

First-generation Industrial Entrepreneurs in Postwar Taiwan

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ABSTRACT

Taiwan has been one of the best performers among latecomers in the postwar period. Addressing the question of how it achieved such fast growth, this paper explores the origins of its first-generation industrial elites. During the colonial days, the Japanese government did promote industrialization, though limited to sugar refining and military support industries and with predominance of Japanese conglomerates. With the defeat of Japan in the Second World War, these modern industries were taken over by the Nationalist government and were maintained as state-owned-enterprises. Nonetheless, the Nationalist government did not expand the SOEs and instead promoted private enterprises in the targeted light industries, especially the textile industry. The government also allocated franchise rights in restricted markets, such as cement and insurance sectors, to existing local interests so as to consolidate its political rule.

The list of the top 51 business groups in 1971 showed that one third of the industrial elites came from the Mainland and most of them had prior manufacturing experience; while the rest were local elites who had mostly commercial or no experience at all. These novices had to rely upon the government's industrial policy for initiation into industrialization. One third of the entrepreneurs were involved in the textile industry, and many were granted monopoly franchises by the government. The above findings reveal the significant impact of the government policy in promoting industrialization, implementing land reform and allocating privileges on Taiwan's economic development in early postwar years.

Keywords: Industrialization, First-Generation Entrepreneurs, Taiwan's Economic Development, Japanese Colonial Rule, Nationalist Government, Continuity Thesis