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"The New Trends in Urban Lifestyle in Taiwan" (serial in 3 parts)

Part 3 Taipei Lifestyle for Positive Survival in the Great Chinese Region

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Introduction

This part reports today's more convenient life thanks to improved media environment, and Taipei lifestyle with growing preference for brands. From diversified viewpoints the Taiwanese business style is grasped that seeks creation of Taiwan's unique brands and innovation of new businesses in collaboration with Japan. The report also studies an issue of gap in the Taiwan society with a large homogenous middle class, as well as

the middle class people's self-defensive efforts against the problem. At the end, the Taiwanese people's sense of well-being for the future is considered.

1. Media culture of Taiwan as an advanced Internet society.

Taiwan is vigorously pushing forward the IT industries as a part of national strategy. The nation supports the industries of computer, consumer electronics and communications, and for future strategy from "3Cs" to "5Cs", also emphasizes such businesses as contents (mobile games and animations) and car electronics (car navigation, in-vehicle DVD, camera, etc). Consequently, Taiwan, especially Taipei, has a greater presence as a Silicon Valley in Asia, and greatly influences the Taipei citizens' business mind and active lifestyle.

1-1. Greater convenience in various life aspects.

In Taiwan 75% of the households use the Internet with the number of users being 17.53 million as of 2012 (source: survey by Taiwan Network Information Center; the whole Taiwan population is 23 millions). The younger people use the Internet for the second longest time in the world; a high percentage of the elderly people use the network too. The government promotes e-services; at schools, students study with information terminals using in-school wireless LAN and digital text books.

The number of used mobile phones is larger than that of population, for many own two mobile phones. Since mobile bills are relatively cheap and basic charge for PHS is free, many people use a PHS for outgoing correspondence and a mobile phone for reception. The i-mode is popular and conveniently used for getting shop coupons or checking stock prices. Recently smartphones have rapidly spread and are owned by about 6 million people (source: Market Intelligence and Consulting Institute, 2012). The government has developed a high-speed wireless LAN network in Taipei city and provides free Internet services to deal with the expanding demand for mobile Internet. These measures benefit Taipei citizens as well as foreign tourists, who can acquire a variety of information and enjoy communication with their families and friends. In the future, access points for wireless LAN are planned to set up around Taiwan to expand such life environment where the Internet can be fully used.

1-2. Social media change the lifestyle

In Taipei, evolution of IT and improvement of the Internet environment have significantly changed the lifestyle of citizens. They typically collect information of

products on the network and purchase through the Internet shopping. The elderly people use TV and the Internet to enjoy information gathering and transaction of stocks. In Taiwan, the retired people often enjoy stock transaction as a hobby. They are very international-minded for they can keep track of news in real time about foreign politics and societies, music and fashion, and information from friends overseas.

Furthermore, the explosive expansion of social media is significantly changing the communication style of Taipei citizens. Social Networking Services make the personal relations closer and the word of mouth more influential, creating a consumption market where a boom expands quickly. The SNS also widen a base of social movements such as environmental activity. Among the SNS, Facebook is particularly popular by all generations, and more than 50% of the population is Facebook users. Not only companies but the President and the government communicate with the Taiwanese people through Facebook. The topics on Facebook are also reported on TV news; the stronger synergy with mass media has made the media environment more convenient.

Table 1. Media usage by the Taiwanese people

	unit	2002	2003	2004	2005	2006	2007	2008	2009	2010
Newspaper subscription per 100 households	copy	40.4	37.9	35.4	33.7	29.5	27.9	24.5	22.5	22.0
Magazine subscription per 100 households	copy	18.3	16.3	15.6	14.7	14.4	13.1	12.2	11.6	10.5
Internet line subscribers' rate	%	38.1	39.1	40.4	42.1	42.7	43.7	45.4	46.2	46.6
Internet diffusion rate	%	48.0	52.1	53.9	58.1	63.8	64.4	65.8	69.9	71.5
Cable TV diffusion rate	%	74.8	76.1	78.5	79.0	79.8	79.9	81.7	82.0	83.0
Average number of domestic travels per person	time	4.6	5.2	6.0	6.0	6.6	6.5	6.4	7.4	7.9
Average number of embarkations per 1000 person	time	325.8	262.5	343.6	361.1	379.9	391.1	368.1	352.8	406.9

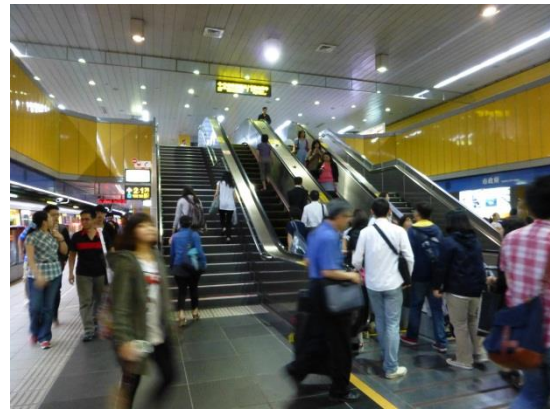
Source: Financial Supervisory Commission

1-3. Development of the Internet environment makes Chinese-speaking countries borderless

Since Taiwan has been a part of Chinese-speaking countries (China, Hong Kong, Singapore and Chinese people of Malaysia) in spite of the various institutional differences, wider use of the Internet has enabled the Taiwanese people to share information of fashion, music or trend with the people in mainland China. The countries have started to share such service consumptions as Internet mail order. For example, when a celebrity in Taiwan sent out a message on Sina Weibo (the most

popular 140-character mini blogging website in China), the message becomes a topic at the same time in Taiwan and China. Also, on a China's Internet shopping site "Taobao Marketplace", the users of both Taiwan and China can conduct business each other. In this way, markets of certain business are actually shared between Taiwan and the mainland China; in the future, the Greater Chinese Market of Hong Kong, Singapore and Chinese people of Malaysia and Southeast Asian Countries can be realized.

There are problems that the Chinese government shuts out various websites that can be harmful to public order and is still exclusive in various fields except for fashion and music; deregulation of cultural information is called for.



* Taipei city has high-speed wireless LAN services at city corner or in stations for free use of the Internet

2. Liberalization of Taiwanese culture and influx of foreign cultures after the end of martial law

In Taiwan, martial law was lifted in 1987. After that, arts and cultures were largely liberalized and foreign TV programs, movie and music that had been banned till then flowed into Taiwan to largely change the lifestyle of Taiwanese people.

2-1. Liberalization of Taiwanese culture

After the lift of martial law, freedom to form a political party, deregulation of movement for human rights or labor movement, and democratization were rapidly promoted. At the same time, along with the Pekingese, Taiwanese was certified as an official language (today Pekingese is the official language and other languages such as Taiwanese, Hakka Chinese, and tribal dialects are used for daily life). Consequently, media, finance, communication and various other regulated enterprises were liberalized and the business and lifestyle have significantly changed.

In business, regulations were gradually removed and competition started; consumers had greater options and started to enjoy affluent consumption culture. Unique art activities of Taiwan have become lively such as literature and movie, and now some of the indigenous cultures including Taiwanese films are sent out overseas. Besides, Taiwan has opened its doors for foreign cultures of literature, movie, TV programs, comics, trend information etc that further enriched the lifestyle of Taiwanese people in both spiritual and material terms.

The people were also exempted from advance application for traveling abroad and able to go overseas easily for direct experience of foreign life and culture. Since the Chinese people living in Taiwan came to be able to visit their home in mainland, exchanges with China have largely increased.

2-2. Spread of cable TV provides various media contents from Japan, US, China and Korea

Taiwan used to have only 3 TV stations under a legal control. After the lift of martial law, cable TV was approved in 1993 and the number of channels rapidly multiplied along with the advancement of democracy. As a result, TV programs and a variety of information became available at home. The cable TV rapidly spread in Taiwan partly owing to its mountainous geography; Taipei is located in a basin where analog broadcasting has severely suffered from radio wave interference which needed to be eliminated.

As of 2010, 83% of households are cable TV customers (source: annual report of social index statistics by Financial Supervisory Commission). In 2012, transition of analog terrestrial TV broadcasting to digital completed. The cable TV enterprises provide various digital channels for the users, who enjoy the abundant contents. At the cost of 600 Taiwan dollars per month (1NT\$=approximately 3.2yen, as of March 2013), the customers can enjoy about 100 channels of news, sports, movie, drama, TV shopping and variety programs. The programs include national TV channels as well as Japanese, English (CNN, HBO, CINEMAX etc.) and Korean specialized channels. Especially the specialized channels of Japanese dramas and music have long been popular, through which the Taiwanese got familiar with the Japanese culture and trend. Today Japanese serial dramas with high TV rating come on air in Taiwan as quickly as a week after first broadcasting in Japan. The popular dramas and variety programs have great influence on the lifestyle of the Taiwanese who are quick to catch on Japanese trend.

These days, Korean dramas and K-POP specialized channels have become popular. Since Korea broke off its relation with Taiwan, Taiwan-Korea relationship was not necessarily good, and Korean companies are competing against Taiwanese firms. Even so, Korean TV programs are popular among the young people and the women of 30-50 years old, with a growing number of fans for Korean-style music and fashion.

3. Customers' consciousness of brands and present situation

The wealthy people of Taiwan have long loved such foreign brand goods as Rolex watch, BMW and Benz cars. Recently, the middle class have sophisticated sense of quality and design, and started to get attached to high brand products. There are some problems, however. In Taiwan, the intellectual property right has not been fully observed yet, and fakes and copies of high brand products abound in the market.

3-1. Japanese brands are popular from fashion wears to cosmetics

Particularly in the last ten and several years, public people's needs for high brand products have been increasing, because brands of Louis Vuitton, Gucci, Prada etc, which are loved by performing artists and the wealthy, are introduced on TV programs, fashion magazines or the Internet.

Although fashion wears and other brand products are indispensable for the Taiwanese customers on such occasions as business or important events, they used to think in general that reasonable, practical goods are good enough for daily outfits. These days, however, along with their increased economic power and brand consciousness, demands for brand goods have been expanding and the number of luxury-brand boutiques in shopping malls has increased Japanese and Western fashion styles are especially popular; the Japanese and Western brands dominate the tenants of cosmetics and women's wear of department stores. As for youth brands, the fashion brands popular in Shibuya or Harajuku soon come into style among the Taiwanese young people. To answer such needs, private shops and online shops deal with the products of those brands. When the Japanese brand UNIQLO opened its first shop in Taipei, it was so popular that customers queued up every day for more than a week.

When it comes to cosmetics, the brand power has particularly great influence. Though women try various new products consulting fashion programs on TV or reputation on the Internet, they use mainly brand products of major manufacturers. Especially Shiseido, the first foreign brand branched out to the Taiwanese market, is still attractive for women of every generation. These ten and several years, however,

Western brands appeared in the sales room of department store and attracted attention of younger people, and they are putting pressure on Japanese brands to take some new measures.



*Specialty shops in department stores



*Japanese brand in a building of brand stores

3-2. Name-value restaurants and food products are always popular

Although economy seems to be slowing down in Taipei, popular restaurants enjoy a lot of customers queuing up for their seats. Taipei people enjoy meal at such famous restaurants, talking with their friends and family. They also enjoy taking photos of the dishes and uploading them to Facebook or other social media. This is a new style of entertainment to "share meal with friends".

The middle class use such brand restaurants as local chain stores "Wang Steak" and "Zoe International", or famous Japanese restaurants of sweets and Ramen noodles, which are all extremely popular. When Mister Donuts first appeared in Taiwan Market ten years ago, the shop was so favored that lines of customers continued to be formed for more than a year. Mister Donuts were so hot products that they were used as gifts among bosses, subordinates, colleagues, lovers and families.

Furthermore, gourmet people order food of established stores or seasonal fruits from local areas consulting recommendations on social media or blogs. Working women at office often order famous mail-order food in volume during break time with their colleagues. When they have to wait for arrival of the products for several months, the products are regarded as the best gift for friends. Recently, among the Hokkaido-limited souvenirs Royce's "Potatochip Chocolate" and Calbee's "Jaga Pokkuru" have been enjoying great popularity; when people travel in Hokkaido they never fail to bring back several packs for their friends. According to the gift giving culture of Taiwan, if you like the given souvenir food you will give the food to the giver next time to show your gratitude.

3-3. Price and function matter for home appliances' brand, but for smartphones' brand lifestyle comes first

Since Taiwan is an OEM giant (Original Equipment Manufacturer), the people are not so much concerned about brands of electronic appliances. As for the home appliances, national brands "Tatung", "Kolin" and "TECO" have long been loved along with Japanese brand manufactures. "Tatung" is a traditional brand of Taiwanese home appliances, and every middle-class household used to have at least one "Tatung" product at home. Today, Japanese brand products are considered to be high quality and well designed, while national products are moderately priced and highly cost effective. In other words, they share the market according to customers' income and lifestyle.

However, when it comes to smartphones and mobile terminals, many are particular about brands. Although they have national brand HTC, it was only iPhone that enjoyed lines of customers on the sale date of a new model. The government, corporate executives and mass opinion advocate Taiwanese mobile brand, saying that the people should back up their national brand. Not a small number of people choose the national brand HTC out of patriotism, but iPhone is most popular not for practical reasons such as price or function, but for its good design and image of Californian lifestyle.

3-4. Middle class people use desired brands, practical non-brands, and copied products for different purposes

Taiwanese medium and small companies used to pay no attention to intellectual property rights and imitate high-brand designs to make and sell cheap copies in large quantity. At the same time, authentic brand goods were too expensive for the consumers to purchase. The consumers, who were oblivious of illegality of copied products against the intellectual property rights, commonly bought copies of brand goods at traditional markets or stalls of night markets.

Although a growing number of people understand the intellectual property rights about designs and trademarks today, it is regretful that there still exist illegal copies on the market. For one thing, different generations have different understandings of brands in Taiwan. The elderly consumers are particularly likely to purchase copied products without realizing the illegality of them. Also the Taiwanese consumers are clearly practicality-oriented for various products from food, fashion goods, electronic appliances to cars; even if they want high-brand products, they may put priority on cost-effectiveness in reality, and purchase copied products instead of high-brand goods. In general, the Taiwanese consumers tend to purchase non-brand goods for unseen

places appreciating their moderate prices, while for seen places they buy well-recognized brand products to save their face and appearance.



*Louis Vuitton, Ms. Yayoi Kusama's design collection



*Popular Western Brands

4. Taiwan is an OEM giant, now seeking creation of original brand for the future

As a superpower of OEM (Original Equipment Manufacturer) for companies of developed countries, Taiwan have exported various brand merchandises from daily goods to car components and have developed through the processing trade.

4-1. Problems of OEM business model in the age of global competition

Taiwan has actively received orders of OEM production from world's brand companies, manufactured at factories in China, and delivered the products. The brand products include those of Apple, Sony, NIKE and UNIQLO. Since Taiwan has been emphasizing OEM production of other companies' brand, it has a limited number of unique brands including ACER, ASUS and BenQ of personal computers and Giant of bicycle.

During the growth period, the Taiwanese companies had little incentive for brand management because they could make more profit with less investment by OEM production than by creation of original brand in the market. In the 90s, however, the Taiwanese firms suffered drastic decrease of profit because their clients of major brand companies required price cutting one after another. As the OEM industry of personal computer has faced severe price competition in unstable subcontract business, the Taiwanese companies started to consider developing their own unique brands.

A major example of the companies is HTC, a Taiwanese firm of mobile instruments. HTC first succeeded in the US market, but in 2011 it was severely damaged in the market by competition against Samsung, lawsuit with Apple, and contract problems with communication enterprises. The company suffered plummeting stock price from

1300 to 200 Taiwan dollars. As such, stable management requires appropriate strategy for unique brands.

4-2. Development of Taiwan's original brands as a national strategy

While the competing Korea has globalized its unique brands such as Samsung, LG and Hyundai, Taiwanese brands have difficulty in going international. The Korean companies which often belong to conglomerates can make prior investment in marketing, but for the mostly small and medium sized Taiwanese companies, it is hard to make large-scale anticipatory investment as a part of business management. The process of successful Korean Marketing comprised firstly "make fans of Korean stars by music and TV drama", followed by "sell DVD and fashion goods", "sell products of electronic instruments, home appliances and cars", and "make fans of Korea itself". It is a downright collaborative marketing by the nation and the financial cliques, which is highly effective especially in developing countries.

The essence of brand strategy is creation of premium brands that would be appreciated by customers and consequently improve profit. For this purpose, it is important to create not only functional values but sensitivity values that give consumers happy surprise, and fill Taiwanese lifestyle in the merchandises and services.

To realize the strategy, the government has focused on the development of Taiwanese brand as a policy of national strategy.

In an attempt to shed the negative image of "Taiwanese products are cheap things", Bureau of Foreign Trade of the Ministry of Economic Affairs have started a certification system "Taiwan Excellence Awards" for excellent national brands with high quality and innovation in 1993. Also the Bureau of Foreign Trade carries out "Taiwan International Brand Value survey" every year and announces the ranking of Taiwan brands in collaboration with the magazine "Business Next" and Interbrand, for enhancement of brand consciousness. According to the survey result in 2012, the top three brands are: 1.HTC, 2.ACER, and 3.ASUS.



Figure 1. Symbol of Taiwan Excellence Product

5. Business style of Taiwan and promotion of partnership with Japan

Many Taiwanese people experienced prewar Japanese ruling, and after the Chinese Civil War the government officials and warriors moved into Taiwan from the mainland (the immigrants accounted for about 13% of the population). As a result, Taiwan has been greatly influenced by both Japan and China socially, culturally, and in business. For Taiwan has been growing in such unusual circumstances, there are many managers and consumers who have understanding of Chinese cultural idea and sense of affinity toward Japan at the same time.

5-1. Quick decision and challenging spirit of Taiwanese business style

Taiwan is a country of small and medium sized companies. The nation has many owner managers rather than salaried managers. Business bureaucracy is unthinkable in Taiwan. Many of the managers have entrepreneur spirit and try inexperienced field if there are any chances of winning. They are quick to decide and filled with challenging spirit. Also they have an established network of connections among managers of small and middle sized firms. Taiwan society has an extending human network based on confidence. In terms of business, network connection is nothing less than an asset and a lifeline to prepare for management risks.

The Taiwanese persons who have close contact with the Japanese think the Japanese are appallingly meticulous and uncompromising in business. Such attitudes are exactly the essence of Japan's craftsmanship and good services. Unlike the Japanese, the Taiwanese people, who have experienced and survived unusual history, do not anticipate long-term trend and deal with pressing problems without hesitation; they give it a try if they have 70% of completion or confidence. For example, in the IT industry, a Taiwanese company takes only 2 months of preparation when a Japanese company may need a year. It accepts an order even if the lot is small. Its response is extremely flexible.

A government-affiliated research institutes don't fuss over the number of papers but explore how to industrialize a developed technology. For that purpose, they encourage new businesses of researchers, introduce them customers if necessary, and lend money as a part of support system. Both the small and medium businesses and the research bodies have spirit to pioneer a market by themselves without waiting for an assistance of government policies. This is the Taiwanese business style.

5-2. Taiwan is attractive as a test market for the mainland China and a production base.

Taiwan is most suitable for Japanese companies as a test market. If a business succeeds in Taiwan market, which has many in common with both Japan and China, the business would be able to go into the Chinese market smoothly. The process is as following; with Taiwanese partner companies, a Japanese company introduces products or services in the Taiwan market, and makes management efforts for success through meticulous handling of consumers' response and distributional situations. The company accumulates experiences and knowledge in personnel, language, business practices, life culture and communications. Then, the company goes into the mainland China with the successful experience in Taiwan to compete with the local companies and the Western enterprises. As such, Taiwan has most suitable management and market environments as a test market for Japanese companies before entering Chinese markets.

In recent years, various Japanese organizations have developed businesses in the Taiwan market. For example, it was to Taiwan when the Japanese Shinkansen system was first exported overseas. Japan's exclusive hotels "Kagaya" and Hotel Okura opened in Taipei in 2010 and 2012 respectively. SANYO FOODS and MOS Burgers have first succeeded in the Taiwan market and went into the mainland China successfully.

Furthermore, Taiwan will be advantageous not only as test market but production base for Japan. Since Taiwan and China concluded the FTA "Economic Cooperation Framework Agreement, ECFA" in 2010, Taiwan provided Japanese companies with a bridge for export to Chinese market. In addition, owing to the Tohoku Earthquake in 2011 and the Senkaku Islands dispute in 2012, a larger number of companies have moved their factories to Taiwan. Data of past three years show that not only manufacturing industry but a wide range of Japanese industries including retailing, finance, and insurance have invested into Taiwan.

Figure 2. Investment by Japanese companies accepted by Taiwan

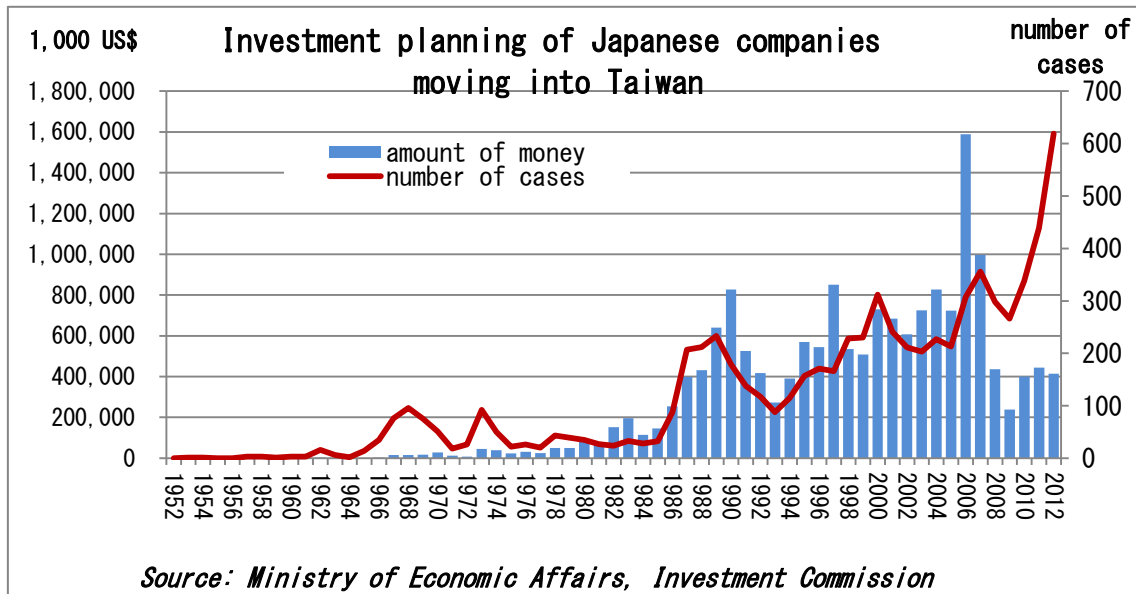
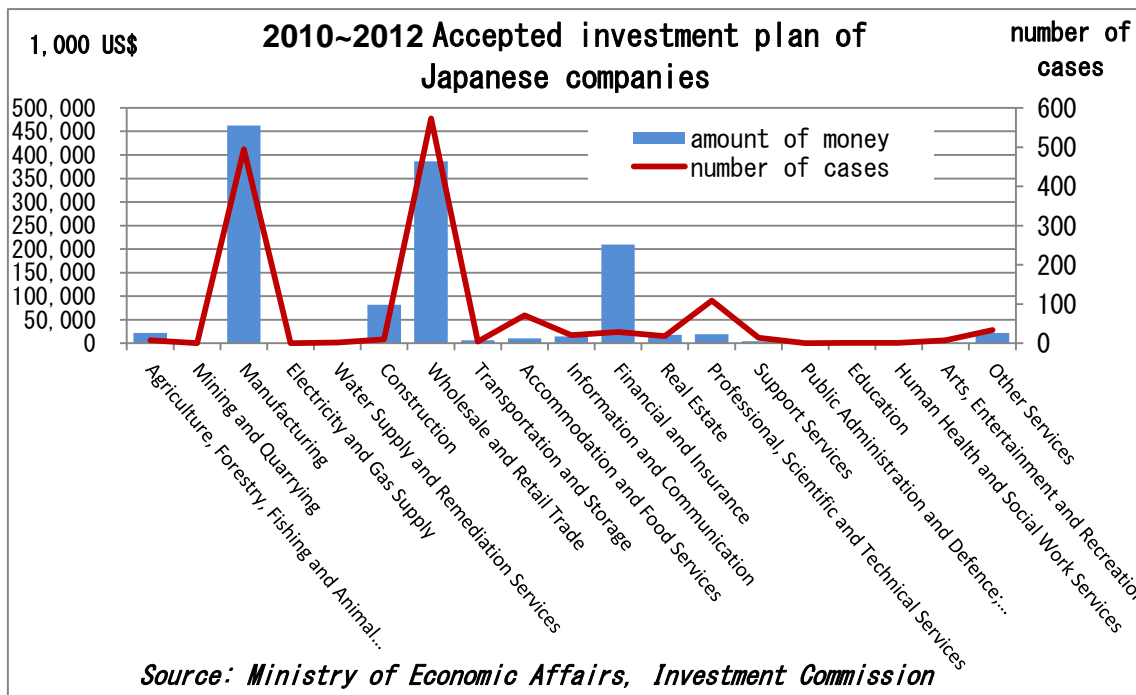


Figure 3. Category of Japanese businesses invested in Taiwan last three years



5-3. Expansion and deepening of partnership between Taiwan and Japan

When the Japanese meticulous management ability and the Taiwanese flexibility and speediness complement each other, a business is more likely to succeed. In Taiwan, Taiwan 7 Eleven, Shin Kong Mitsukoshi and Pacific SOGO have been dealing with the

customers' needs properly and growing steadily in this hard time. In Japan, Hon Hai Precision Industry is discussing investment into Sharp and Chinatrust Commercial Bank is negotiating to acquire Tokyo Star Bank. There are certainly many other projects of investment and affiliation among major, medium and small companies, and some of them are producing good results.

As for projects of advance into Chinese market, Japanese companies may face such problems as anti-Japanese sentiment, local legal systems and employment; when they cooperate with Taiwanese companies which are familiar with the Chinese market, and advance into the mainland after making success in Taiwan market, the success rate is said to be up by 10%. On the other hand, partnership with Japan is beneficial for Taiwan too. Taiwan is regarded as if it is another province of China by the Chinese, but when Taiwanese companies cooperate with Japanese companies rather than advance in the mainland by themselves, they will be more respected as a foreign firm by the Chinese.

The Taiwanese people's pro-Japanese sentiment, good feeling toward Japanese brands, and understanding of Japanese-style management are not temporary, but have long been nurtured through historical connection. With such mentality, Taiwan may understand the cutting-edge technology and management system of Japan and provide important partners when Japanese companies go into Chinese or Southeast Asian markets.



*Opening greeting of Pacific SOGO, such Japanese-style services are established.



*Japanese-affiliated book store in a department store

6. Future trend of the wealthy and middle classes in Taiwan with widening gap

The Taiwanese people comprise the indigenous minority, the Hoklo, the Hakka, the Han Chinese who moved from the mainland after war, and the foreign spouses. After

the war, the economy-first policies have led the Taiwan to a homogenous society of large middle class, who have enjoyed rich, diversified lifestyles. These days, however, an economic gap has been widening and making a serious social problem.

6-1. Taiwan society has a large middle class and homogenous lifestyle

Professor Perng Ming-Hwei of National Tsing Hua University analyzed and said "the homogenous middle class came to dominate the Taiwan society thanks to the economic policies of "Socialist Capitalism" by Chiang Kai-shek government". Unlike the policy of current China which let "some people and some region become rich first, followed by others" (the theory of allowing individuals to grow rich first), the policy of Chiang Kai-shek took opposite order and made "poor people rich first and develop the whole national economy".

Partly in accordance with the US advice in the tense international situation of Korean War and expanding communism at the time, the Nationalist Party, defeated by the Communist Party, placed importance on farmers' allegiance and the government carried out an agricultural reform in 1950s, The reform dispossessed landlords of their land and sold it off to tenant farmers, as a course of policy for improvement of farmers' income and expansion of middle class. Although this policy caused various problems, it has largely contributed to political stability and ensuing economic growth. Based on this reform, the government put first priority on economy under "developmental dictatorship" and vigorously propelled economic development. In 1960s, the policy promoted government-affiliated large national enterprises and small and middle sized companies, instead of private major companies. In this way, the country has achieved the economic growth called "Taiwan Economic Miracle" and become one of "Four Asian Tigers" along with Hong Kong, Singapore and Korea. As a result, the affluent and homogenous middle class has expanded to bring about active lifestyle both in business and daily life.

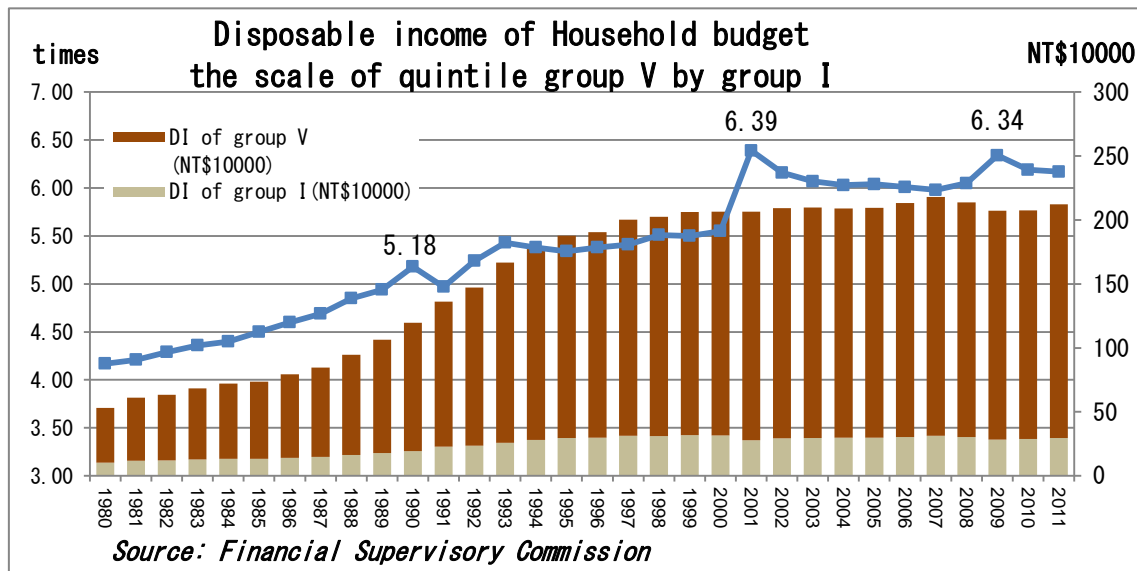
6-2. Growing polarization caused by widening income gap

However, under the influence of failed economic policies and slumping global economy, the Taiwan society is suffering widening income gap. This is because the government has given preferential treatment to major private companies, capitalists and wealthy people by attaching too much importance on IT industry and cutting corporate and succession taxes. Owing to the urban development and opening of metro lines, the price of real estate along the line has soared; owners of real estate have larger assets, while those who have none find it hard to purchase even their own house.

As for employment, the younger generation is facing job scarcity. Since too many local universities have been established, college graduates have become less worthy. At the same time, the number of youth has been decreasing who have training of special skills at technical schools or capable artisans and seek employment or independency. As it turned out, the younger people have acquired neither knowledge nor experience useful for employment or starting business. Though many want a stable job, the number of such offer is limited. In addition, many companies have moved to China and the job opportunities in Taiwan have become scarce. On the other hand, the companies have started to put more importance on motivation and social skills (manners and interpersonal skills) than on academic records for hiring of new graduates, and the gap between the companies and the youths is widening.

Although a tiny percentage of firms and wealthy people have benefited from the policies, the wage of young and general employees is kept rigid while the prices are rising. Accordingly, the gap of income and assets is increasingly widening as the poverty group is expanding. In Taiwan, the income gap has been widening because the disposable income of the rich people has been growing after the later 1980s while the earning of the poor decreased after 2000s. This may be caused by favorable distribution of income for the wealthy.

Figure 4. Expansion of disposable income gap



6-3. Taiwanese people are independent-minded and aggressively grab for chances

Taiwan experienced governance by both governments of Japan and Republic of China in the last hundred years, while its relationship with China has changed from political

opponent to business partner. The people always think they need to properly response to the ever-changing international situation and market environment, and evolve themselves accordingly for their own survival. Also Taiwan is a society of fluid hierarchy. Even those from bottom class can climb to the middle if they grab chances and make efforts. A small, family-run firm can make way for a large company. On the contrary, even a famous company or a good family can be drowned if they fail to ride the wave of change. In Taiwan, the people always talk about the future change of politics, economy, individual work and family life.

The Taiwanese consider that education and starting a business are the most effective means to become rich, succeed in career, and climb up the hierarchy. For the purposes, they have their children highly educated, and ordinary office workers study for the academic records of graduate school including MBA or EMBA. If they have opportunities, they venture into new businesses. They are ready to make every effort for success, and even if they fail, they retreat and make another challenge for new enterprise. This is why many small and middle companies develop through competition and put new life into the whole society; that business mind is Taiwanese spirit.

6-4. Middle class prepares for poverty and wealthy class diversifies risks.

Since President Ma Ying-jeou took office, he has dealt with such challenges as support for new business, labor-management cooperation, minimum wage, unemployment and soaring house price in order to eliminate the sense of unfairness among classes. However in Taiwan where democracy has deeply rooted, change of policy is more difficult than before because opinions of each groups need to be appreciated. Even so, Taiwan will become a seriously stratified society if no effective measures are taken. Therefore, many of the middle class get prepared for current depression and future life. They work hard, control consumption, save money, and get enrolled in a pension insurance to secure their retired life.

Besides, the Taiwanese people have positive traits that they go anywhere and make challenge for a better life. Maybe the Japanese people can't understand this, but the Taiwanese often have passports of several nations and permanent residency of foreign country. If politicians have a permanent residency of foreign country, their loyalty to the nation will be in question, but when general people have foreign residency, they are regarded as highly competent. Especially the children or the whole family of wealthy people have often immigrated to such developed countries as the US, Canada, Australia or New Zealand. In order to diversify risks and secure investment yield, they actively

increase their investment into economically developing countries including Vietnam, Indonesia and the Philippines. Furthermore, some are thinking of investment into real estates in Tokyo which yield higher profit, rather than in low-rent housings in Taipei.



*Pious worshipers pray at a Daoist Temple



*Confucius Temple enshrines Confucius

7. Happiness in future Taiwan society

In the current situation of widening gap, level of well-being that focuses on "the Taiwanese people's feeling in their life" attracts attention, rather than the level of consumers' satisfaction. The level of well-being is designed to grasp necessary improvements for higher level of happiness of the people and use them for policy making. OECD and western developed countries have already started to work for indexing of the level of well-being and consider reflecting it in policies. According to the World Happiness Report by the United Nations in 2012, Denmark ranks first followed by other North European countries, while Taiwan ranks 46th and Japan ranks 44th. In accordance with such trend, the Taiwanese government is planning a survey on level of well-being, which is expected to be publicized in August 2013.

7-1. Taiwanese general public's sense of happiness and occurring issues

The Taiwanese people's sense of happiness is generally considered to come from children, health, vocation, liberated life, travel and meal with friend, companionship with beloved ones, and time with one's family. Regardless of the amount of income, the Taiwanese people often say they feel happiness when they are satisfied with their current status. They find fulfilling happiness in their usual, peaceful life.

In Taiwan, however, the society is facing various problems including widening gap, aging, fewer children, youth's unemployment etc, which may threaten the people's well-being in future. The Taiwanese policies or law fail to deal with such recent

problems as pension, care for the aged, welfare, fewer children, irregular employment, NEET and the hard time for job seekers. Japan goes ahead for such problems and Taiwan can learn a lot from its examples. Since these problems will plague the Taiwan society, early action is called for.

7-2. Subjective sense of happiness in future Taiwan

Under such circumstances, media organizations and private companies have started basic research for improvement of national level of well-being. A survey by the magazine "Common Wealth" shows the Taiwanese people put importance on family life and health of body and mind. On the other hand, a survey by "Economic Daily News" and "Nanshan Life Insurance" shows high scores of housing, connection with society, health and security. According to the comparison by areas, Taipei city, which ranks 1st for economic power, ranks 8th for average satisfaction among 20 prefectures and cities. These results indicate economic affluence does not necessarily lead to high degrees of satisfaction or happiness. Although the score of employment is not quite high, it is a serious issue for the younger generation. Current job shortage and unemployment may have psychological damage and significant effect on the level of personal well-being in future. Also they have adverse effect on the whole Taiwan society in future; it is a pressing challenge to take action against these issues.

The index of well-being indicates while income is a significant factor, balanced work and life, and good relationship with family/friends or at work are more important factors that have a decisive influence on the middle class's happiness.

Figure 5. Result of survey on the Taiwanese sense of well-being, by "Common Wealth" (evaluated based on score 100)

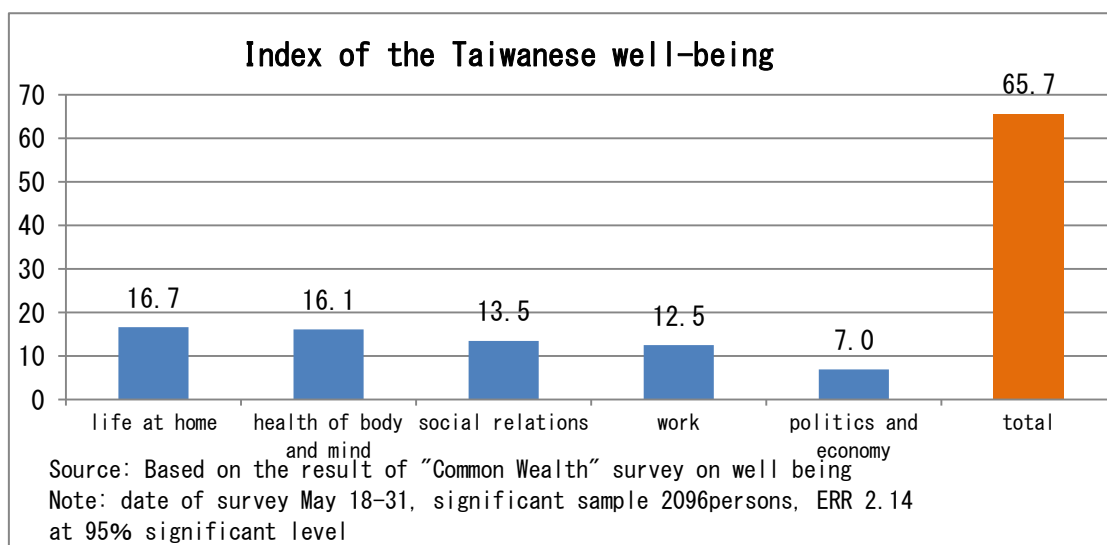
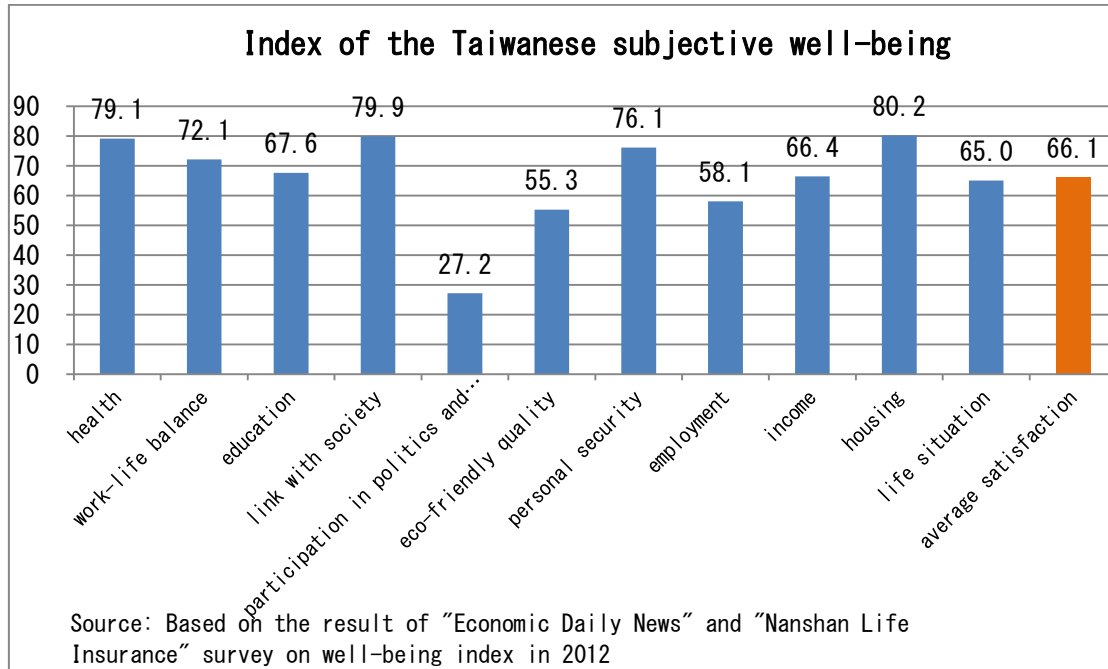


Figure 6. Result of survey on the Taiwanese sense of well-being, by "Economic Daily News" and "Nanshan Life Insurance"



Summary

The Taiwan society has a large population of rich and homogenous middle class who treasure family, friends and fellow workers. From geopolitical viewpoint, the country is located on the "Golden crossroads" and has great potential as a hub of Asian economy and culture. Currently, however, the widening gap is threatening the quality of middle class's life. In spite of this situation, the Taiwanese people keep positive mind "somehow we can make do" and try out for a new happiness. They live one life enjoying several businesses. Instead of securing their business or life as an extension of success, they venture into unknown field and enjoy new challenges with family and friends; this is Taiwanese lifestyle.