concentration of a resourceful civil society pouring into a single area, in this case, Nantou County...to collectively solve problems.... It was also the first time government tried to work with civil society to solve problems together.... No one knows what to do and we are all learning.... Our agency attempted to emulate the concept of the third sector employment program from the European Union at that time and encouraged the third sector in Taiwan to come up with innovative proposals for solving social problems. Coupled with the post-disaster reconstruction work, our agency, with the cooperation of the civil society, proposed a "Sustainable Taiwan Development Employment Program", STDEP (Senior Officer, Ministry of Labor, ROC, 8 November 2013 face-to-face interview).

After a few years of post-quake reconstruction efforts, in 2002, the Council of Labor Affairs (CLA), formerly the MOL, expanded STDEP by issuing a more comprehensive, island-wide scale of sustainable employment through an engineering project later named "The Multi-Employment Promotion Program" (MEPP). Beyond using passive labor market policy, such as

providing unemployment and insurance, MEPP followed the EU's (1997) experimental "Third Sector, Employment, and Local Development" plan. MEPP called for two types of proposals from non-governmental organizations to cultivate new talent, especially among minority groups, for sustainable employment in the third sector. These two types of proposals were the economic type, including mechanisms for selling goods or generating new local businesses, and the social type, emphasizing the delivery of social services. The general implementation of MEPP is shown in Table 5.

After the CLA centrally implemented MEPP, two problems emerged: the slow evaluation of applications due to limitations of CLA staff and a mismatch with local needs. A senior officer in the current MOL commented:

We received lots of complaints from the applicants in the first year of MEPP because the central reviewing process took too long, and our application evaluators cannot go down to each applicant's community to understand their real needs (face-to-face interview on 8 November 2013).

To expedite the application evaluation process and further match the grant proposals to local needs, three new mechanisms were introduced:

1. Decentralization
2. Public-private partnership (PPP), and
3. The inclusion of a "middle man." Again, this type of governance exhibits characteristics of network governance.

First, the CLA released its centrally controlled evaluation power to the five local branch offices in Taiwan, which understand their own local needs and the statuses of applicants: the Taipei-Keelung-Hualien-Kinmen-Matsu Branch, the Taoyuan-Hsinchu-Miaoli Branch, the Taichung-Changhua-Nantou Branch, the Yunlin-Chiayi-Tainan Branch, and the Kaohsiung-Pingtung-Penghu-Taitung Branch. Second, each branch office was matched with a private establishment (a company, an NGO, or a university) to assist with the management and implementation of MEPP. This government outsourcing mechanism of public-private partnership (PPP) transformed the governance style of the MOL from was initially resisted by local branch offices due to a lack of experience and reluctance to assume central responsibility for the MEPP application results. One managing officer of MEPP explained:

It took us at least five years, between 2001 and 2006, to teach each branch office to successfully assume the new responsibility of hosting the evaluation of MEPP proposals, aside from the original mission of referring

<sup>ii</sup> While "The Union is a Pressure Group and Forever an Opposition Party," Shiyou laogong (Petroleum Workers) (Kaohsiung), no. 324 (April 2000):

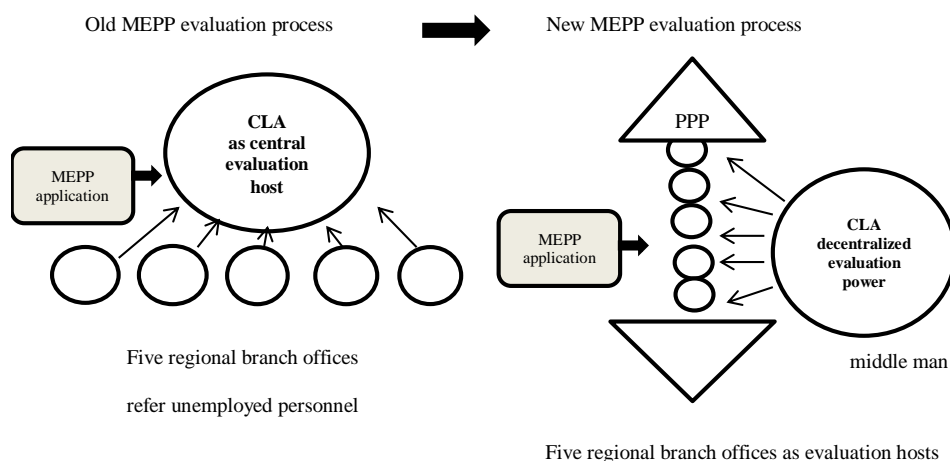
<sup>iii</sup> See more data by the National Fire Agency, Ministry of the Interior, R.O.C.



**Table 5.** MEPP implementation status.

| Year/Type of plan | Budget (NT4 billion) | # of plans passing evaluation | # of persons passing evaluation | # of participants |
|-------------------|----------------------|-------------------------------|---------------------------------|-------------------|
| 2003              | Social               | 378                           | 1,789                           | 5,423             |
|                   | Economic             | 224                           | 1,830                           |                   |
|                   | Subtotal             | 602                           | 3,619                           |                   |
| 2004              | Social               | 168                           | 1,300                           | 4,252             |
|                   | Economic             | 137                           | 1,011                           |                   |
|                   | Subtotal             | 305                           | 2,311                           |                   |
| 2005              | Social               | 328                           | 8,185                           | 11,624            |
|                   | Economic             | 190                           | 1,546                           |                   |
|                   | Subtotal             | 518                           | 9,731                           |                   |

Source: Assembled from research, development, and evaluation commission, executive Yuan (2006).

**Figure 3.** Previous vs Current MEPP evaluation process.

unemployed persons.... At first, our secretary general needed to go down to each branch office and host the evaluation meeting as chair and teach them.... Eventually, the Taichung-Changhua-Nantou Branch was the most successful since it is located in the 921 earthquake zone where the most resourceful private sector organizations gathered" (Interview, 8 November 2013).

Finally, to ensure that the needs of the applicants were well understood during the evaluation process, a "middle man" who understood the functioning of the government and was a member of or close to the private sector was invited to participate on the evaluation committee. One MEPP officer noted:

This introduction of a middle man generates a transformation in the relationship between the state and civil society from a critical attitude to a communicative nature.... We continue to expand the list of MEPP evaluation committee members to make sure diverse viewpoints are taken into consideration and proposals

are well evaluated" (Interview in November 2013).

This inclusion of a "middle man" further changes the governing style of the MOL from managerial to network governance or a primitive form of collaborative governance. The "middle man" plays a larger role than the "street-level bureaucrat" and creates informal or formal opportunities for government and representatives from civil society to interact and communicate their concerns.

In this network type of governance, the role of the government in relation to civil society gradually evolves from that of a manager to that of a partner, emphasizing coproduction effort to solve social problems. An administrator from the Taoyuan-Hsinchu-Miaoli Branch office commented,

Over the past few years, public agency is transforming our role...from a manager's position when the civil society was still weak...to the role of advisor or more of a companion.... We are there to be with the NGOs and

grow with them” (phone interview on 25 November 2013 with administrator in Taoyuan-Hsinchu-Miaoli Branch).

### Civil society collaborating period: 2008 – Onward

Two more consensus crises in 2008 pushed the MOL and civil society to rethink their current MEPP policies, their networking relationship, and eventually how to institutionalize their cooperation with the society for long term - a characteristic of collaborative governance. One consensus crisis was the global financial crisis, which began in the second half of 2008. The other was Morakot, the most deadly typhoon in Taiwan’s recorded history, which resulted in 673 deaths and more than \$3 billion in damage<sup>iv</sup>. Several NGO representatives commented during our interviews from October to December 2013 that the 2008 financial crisis created difficult circumstances for NGOs, which rely on donors who suddenly stop donating during an economic depression. After the economic crisis, sustainability emerged as the primary challenge of NGOs, and their dependence on government was not feasible in the long term. The MOL turned to social enterprise or social economy based on the European experience, hoping to assist some NGOs to transform or add a new division of social enterprise to generate revenue that would enable self-sustainability.

On 5 December 2011, the Office of Socio-Economic Development<sup>v</sup> (OSED) was established under the Council of Labor Affairs. OSED’s mission is to “enable”, “connect”, and “support”<sup>vi</sup> the social economy by overseeing the implementation of MEPP by the five employment branch offices and to find innovative approaches to promote the concept and practice of social enterprise in Taiwan. OSED’s vision and practice serve as an example of network governance in which resources are informally shared and communication is facilitated. Taiwan’s newly emerged network governance practice, in which the government has sought closer partnership with civil society due to the 2008 financial crisis, is contrary to some scholars’ observations (Bevir and Rhodes, 2010; Stoker, 2011).

Davies (2011) argues that “the high tide of networked governance may have passed” with the international crisis of the late capital event of 2008, and the state and its hard power are turning out to be important after all. In Taiwan, the state, represented by the MOL in this case, went “soft” instead of “hard” after the 2008 consensus crisis and sought a wider range of cooperation from civil society. On 10 May 2012, OSED proposed a new and more flexible Empowerment Employment Program (EEP) to empower NGOs and existing social enterprises and to incubate new social enterprises. A senior officer of the MOL explained the EEP:

EEP is a response to the reflection on the implementation

of MEPP over the past years. MEPP has rigid rules and structure. It needs innovative space. EEP attempts to provide that innovative space.... The economic type and social type of proposal division are also cancelled in the new EEP application.... No distinction needs to be made and we create a new funding category for the private sector to hire their preferred professional advisor that we are not in a good position to refer to or expertise that our Employment Training Workshop cannot provide.... We hope that the private sector, especially NGOs, will eventually be free from government substitution and lower their dependence on public agency” (interview on 8 November 2013).

The EEP is a new attempt to promote the sustainable development of NGOs and the concept of “self-government”, a characteristic of collaborative governance and stronger democracy. By revising the original strict framework of MEPP, the MOL further decentralized its decision-making power to civil society and released more resources for NGOs or social enterprises to attain their mission. OSED also institutionalized new methods for civil society to participate in public policy planning. For example, according to interviewees in the MOL, OSED organized three interministerial meetings in 2012 to 2013 to discuss the promotion of social enterprise and related issues, such as the future drafting of the Social Enterprise Bill. In these interministerial meetings, several NGO leaders were invited to provide alternative input from the perspective of civil society.

In addition to the introduction of a “middle man” in the MEPP evaluation process in phase III and the inclusion of an NGO leader in selected interministerial meetings in phase V, more formal channels must be institutionalized to further expand civic participation in the formal decision-making process to transform from network governance to collaborative governance. This expansion of civic engagement coincides with the needs of civil society.

If we take a cursory view of Taiwan’s state-society relations, the graph depicted by Figure 4 coincides with the account of MOL development and reveals a consistent developmental trend of civil society in Taiwan. Its peak development was reached around 1999, marked by the consensus crisis of the 9/21 earthquake, and remained constant. The continuous upward trend of civil society growth also coincides with political or democratization

<sup>iv</sup> More info on the ROC Central Weather Bureau website at [www.cwb.gov.tw](http://www.cwb.gov.tw).

<sup>v</sup> Since February 2014, under the new Ministry of Labor structure, OSED has been dismissed, and its original tasks have been merged into the Division of Disabled and Specific Groups.

<sup>vi</sup> <http://talent.tsvtc.gov.tw/inside.aspx?id=7a31a78d-627a-479c-987e-f94b45255d81> (accessed on 20 February 2014) 1). Enable: introduce concept of social investment market and social impact index to Taiwan, encourage private sector to adopt, and invest in social enterprise; (2) connect: connect corporate business to social enterprises and form an ecological system for mutual empowerment; (3) support: the role of government is to provide an enabling environment for social enterprises (plan Social Enterprise Incubation Center).



**Figure 4.** Civil society and democratization development in Taiwan (Source: Graph generated from Varieties of Democracy (V-Dem) online analysis in <https://v-dem.net/DemoComp/en/>, accessed on Feb. 2, 2015).

development, represented by electoral and participatory democracy in the graph below, with sharp upward growth in 1996 marked by the first direct presidential election. The evolution of state-society relations in Taiwan also tells the story of a democratizing Taiwan.

## CONCLUSION

This study demonstrates that if we take seriously Brown and Godin's argument on conceptualizing crises as political phenomena (1973), we can study state-society relations or democratization phenomena from an alternative crisis-oriented perspective. As the case study demonstrates, whereas dissensus type of crisis tends to diverge values or actions of the government and civil society, consensus crisis triggers their collaborative behaviors and improve their relationship.

Although taken into consideration of other related political and social development, "crisis" is not the only factor for democratization and it can only be considered as a catalyst to boost the process. In the Taiwan empirical case, during the shifting of governance type from adversarial to network or collaborative, "crisis" appears as a recurrent theme. In particular, the consensus type of crisis, illustrated in the MOL case, had worked as catalyst or window of opportunity to expedite the change of norms and values held by both public agencies and NGOs and redistribute resources to a wider stakeholders to solve the crises that cannot be dealt singlehandedly by the public sector. In times of consensus crises, they not only view each other's functions and

responsibilities differently but also undergo further democratization related changes such as decentralization of rule and implementation and introduce the practice of citizen participation mechanism. For instance, the MOL initiated decentralization efforts to better serve the public and increase efficiency, and NGOs no longer stand as outsiders pushing for policy change but have been offered opportunities to participate in formal decision making meetings. Together, the state and civil society have partnered to solve crisis-related social problems. Consensus crises in Taiwan offer a political opportunity for the practice of network and collaborative governance, at least for the short term.

Nevertheless, this analysis does not reach a definite conclusion but only offer an alternative approach and an illustrative example to study relationship between the state and society from a crisis-oriented view. Several challenges and questions remain to be studied in future research. These questions are mainly related to the challenges of sustainability and the weight of crisis as a factor to improve state-society relation against other factors. For the simplicity of analysis result demonstration, the Taiwan case illustrates a seemingly linear development of governance types from adversarial to managerial, network and collaborative governance from the 1940s to the present. However, these governance types are not mutually exclusive and the democratization process is more complex than that. Within the same period, different governance modes might coexist, both consensus and dissensus types of crises might occur simultaneously cancelling each other the transformative effect, and there are other factors that might interrupt the

transformation process.

For instance, while the MOL is experimenting with network or collaborative types of governance through its MEPP program and closer partnership attempts with NGOs, numerous small social crises, or so-called dissensus crises, have occurred simultaneously. On 7 January 2015, civic groups rallied in front of the MOL building to protest the failure of the proposed amendment to the Labor Standards Act to shorten work hours for the "overworked nation"<sup>vii</sup>. On Labor Day in May 2014, more than 10 labor groups and unions gathered in front of the MOL headquarters to demand workers' rights and improved welfare in relation to trade liberalization, the privatization of SOEs and bank mergers. The parade was joined by the Sunflower Movement student activists<sup>viii</sup>. This type of state-society relation is confined to an adversarial governance mode, whereas the MOL also practices network governance in other programs.

In other words, state-society relations in different governance modes are like the "wave" of democratization coined by Huntington (1993). The democratization wave can move forward, but it can also reverse. If the voice of dissensus crises in a society is louder than the cooperative spirit that consensus crises can bring to a society, state-society relations may still involve disagreements, and network or collaborative governance may be a temporary amicable status that is subject to change. Barber (1996, pp. 144) describes the nature of democracy as "a process, not an end; an ongoing experiment, not a set of fixed doctrines". Sustaining the good practices of a democracy requires collective learning by all stakeholders.

Although the governance type in democracies may vary depending on the crisis, if the democratic spirit remains intact, there is always room for improvement. A democratizing Taiwan struggles constantly to find its path for the well-being of its citizens. Taiwan's experience can serve as an example for other nascent democracies or even non-democratic regimes for future governance change.

## Conflict of Interests

The author has not declared any conflict of interests.

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