



The Other China *Changes Course* **TAIWAN**

Candles and confetti mark a Taiwan TV station's 30 years of success. Lasting autonomy and new prosperity give the whole island reason to celebrate, even in the shadow of mainland China.

By ARTHUR ZICH

Photographs by JODI COBB
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Hero to the rank and file, Sun Yat-sen personifies freedom on National Day, October 10, which celebrates the 1911 revolution inspired by Sun that overthrew China's last dynasty.



A blizzard of streamers engulfs Taiwan's 1992 baseball champs, the Brother Elephants. Growing in number, fans enthusiastically support the island's only professional sport.



Choking the streets of Kaohsiung at rush hour, motorcycles are a commuter's best friend; islandwide, some ten million—one for every two people—vastly outnumber cars and trucks.

“YOU’RE A GARBAGE HEAP!” cried the legislator. “You’re the fattest cockroach feeding on the garbage!” his political opponent shouted. It was but one moment in a session of the Li-fa Yuan, the

highest lawmaking body of Taiwan, characterized by shouting and bloody brawls that have sent at least three parliamentarians to the hospital.

“Nothing to get excited about,” my friend Sen Hong Yang said later over Chinese tea in a Taipei teahouse. “Just another day at the Li-fa Yuan.”

Only a few years ago such an exchange in the staid halls of the Taiwan congress would have been unthinkable. Now it symbolizes a sea change in the government and politics of Taiwan—the first prosperous, stable democracy in the history of the Chinese people.

This new Taiwan is nothing like the bleak island garrison I knew when I first went there as an interpreter for the United States Air Force in 1958. Then, the Cold War raged, and Taiwan was among the poorest and most precarious outposts in “Free Asia.” The shadow of communist China loomed, just a hundred miles away across the Taiwan Strait. Only U. S. economic and military aid kept that colossal dragon at bay.

By the time I arrived, the U. S. Seventh Fleet commanded the strait, and U. S. B-52s cruised the skies overhead. On Quemoy and Matsu, Taiwan’s islets near the mainland coast, artillery batteries buried deep in concrete bunkers exchanged bombardments with communist gunners in Fujian Province. When I flew into Quemoy back then, the strain was ragged and constant. I have never forgotten the granite-cracking thunder of those shells—or that first realization that out across the water people were actually trying to kill me.

Times change. Today U. S. assistance is long gone, and Taiwan, officially the Republic of China, is one of the largest economic powers in the region.

But Taiwan could hardly have traveled a more tortuous road to reach its success. In 1949 China fell to the communists. The battered army of Nationalist Generalissimo

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“Speak the truth, do the right thing, perform real service,” urges independent candidate Hong Tsung Lin, campaigning—unsuccessfully—in Kaohsiung last year. In that election voters chose the entire parliament from a multi-party slate for the first time, a milestone in the move from authoritarian rule to democracy.

Outside parliament in the capital of Taipei, Po-yu Wu protests for freedom of speech. Her husband, Hua Huang, was in jail for promoting Taiwan’s independence from China—his fourth incarceration for rebellious acts.

Chiang Kai-shek fled to China’s offshore possessions with two million refugees. All that was left of the Nationalists’ dominion was the mountainous, 230-mile-long island of Taiwan; the Pescadores, a cluster of rocky wind-swept islands in the center of the strait; and the garrison islets of Quemoy and Matsu lying in sight of the China coast.

Chiang’s followers maintained that they would once again rule one China under the Nationalist flag. They made Taipei, Taiwan’s largest city, their capital-in-exile until they could regroup and recapture the mainland. Their chances for achieving reunification seemed to wane with each passing year, but their policy toward the communists remained resolutely based on no contact, no negotiation, and no compromise—the “three noes.”

Nationalist legislators, who had been





Strained relations

Populated mostly from China's Fujian Province after 1600, Taiwan gave refuge to Chiang Kai-shek's Nationalists when Mao Zedong and his troops took over the mainland in 1949.

Nationalist Taiwan (the Republic of China) considers itself the rightful government of all China. Yet each side—the hard-driving capitalists in Taiwan and the hard-line communists in the People's Republic of China—wants reunification only under its own system. Meanwhile, Taiwan has become an economic powerhouse, centered in Taipei (above).



elected on the mainland as representatives of all China in 1947, kept those positions in Taiwan for more than 40 years. In effect the Nationalist Party and the Taiwan government were one and the same, and their legitimacy rested on the principle of one China. On that point they would brook no argument. And so, in practice, they added a fourth “no”: no political dissent by native Taiwanese. Wielding the authority of martial law, the Nationalists restricted free speech, press, and assembly; prohibited opposition parties; and punished dissenters with jail, torture, even death. They sought to cultivate a sense of “Chineseness” and suppress the islanders’ separate identity as Taiwanese, even banning Taiwanese history in the schools and the Taiwanese dialect from public life.

On February 28, 1947—a date Taiwanese bitterly remember as *er-er-pa*, “two-two-eight”—an incident occurred that further explains the resentment native Taiwanese still feel for the mainlanders. On that day Nationalist police beat an old woman selling black-market cigarettes, then fired into the crowd

that formed in protest. All over the island Taiwanese rebelled and rioted. No one will ever know the exact number of Taiwanese killed, but a recent study sanctioned by the government reports that it may have been as many as 28,000.

POLITICS ASIDE, it is almost impossible today to tell the difference between Taiwanese and mainlanders. Among the native Taiwanese, reverence for things Chinese runs deep, and I saw it surface in countless ways in their daily lives. In the pre-dawn stillness of the hills behind Taipei’s stately old Grand Hotel, I joined scores of early risers in *tai-chi chuan*, the ancient Chinese exercise ritual. At the 18th-century Lung Shan Temple, I watched worshipers stream in, each to light a joss stick, say a prayer, and leave a fragrant jade orchid blossom to Kuan Yin, the Buddhist goddess of mercy and the most beloved of China’s deities. One night in Taipei’s “Snake Alley,” with the blaze of neon Chinese characters flashing in the puddles underfoot, I watched hawkers snatch live cobras from their cages, slit them open, and mix the blood with herbs and wine into a Chinese potion believed to restore potency. Wizen old men guzzled it down on the spot.

I found Chineseness in little touches too. One afternoon over a bowl of noodles at a tiny sidewalk shop, I was reading the poet Li Pai, who wrote in the eighth century during China’s Tang dynasty, when a young Taiwanese waitress looked over my shoulder and began reading with me. “Li Pai’s my favorite poet too!” she exclaimed. In Lukang, an old fishing port on the Taiwan Strait, I met Li Sung-lin, an elderly but spry wood-carver. His tiny house was jammed with his carvings of the gods and demons of Taoist myth. He greeted me with a viselike handshake and a welcome in classical Chinese: “Is it not indeed a pleasure when friends visit from afar!” It was the opening of *The Analects of Confucius*.

But Taiwan’s Chineseness is best reflected in a kind of joie de vivre at simply being Chinese among other Chinese, the more the better. I got a taste of this with my friend Sen Hong Yang at the annual Dragon Boat Festival at the lovely country town of Ilan. We were standing on a bridge over the Ilan River watching the long, slender dragon boats racing by below. The cheering crowd around us

was so thick we couldn't move. The din of firecrackers was earsplitting, and we could barely see the water through the smoke.

Suddenly the squeal and clank of Chinese horns and gongs joined the cacophony as a mummers' parade of Taoist deities pranced onto the bridge. Just then the sky opened and it began to pour. Sen Hong and I looked at each other. There was no need for words. Soaked to the skin, water running off our noses in cascades, we simply stood there, arms around each other, laughing. It was *jen-ching-wei*—that intangible joy of being Chinese.

DESPITE their common culture, a great gulf still separates the two Chinas. No formal peace has been declared, and direct travel is still prohibited. But martial law is gone from Taiwan. And now the islanders look toward the mainland less in fear than with an eye toward business investment where labor is cheap, workers are plentiful, and construction costs are low. Indeed many Taiwanese firms have already moved—an underwear factory to coastal Shanghai, a baby-food manufacturer to Beijing, and a tomato-packing plant to the far northwest.

By 1993 Taiwanese investments in mainland China, pouring in mostly through Hong Kong, reached 8.9 billion dollars. Trade

between the two sides was worth more than seven billion dollars. And the two were continuing negotiations to improve relations.

I saw the effects of this thaw everywhere. On Quemoy the military's guard was still up, but the atmosphere resembled a college campus more than an embattled outpost. Not long after my visit the military returned both Quemoy and Matsu to civilian control.

But the biggest change was on Taiwan proper. Close to 300 newspapers, many of them sharply critical of government policies, were thriving.

The native Taiwanese were asserting their identity in ways I had never seen before. Of the nearly 21 million people on Taiwan, 85 percent are descendants of Chinese who emigrated from Fujian Province and elsewhere along the coast between the 1600s and 1949. Like the mainlanders, they speak Mandarin, but they also speak Min-nan hua, the old Fujian dialect that the Nationalists had banned.

"In grade school we were fined a dollar for every Taiwanese word they caught us using," recalls Fan Yun, a 24-year-old Taiwanese graduate student at Taiwan University. "We had to wear a sign around our necks that said, 'I was bad. I spoke Min-nan hua.'"

Three years ago Fan led the island's first major student demonstration—a week-long sit-in of 3,000 students at Taipei's Chiang

Kai-shek Memorial. She does not mince words. "We don't want to live under a mainland regime," Fan said. "The old leaders here were outsiders. To them, Taiwan was a hotel. They reckoned they were going back to the mainland, so they spent huge sums on the armed forces and next to nothing on roads, rails, and harbors. We Taiwanese have never been our own boss. We want independence."

BY THE TIME I LEFT TAIWAN, all but one of the Nationalists' political prisoners, who were jailed for advocating independence from China, had been released. The exception was George Chang, 56, a native Taiwanese and a leader of the independence movement for 30 years.

I visited Chang inside Taipei's Tu Cheng prison. We sat at a simple table in a bare room. Chang's skin was pale, his eyes rimmed with red. He told me he had recently been diagnosed with heart trouble and hypertension.

Chang told me in a soft, quaking voice how the government revoked his passport when he was a student at Rice University in Texas 30 years ago. He and his wife, Tina, became U. S. citizens. But when they returned to Taiwan in 1991, the Nationalists detained them at the airport. "They wanted to deport me," Chang said. "I said, 'Taiwan is my home.'"

They sentenced Chang to five years in jail on charges of conspiracy and sedition, accusing him of "stealing the national territory"—the Nationalist phrase for advocating independence. "How can I steal it?" Chang asked me. "I was born here. It's mine!"

One day I came across Mr. Yin, an old Nationalist soldier whose claim to Taiwan was no less valid than Chang's. Yin had lived in Taiwan for nearly 50 years.

It was a typical Taipei afternoon. The day was overcast, the air muggy and thick with smog. I was strolling a residential section of the city known as Number 7 Park. Old men sitting on low stools kibitzed over a match of *wei-chi*, a popular board game. In the shade of a wine red bougainvillea, an old woman snipped turnip greens. Tawny hens pecked and strutted in the lane.

Mr. Yin, a bald, apple-cheeked man wearing a sleeveless undershirt, denim shorts, and flip-flops, lived at Number 17, Alley 21. He had just passed his 80th birthday, he told me proudly, but still rose before dawn and pedaled his daily paper route to 300 homes. Leaning his bicycle against a whitewashed wall, Yin told me of a life that had come full circle.

In the early days of exile the Nationalist government wanted to make this 25-acre tract into a park. But they were forced by the flood of refugees from the mainland descending on the



Veiled against the sun, women sort electronics trash—much of it originally imported from the United States—at a government-run yard near Kaohsiung. Recovered metals earn big profits on this mineral-poor island, but the expense of controlling pollution during the extraction process has put the industry in jeopardy.

Taiwan's future lies in its own electronics industry, especially now that the manufacture of labor-intensive goods—the foundation of recent wealth—is being driven by high wages to cheaper locations elsewhere in Asia. This microchip factory (right) operates in a high-tech industrial park built by the government in Hsinchu, the island's Silicon Valley.





"I worked so hard to make money. Now I spend it," says David Tang, showing off purchases in his Taipei bedroom. A refugee from communist China, Tang built a fortune on shoe exports.



The silken tranquillity of Sun Moon Lake, ringed by the peaks of Taiwan's central mountain range, complements the sybaritic atmosphere of a new hotel. As wealth has increased in the past decade, the demand for luxury accommodations—and for recreational facilities such as beach resorts, golf courses, and private clubs—has outstripped construction. A favorite getaway of Chiang Kai-shek, the lake offers refuge to more than the rich and famous. Day-trippers escaping crowded cities, particularly on the west coast, clog access roads on holidays and weekends.

city to turn the land into a squatters community. Over the years Yin and the other squatters turned their shanties into modest houses, paved the muddy lanes, planted trees, and opened tiny groceries. The place took on the charm of a quiet Chinese village. Then, a few years ago, authorities announced that they were reclaiming the land for the park it was meant to be—and bulldozing everything on it. Yin would lose his house.

"Nothing can be done," Yin said. "I'll get compensation for my house and my army pension twice a year. But that doesn't amount to much. I'm a Nationalist, but the government doesn't care about me. There is nothing for me here except to walk the streets."

What will you do? I asked.

Yin's face brightened. "I'm going home!" he said. "I've got a son in Fengdu, my

hometown in Sichuan Province, and he says my money will go a whole lot further there. Why, I'll be well-to-do in Fengdu! My son's the head of the Fengdu Communist Party!"

IN 1978, Chiang Ching-kuo, the eldest son of Chiang Kai-shek and longtime head of the secret police, succeeded to the presidency. I attended the ceremonies, and as Chiang began his inaugural address in Taipei's great red-draped Sun Yat-sen Memorial Hall, I wondered where this man, known to many by the initials CCK, might lead Taiwan. I was as surprised as anyone when, in July 1987, he ended martial law. "The party," he had declared earlier, "must accommodate itself to changing times."

H. H. Michael Hsiao, a sociologist at

Taipei's Academia Sinica, explained. "It took a strong man to terminate strong rule," Hsiao said. "CCK had few friends. He trusted no one. He was old, almost blind, and he knew he was dying. And there's an old Chinese saying: 'Before one dies, one tells the truth.'"

In January 1988 CCK died. But his hand-picked successor, President Lee Teng-hui, the first chief of state born in Taiwan, kept the movement alive. Last December the citizens of Taiwan elected a whole new legislature, finally replacing the old members who had been elected in 1947. Democracy had arrived.

But while the Nationalists retained control of the island, winning 53 percent of the vote, the opposition Democratic Progressive Party (DPP) won 51 of the 161 seats—an unexpectedly strong showing. What keeps the Nationalists' commitment to reunification alive?

Ironically, the strongest influence is communist China, which has threatened war if Taiwan declares independence.

"Beijing has warned, 'Don't play with fire,'" Ying-jeou Ma, then special assistant to President Lee, told me. "They use the phrase 'Fen-shen-suei-ku—We'll break your bones into pieces.'"

What is perhaps most remarkable about the change that has so swiftly swept over Taiwan is that so few bones have been broken. "Consider the Philippines, Korea, Thailand, Eastern Europe," Ma observed. "In each case, political liberalization has brought costly social upheaval. Taiwan is achieving democracy within a stable social order."

What made this peaceful transition possible? Prosperity. Since 1951 the island's annual economic growth has averaged almost 9 percent. This year per capita income will approach \$10,000, bringing Taiwan into line with the other members of Asia's industrial elite. And nowhere is this affluence more visible than in Taipei.

When I first saw Taipei, it was poorer than poor, a grim, impoverished city of fewer than a million people herded between the Tanshui River on the west and malarial marshes and rice fields to the east. It was a city of black-roofed hovels, open sewers, and lightless nights. Chung Shan North Road, the principal thoroughfare, was a two-lane blacktop plied by three-wheeled pedicabs. Taiwan's per capita income was \$162 a year.

Today greater Taipei's population has swollen to almost six million—nearly 30 percent of the island's total. Chung Shan North Road is one of many eight-lane boulevards. The city chokes on the fumes of 460,000 cars, 7,300 buses, 38,000 taxis, and 869,000 motorcycles, whose drivers park all over the sidewalks and often drive down them too.

The once squalid east side flaunts palatial hotels, glitzy discos, and pricey restaurants. A well-placed parking space in a garage can sell for \$100,000, a small apartment in an upscale district for more than a million dollars.

This wealth has also bought the Taiwanese time to enjoy their leisure. But like everything else in Taiwan, it's expensive. Karaoke, the Japanese fad of singing along to music videos, has swept Taiwan with such force that singing schools demand tuitions as high as \$75 an hour. More than 30 golf courses cater to some 400,000 golfers. And at least 80 more courses

are planned, with memberships running as high as \$150,000.

Economic success and political liberalization have quickened the pace of social change. More than a thousand special-interest groups have sprung up over the past few years, and their members are making demands they never would have dared to a decade ago.

ONE OF THE MOST far-reaching movements may be a challenge by Taiwan feminists to the traditional, submissive role of the Chinese wife. Among the first of many women's self-help groups was the Warm Life Association for Women. Founded in 1984, the group's name derives from a Tang dynasty poem that celebrates life's middle years—the time, Warm Life's founder, Shih Chi-ching, explained, “when women are most likely to seek a divorce.”

Ms. Shih, a high school teacher turned housewife, did just that. At age 36 she discovered that her husband had become involved with another woman. “I left him, but I

couldn't divorce,” Shih told me. “Under Taiwan law, the husband took everything: children, property, money, even money a wife may have brought to the marriage. There were no jobs, no openings in the schools.”

Shih eventually found work translating American best-sellers into Chinese. “Five years after my separation, I translated Betty Friedan's *The Feminine Mystique*,” she said. That did it. Shih filed for divorce, even though she knew she would lose her son and her belongings, according to the law. Then she founded Warm Life so she could “help women who were afraid of divorce, just as I was. It wasn't easy. At first I was facing 2,500 years of Chinese tradition all by myself.”

But the response was overwhelming. Today, Warm Life counseling offices are scattered throughout the island, and the government is helping cover the costs. And Shih regained custody of her 16-year-old son. “Women now have access to higher education and job opportunities,” Shih said. “And they don't intend to suffer any more.”

It took the Cold War and strong government

Noxious air brings tears to Chen Wang-to in her home near Linyuan, in the industrial heart of Taiwan. Chen's doctor believes factory emissions caused her liver cancer. She died in June. In Taipei, where cars and motorcycles create much of the smog that smothers the capital (right), the government directs a top-priority campaign—initiated by citizens—to protect the environment.



policy to bring about Taiwan's economic miracle. In 1950 the communist Chinese were mounting an assault on Taiwan when North Korea's armies swept over the 38th parallel to attack South Korea. President Harry S. Truman recognized Taiwan's strategic position as “an unsinkable aircraft carrier” keeping China at bay and ordered the Seventh Fleet into the Formosa Strait. That ended communist invasion plans. A total of 1.5 billion dollars in U. S. economic aid began flowing in.

“We used U. S. aid very effectively,” K. T. Li, 82, former Taiwan economic affairs and finance minister and the architect of the economic miracle, told me. Li began by buying land from landlords and selling it to the peasants who tilled it. “That gave our farmers incentive to boost production,” Li explained, “and it gave the landlords the capital to become industrialists.”

At the same time, Li pressed for development of highways, telephones, and electric power. By 1965 the economy had improved to such an extent that Taiwan became the first recipient of U. S. aid to no longer request it.

In 1966 Taiwan launched the world's first export-processing zone in the southern city of Kaohsiung. Tiny “living room factories” sprang up all over the island. By the end of the

decade it was said that smoke coming out of a chimney was the sign of a patriotic household.

Everything from Christmas tree lights and shoes to refrigerators and television sets poured off small-scale assembly lines. All of it was cheap, much of it was shoddy, but it helped generate the capital to build heavy industries like petrochemicals and steel that today are among Taiwan's biggest.

In 1980 Taiwan made its own “great leap forward” with the opening of Hsinchu Science-Based Industrial Park, 45 miles from Taipei, in the hope of luring home the enormous pool of technical talent working abroad.

Here, 25,000 employees of more than 125 electronics firms live and work in azalea-landscaped surroundings reminiscent of California's Silicon Valley. One person Hsinchu Park lured home was Patrick Wang, the genial founder of Microelectronics Technology Inc. Wang told me how his company began.

“It was 1983,” Wang said. “There were eight of us who'd gone to the U. S. for advanced degrees. The U. S. had broken diplomatic relations with Taiwan and had recognized communist China. Our families were here, and we were worried. Mr. Li had declared a policy to lift Taiwan into the world of high technology. We felt that we could, and



should, contribute. We got together at a Chinese restaurant in San Carlos, California, and decided to go back and start our company."

From that simple beginning MTI has grown into an electronics giant with worldwide sales of a hundred million dollars a year. But Wang has not forgotten the impulse that brought him home. "For the past 200 years the Chinese people have suffered nothing but turmoil and hardship," he said. "Their confidence is poor. We're a model for Chinese everywhere. If we can do it, so can they!"

But while Wang and Hsinchu Park are symbols of Taiwan's high-tech tomorrow, the backbone of the island's prosperity remains those small-scale entrepreneurs who built Taiwan from nothing—men like Ho Kwang-liang, 44, founder and president of Ho Hung Ming Enterprises (HHM), whom I met at his factory outside the city of Taichung.

Ho's father had been a peasant. His mother traded vegetables for scraps of meat in the market. At age 13 Ho went to work in an ice-cream-machine factory for 50 cents a day. At 17 he got a \$400 bank loan and invested it in his own small factory for bicycle tire pumps. Ho worked 15 hours a day, seven days a week, and ate and slept on the factory floor.

The venture failed. At age 20, Ho was \$7,500 in debt and cut off by the bank. But one quality Ho and entrepreneurs like him have in abundance is intrepidity. Taichung was now a shoemaking hub, and Ho had relatives willing to entrust their savings to his industriousness. "I started making machines that punched holes for shoelaces," Ho said with a smile.

Today Ho's 25-million-dollar-a-year company has a hundred workers in eight plants producing everything from buttons, buckles, and snaps to automated equipment for making shoes. Profits are sufficient to allow Ho and his wife to own a comfortable home and send four daughters and a son to college.

Last year Ho opened a new shoemaking-machine factory—in Shanghai. Having made Taiwan what it is, enterprises like HHM now face rising land and labor costs and have begun looking abroad for relief. Taiwan allows virtually no direct investment on the mainland, but since 1988 the government has permitted businessmen to channel funds there through Hong Kong or other third parties.

Still, much economic contact with the mainland remains illegal. In Taipei's old Tihua market I saw fresh Fujian clams, Shandong

Handing out high fives, groom William Tsung (center) salutes a friend's joke at a post-wedding party in Taipei. With a degree in business from a U. S. university, Tsung is confident about his next move: expanding his car dealership onto the mainland. "Almost everybody's going there because that's where the market is right now."

Attracted also by cheap land and labor, Taiwan entrepreneurs have invested some nine billion dollars on the mainland. Because Taiwan and China have no official contact, such investments are mostly made through an intermediary, usually Hong Kong.

peanuts, Sichuan garlic, and Gansu watermelon seeds—all marked, all smuggled in.

To learn how these delicacies came across the strait, I visited a smuggler in his handsome two-story house on Taiwan's rugged northeast coast. Out front, goldfish glided in a tiled pond. Inside, a new National refrigerator, still in its plastic wrapper, stood in the sitting room. A fancy rowing machine sat on the floor. The wiry bootlegger sat on a chair and dandled his baby daughter on his knee.

"We use rafts made of plastic pipe lashed together, powered by outboard motors," he said. "One raft carries ten tons of cargo. We meet the mainland vessel at mid-strait around 3 or 4 a.m., pay in cash, and run for home. Our people on shore warn us by cellular phone which inlets the police are watching. In 40 minutes a truck is loaded and speeding toward



Taipei—and by 6 the markets are open, and the housewives are buying our products.

"It's getting tougher," he added. Then he grinned wildly. "But the sea is so vast, there's still room for us all to conduct our business!"

CHINA'S FUJIAN COAST, with its proximity to Taiwan, its common language and culture—not to mention its low-cost labor—has received a major share of investments from Taiwan. So along with several hundred Taiwan tourists, photographer Jodi Cobb and I took a creaky packet boat from Hong Kong to Xiamen to see how Fujian has changed. I had hoped to see the city as those early Europeans had when they sailed along the coast in the 17th century. No such luck. The harbor was a Great Wall of billboards

advertising 555, Lucky Strike, and Marlboro cigarettes; 10,000 Precious refrigerators, Flying Person athletic shoes, and Coca-Cola (or as they call it in China, *Ke-kou-ke-le*).

The Xiamen dock was jammed with lackadaisical communist officials, frantic hawkers, and clamoring pedicab drivers. Jodi and I loaded our gear into two pedicabs and jostled off like characters out of some old Hollywood movie set in China.

It seemed as if capitalism had displaced communism. Chinese from all over the mainland had descended on the city to grab a share of its economic success. Construction was everywhere. The air was thick with red-clay dust. The whole city seemed sheathed in bamboo scaffolding; entire hills had been bulldozed away to provide clay for bricks.

Everything had a price. One Taiwan

manufacturer told me it took 12 payoffs to move his product, which I promised not to name, from the mainland factory to markets overseas. A tiny two-bedroom condo in a hillside development called Mountain Phoenix Village listed for \$73,440; a four-bedroom house with a yard for \$455,000. A telephone hookup? Five hundred dollars under the table.

In a small storefront gallery selling mail-order art, I met the proprietor, an affable 39-year-old Taiwan businessman I'll call Yang. Three years ago rising labor costs had forced him to move his sunglasses factory out of Taiwan to Xiamen. Yang showed us through the three-story plant, where 300 young women hunched over tiny machines producing glasses that cost a dollar a pair to make but sold for about \$35 in the U. S.

I was impressed. The plant was clean and filled with light. The workers seemed earnest and quick to smile. We had seen other factories in Xiamen that weren't so nice—dingy places with filthy toilets and polluted air. I asked Yang why he seemed to care about his workers more than other Taiwan entrepreneurs in the city. "I want to help," he replied. "We're all Chinese people."

Yang also owned part of a bottled-water company that sold 3,000 bottles a day throughout China and was an agent for a bottled-tea company. To bring his various enterprises under one roof, Yang had recently purchased the gallery building, but it wasn't easy.

"I paid a \$100,000 bribe to government officials over and above the cost of the property," he said. "It's the cost of doing business. Here in China, everything is crazy. The only thing the government doesn't control is the air."

RETURNING TO TAIWAN was a pleasure—to stroll its narrow lanes, to visit its temples, to discover once again that in spite of the pollution much of it still lives up to its old Portuguese name, Ilha Formosa—"beautiful island."

I drove the 120-mile East-West Cross-Island Highway that belts Taiwan's mountain spine from the rugged east to the western coastal plain, snaking through Taroko Gorge, where waterfalls tumble like angel hair and dark green jungles are spangled with wild orchids, black-and-yellow butterflies, and darting, swooping birds.

Thrill seekers ride high on a rooftop amusement park in Kaohsiung, where the price of ground-level lots is prohibitive. Preoccupied for decades with building business districts, the Taiwanese have now begun to preserve their past. In the town of Lukang, where a perfect smile advertises a dentist's office, a restored historic district embraces centuries-old shops, homes, and temples.



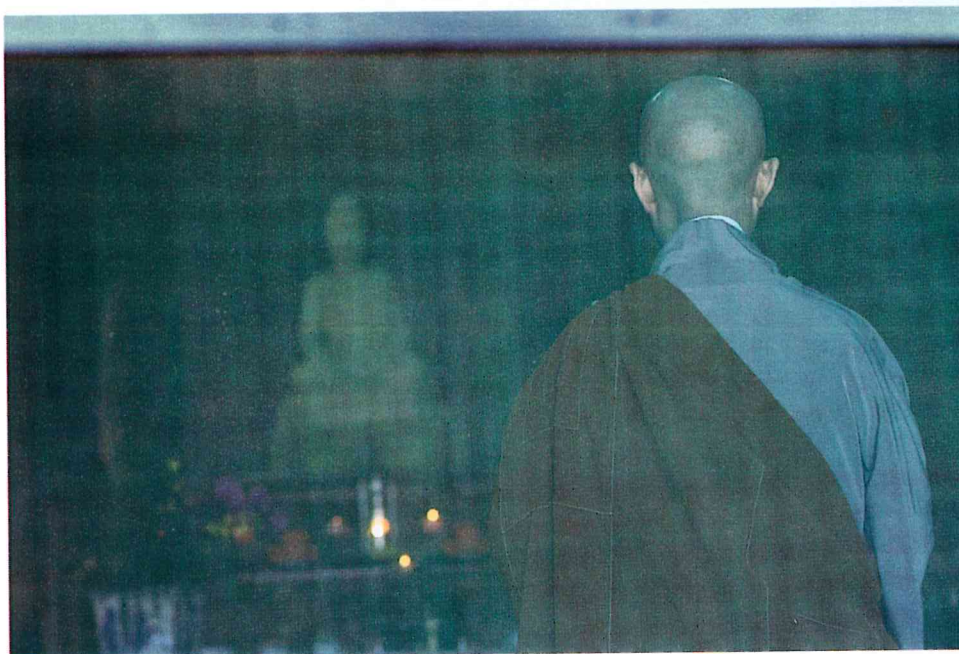


Morning clouds settle over mountains near Yushan National Park. Esteemed as a prime source of chi, or life energy, the mist is believed to bring longevity and virtue.



"Whatever I do is meant to create a society full of love," says the revered Buddhist nun Cheng Yen (bottom), performing a ritual at her Hualien temple. She guides the charitable foundation she created in 1966, which today has some three million members and raises 12 million dollars a year for domestic and international relief.

Pilgrims come to her temple from all over Taiwan and abroad, setting out along a nearby road before dawn. Led by volunteers who direct traffic around them, they kowtow every three steps to cultivate humility. At their destination they join Cheng Yen in prayer.



I toured the magnificent National Palace Museum, tucked in the mountains outside Taipei, home to the world's greatest collection of Chinese art: 600,000 masterworks dating as far back as ten centuries before Christ—such a trove that museum officials say they can change the entire display every six months and not repeat themselves for 30 years.

So it was an added pleasure to discover that prosperity and freedom are now among Taiwan's treasures too.

But I know better than to think these new treasures came to Taiwan without a cost. One of the biggest costs is the loss of agriculture. In 1953 farmers made up 56 percent of the labor force. Today the figure is around 13 percent and falling. Industrial growth and urbanization have gobbled up farmland at an estimated 6,000 acres a year. And liberal government

trade policies have allowed domestic markets to be flooded with almost six billion dollars' worth of agricultural imports a year, nearly half Taiwan's total food supply.

To learn what this meant in human terms, I visited the family farm of my friend, journalist Antonio Chiang, in the mountains above the central city of Fengyuan. For 40 years Tony's family struggled to clear 132 hardscrabble acres and plant them with peaches, plums, oranges, and litchis. Tony led me up a trail through his orchards. The air was clean, cool with the tang of wild plum. To the east, a mountain ridge rolled like a dragon's back into the interior wilderness. Far to the west, beyond the urban coastal plain, the Taiwan Strait was covered with a mauve and yellow smog. Tony gestured to the plain below us.

"Once upon a time much of that was farmland," he said with regret. "When I was a child, we kept up to ten workers on the job day and night just picking litchis here. I was up at 4 a.m., pushing huge cartloads of them to market. When I was seven, I worked our lowland rice fields with my father." Tony plucked an unripe plum, bit into it, and made a sour face. "We live a different life today," he said, hurling the plum into a ravine.

Over tea in the family's tidy red-brick house, Chiang Chin-huo, Tony's 73-year-old father, reflected on the changing years. "No one wants to work a mountain farm today," he said sadly. "They want to work in the factories, earn money, live in cities."

That night, on the bus back to Taipei, Tony seemed resigned. "Our economy needs high-tech industry," he said thoughtfully. "We just don't have much land. The farmer must be sacrificed." He gazed out the window at the lights of industry flashing by in the darkness. "There is no other way."

THE MOST TANGIBLE COST of modernization is environmental. From Taiwan's highest point, the summit of 13,113-foot Yu Shan, to the coastal crags of Lungtung, the landscape looks like one big fouled nest. "Taiwan is filthy rich," as a Taiwanese friend put it.

More than 90,000 factories spew cadmium, chromium, zinc, and other toxics into Taiwan's water. Less than 4 percent of its sewage is treated. There are 44 contaminated rivers, and, according to a Taiwan Environmental

Protection Agency survey, half its drinking water comes from polluted sources.

"In a sense, we've become too prosperous," said Jaw Shau-Kong, then Taiwan's energetic minister of the environment, as he looked down through the pall of smog from his office windows high above Taipei. "After you make the money, you've got to spend some on environment. Because your life, your health, your kids are precious." He sighed. "We've made a start. But can we turn things around fast enough?"

The southern town of Linyuan will have a hard time turning things around. There Taiwan's largest chemical company, Chinese Petroleum Corporation, attempts to put a good face on pollution by painting its air-monitoring stations with fluttering birds and gamboling sheep. When I visited the plant, the chief engineer showed me a film explaining the company's environmental cleanup efforts. Images of gurgling mountain streams and wild mountain flowers flickered on the screen. But none of them bore any relevance to the reality of the blighted coast just outside. "Air, water, noise, and solid-waste pollution control standards are all higher here now than national standards," the engineer assured me.

A mile away from Chinese Petroleum I met a married couple who told a different story. Chen Feng-fu and his wife, Wang-to, both 59, were mushroom sellers who lived in the bamboo and concrete farmhouse where Chen was born. Ten years ago, they said, monsoon rains created an atmospheric condition that caused noxious plant emissions to collect along their house's earthen floor. When Mrs. Chen squatted to light a mosquito coil, the air exploded, flash-burning her legs and feet. She spent four months in a hospital and had hideous pink scars. She suffered from liver cancer, respiratory problems, and other ailments, which her doctor blamed on the plant.

"The air was clean here before Chinese Petroleum came," Chen told me. "It's gotten worse every year since."

Why didn't you move? I asked.

Chen shrugged. "No one will buy the house because of the pollution," he replied.

Did the company offer compensation? "They covered some medical expenses but paid no damages," Chen replied. By then I'd been there perhaps an hour and a half, and my eyes and throat burned from the fumes. Mrs. Chen's eyes filled with tears.

I asked if she was crying.

"No!" she snapped. "My eyes just won't stop watering. I'm not sad. I'm angry!"

Mrs. Chen died last June.

SOME 200 MILES NORTH of Linyuan, the government is trying to clean up the human wastes polluting the water supply of the more than six million people crowded in greater Taipei and along the banks of the Tanshui River. To serve them, a massive 154-million-dollar sewer project is under way, but it is at least seven years away from completion. Allen Tsai, adviser to the Taiwan EPA's Water Quality Control Bureau, gave me a glimpse of the enormity of the project.

We visited the power plant, where a dozen 3,000-horsepower pumps would one day drive the system. We sloshed through a dripping wet tunnel and clambered down into giant concrete sedimentation tanks that would treat 31,000 tons of sewage a day.

I left Tsai at Tanshui village and took the ferry back to Taipei to see the river for myself. Its banks were thick with refuse; its waters greasy with excrement and stinking of sulfur and methane. A bloated dog carcass drifted by. On the far shore putrid smoke wafted from a smoldering mountain of garbage. Behind it, the lowering sun burned like a rebuke.

And then, as we approached the Taipei dock, a flock of snow white egrets swooped out of nowhere, glided over the ferry, and flashed on down the river—a gleaming splash of beauty, and a promise, it seemed to me, of what could be. And as I climbed the old stone steps back into the city, I pondered the miracle Taiwan's determined people had achieved since I first visited the island so many years ago, and what it had become: China, yes, and yet Taiwan; Taiwanese, but Chinese too. And out of both something new still becoming. □

Masked against air pollution, a young family takes a spin in a Kaohsiung park, choosing the maneuverability and economy of a motor scooter over the comfort and safety of a car. Facing similar trade-offs on a larger scale, Taiwan charges full speed ahead into the industrialized world.

