REVIEW OF TOURISM POLICY IN TAIWAN BEFORE PARTY ALTERNATION AFTER WORLD WAR II

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ABSTRACT

In Taiwan, the first party alternation was in 2000, and it terminated 50 years of one-party dominance, which significantly influenced society, politics, and the economy in Taiwan, and constructed long-term planning of tourism policy. Nevertheless, there is a lack of research on the background and development of tourism policy construction in Taiwan before 2000. Thus, this study focused on the evolution of tourism policy and analyzed the development of the tourism industry and policy under the one-party dominance of the KMT from 1949 to 2000. This study conducted a historical approach and a literature review. According to the findings, after World War II, the tourism policy of Taiwan was valued by the ruling party and was regarded as one of the critical policies to the developing economy. In addition, the construction associated with the tourism industry was reinforced, including transportation, public facilities, tourist sites, the establishment of rules, and the international promotion and innovation of tourism products, thereby created an international tourist market. This study not only proposed the planning for countries with an intention to develop the tourism industry but also suggested the research direction for future researchers.

Keywords: Tourism policy; Development; Planning; Tourism products; Tourism industry

1.0 INTRODUCTION

Tourism policy is the blueprint of a country or area for the development of its tourism industry. However, the construction of tourism policy is associated with the leader and government of the time. The tourism activities of Taiwan were launched through the development of multimodal transportation and the introduction of travel coupons during the Japanese Colonial Period (Cheng, 2009). In the middle term of Japanese governance, various tourism facilities and travel activities were developed. In the 1930s, local residents began taking trips. However, the seeming “modern tourism” was based on significant colonial characteristics. Precisely speaking, tourism policy in Taiwan began with the governance of the Chiang Kai-shek regime in Taiwan in 1949 (Su, 2006). According to the statistics of
UNWTO (2017c), in 2016, the person-time of inbound visitors to Taiwan (10,690,279 person-time) was the 31st highest in the world (the same ranking as in 2015). It created around US$ 13,400,000,000 in foreign currency earnings, which was is 26th place in the world (falling behind by two places in comparison to 2015). In addition, according to “The Travel and Tourism Competitiveness Report 2017” (WEF, 2017) announced by the World Economic Forum (WEF) on April 5, 2017, the overall tourism competitiveness index of Taiwan was in 30th place among 136 countries and areas around the world, which was an advancement of two places in comparison to 2015 (32nd place). In the Asia-Pacific area, it was in ninth place. However, the development was not complete at the beginning in Taiwan. As with other countries in Asia, it experienced wars and the colonial process. In Taiwan, the first party alternation occurred in 2000 and terminated 50 years of one-party dominance, significantly influenced the society, politics and economy in Taiwan, and constructed the long-term planning of tourism policy. Nevertheless, there is a lack of research on the background and development of tourism policy construction in Taiwan before 2000. This study conducted a literature review and historical approach to analyze tourism policy in Taiwan under the one-party dominance of the KMT before party alternation and its effect on the economic and social development of Taiwan after 2000 in order to serve as a criterion for tourism policy planning for different countries and areas.

2.0 DEVELOPMENT OF THE THREE-YEAR PLAN OF THE TOURISM INDUSTRY IN TAIWAN PROVINCE (1957~1959)

In 1949, the National Government moved to Taiwan due to losing the civil war. In a time with unstable political and social situations and halted economic development after the war, the tourism industry could not be developed. In order to resist the Communist Party of China and for the concern of national security, Taiwan adopted protection measures in politics, the economy, and society. In 1948, the National Government enacted the “Temporary Provisions Effective During the Period of Communist Rebellion”. The emergency order not only significantly influenced the political and military dimensions but also had an effect on the tourism industry in Taiwan. Thus, it resulted in laws which hindered tourism and recreation development afterwards. The overall development was based on resistance to the communists and cultivation. Furthermore, since military expenditures occupied more than half of the financial budget, people’s lives were difficult and the economy nearly collapsed. In 1950, the assistance of the U.S. reinforced the economic development of Taiwan; however, the economic situation was still unstable. Due to the lack of capital, the policy at the time was mainly to earn foreign currency. Nevertheless, since the economic state was unstable and Taiwan could not obtain foreign currency by financial capacity, president Chiang Kai-shek intended to acquire foreign currency by developing tourism in 1953 (Tourism Bureau, MOTC, 1981). During the period, Chiang Kai-shek recognized the function of tourism and recreation activities by the “Supplements of Principle of People’s Livelihood” in November 1953. During this phase, the administrative measures included reconstruction of 20 scenic areas and historical spots such as Wulai and reconstruction of beaches (Pi, 2013). In November 1, 1956, the “Tourism Industry Committee of Taiwan Province” was officially founded and became the first administrative authority of the tourism industry in Taiwan. Thus, 1956 is the year in which the tourism industry of Taiwan was launched after the war. On January 25, 1957, the second conference of the Taiwan Province tourism industry committee approved an outline of a three-year plan for the tourism industry development in
Taiwan Province and planned to implement tourism industry development in Taiwan over three years. The plan for the first year was to reconstruct scenic areas such as Guanziling, Baguashan, ChongCho Lake, Kenting, Sun Moon Lake, Lion’s Head Mountain, Toapi Lake (now called Chengcing Lake), Yuanshan, Wulai, and Bitan, establish hotels in Taichung, Tainan, Kaohsiung, and Keelung, and improve private travel agencies and restaurant facilities. In addition, it planned to establish various regulations to strengthen tourism service quality and international promotion. The plan for the second year was to reorganize and maintain other scenic areas, such as Alishan, Jhihben Hot Springs, Taroko, Tainan Canal, Agongdian Reservoir, and historic interests in Tainan City, as well as instruct and improve the aboriginal dance to preserve their simple style and enhance tourism resources. The plan for the third year was to accomplish the projects which had not been completed in the previous year. In December 2, 1958, it implemented the “Three-Year Plan for the Tourism Industry of Taiwan Province”. The project was the first tourism policy executed in Taiwan after the war. In 1957-1959, it promoted the development of the tourism industry (Cheng, 2009). The three-year plan was to reconstruct scenic areas, establish hotels in Taichung, Tainan, Kaohsiung, and Keelung and improve private travel agencies and restaurant facilities. It promoted international tourism. Because of the implementation of the said plan, scenic areas along the railways, highways, Central Line Heritage Railway, and important cities and counties were improved. The plan launched construction of the Cross-Island Highway and founded scenic areas. During the period of the construction in different places along the Central Line Heritage Railway, the roads between Taipei and Wulai as well as Taichung and Sun Moon Lake were maintained and hotels in Taipei, Taichung, and Kaohsiung were reconstructed. The plan also established management and investigation training regulations regarding scenery, roads, and hotels. The assistance of overseas Chinese’ investment was used in the construction of tourist hotels, including the Railway Hotel, Formosa Hotel, Sun Moon Lake Hotel, Prime Hotel, Holiday Garden Hotel, Royal Hotel of Taipei City, and Zhong Tai Hotel (Taiwan Province tourism industry committee, 1961).


In 1960, the government approved the “Four-Year Plan for the Tourism Industry”. From 1961 to 1964, it continued the key construction of the tourism industry. Based on Phases four, five, and six of the four-year plan at the time, the tourism industry project was implemented over 12 years from 1964 to 1976. The plan was listed as construction projects of the department of transportation and communications with transportation, communication and meteorology departments. The key points of the said plan were to improve entry and exit control, create examination procedures for airports and harbours, reconstruct scenic areas and roads, and reinforce foreign investment in hotels. In January 1960, the Council for U.S. Aid proposed the Nineteen-point Reform Program, which reinforced the investment environment. Hence, 1960 was the turning point for economic development and financial policies in Taiwan. During this period, the government’s measure was the “Statute for the Encouragement of Investment”. In order to attract overseas Chinese and foreign investment, the Taiwan government implemented the “Statute for the Encouragement of Investment” on September 10, 1960, which included qualified international tourist hotels. International tourist hotels founded by new investments could apply for income tax exemption for five
years or accelerated depreciation of fixed assets. This measure significantly enhanced private investments.

In September 1960, the “Statute for the Encouragement of Investment” was enacted and there was increased foreign and overseas Chinese investment. It enhanced not only personal investments but also savings (narrated by Kuot-ting Lee, Liu (ed.), 2005). Regions of foreign investment in Taiwan mostly referred to overseas Chinese in the Philippines with an investment value of US$ 20,143,419 followed by Hong Kong with investments of US$ 7,505,143. Investments from the U.S. totalled US$ 3,374,110, while investments from Japan totalled US$ 3,282,445. Investments also came from regions such as Malaysia and Thailand. Overseas Chinese investments in the tourism industry were 21.5% of their total investment in Taiwan. As one item, the tourism industry was the first investment of overseas Chinese in Taiwan (Lee, 1977). In addition, in order to attract foreign tourists and more directly obtain foreign currency, on November 1, 1960, the Taiwan government implemented visa waivers for 72 hours. The number of foreign visitors (including overseas Chinese) significantly increased from 72,024 people in 1961 to 95,481 people in 1964. However, due to national defence concerns, the policy was halted on July 31, 1965.

In 1968, the Taiwan government designated the Lantern Festival, on January 15 of the lunar year, as the first tourism festival in Taiwan. In that year, the ruling KMT created the “Establishment of Tourism Industry Policy to Reinforce the Tourism Administration System” in the ninth Fifth Plenum. With the planning of the Ministry of Transportation and Communications and the instruction of president Chiang Kai-shek, it constructed a draft of the “Outline of the Project to Reinforce Tourism Industry Development”, which was implemented on May 10 of the same year. The project considerably influenced the tourism industry development of Taiwan (Lee, 1998). The first article of the outline was to “establish tourism policy and accomplish basic law”, which was the development base of tourism policy and laws in Taiwan. The fifth item of the first article in the “Outline of the Project to Reinforce Tourism Industry Development” was: “the tourism industry is a tertiary industry which earns foreign currency and all encouragement measures to industries shall be applied to the tourism industry”. It provided favourable house and land value taxation for international tourist hotels and tourist hotels approved by the government to fulfil the policy to guide the tourism industry (Cheng, 2009). In September of the same year, the Executive Yuan of Taiwan founded the “Discussion Team of Tourism Policy” and planned the implementation of tourism policy. In July 1969, the “Statute for the Development of Tourism” was enacted. There were 26 initial articles which specifically indicated the regulations and punishments for the tourism industry, tourist areas, authorities, tourism development, and workers in the tourism industry.

On June 8, 1970, the Taiwan Provincial Government announced 22 designated scenic areas at the province, county, and city levels, which divided the authority to accomplish the construction of public facilities to enhance private investment. In 1972, according to the “Outline of the Project to Reinforce Tourism Industry Development”, the Executive Yuan planned the “National Park Law”, which was enacted on June 13 of the same year. Thus, it was the legal criterion for the construction of national parks. However, no national parks were founded at the time. In 1975, the Executive Yuan approved the principled indication of forestry operation in Taiwan Province and validated forest recreation and natural
environment conservation as operational objectives [3]. In 1976, the four-year economic development plan was changed to the “Six-Year Economic Development Plan”. The key points of the tourism industry development plan were development, reconstruction and management of scenic areas, the establishment of tourist hotels, promotion of international tourism, and training of tourism personnel. Hotels are extremely critical to the tourism industry. However, in Taiwan, they were categorized as special businesses (similar to bars and entertainment places supervised by prosecutors’ offices) and thus, there was little investment in construction. In 1970, Mr Chang-ching Wang, deputy minister of the Ministry of Transportation and Communications and commissioner of the tourism industry committee proposed the exclusion of international tourist hotels from special businesses and treated them as common businesses supervised by tourism industry institutions in order to reinforce the investors’ interest. In 1977, the tourist hotel industry was completely excluded from special businesses. There were 23 international tourist hotels (in 1965, there were only six) and 83 normal tourist hotels (there were 40 in 1965). After years, the Taiwan government finally responded to public opinion. The government was cautious when establishing policies, therefore the policies lagged behind the needs in reality (Cheng, 2009).

According to the previous analysis, the period of the four-year plan for tourism development was the early phase and the initial financial stage of Taiwan. At the time, a great amount of capital was required for various kinds of construction. Thus, the government implemented the “Four-Year Plan for the Tourism Industry” and the “General Development Plan for the Tourism Industry in Taiwan”, established the development ranking of tourism resources, implemented the reconstruction of scenic areas, developed tourist trips in Taiwan, and reinforced the guidance and management of the travel industry, tour guides, tourist hotels, historical spots, beaches and the safety of recreational facilities in tourist areas, in order to promote the tourism industry in Taiwan (Mao, 2009; Chu, 2009). According to the statistics of the Tourism Bureau of Taiwan, in 1956, statistics regarding the foreign currency earnings from tourism began to be recorded. In that year, there were 14,974 foreign visitors and the earnings were US$ 936,000. In 1978, there were 1,270,977 visitors and the foreign currency earnings of the year reached US$ 608,000,000, thus revealing the effectiveness of tourism development.

4.0 THE LIBERATION OF INTERNATIONAL TOURISM AND ESTABLISHMENT OF NATIONAL PARKS AND NATIONAL SCENIC AREAS (1979~1988)

With the change of the economic situation and the increase of national incomes in Taiwan, on January 1, 1979, the Taiwan government permitted Taiwanese citizens to travel abroad. It turned Taiwan travel into a country of international travel. According to statistics, in 1980, there were 484,901 Taiwanese visiting abroad. In 1988, there were 1,601,992 visitors and the increase was significant. In 1980, the Taiwan government amended the “Statute for the Development of Tourism”. Through the amendment of the said law, divisions in the tourism industry became more specific. Political, economic, and social situations in Taiwan, as well as the relationship with China, changed significantly during this period. It successively changed from a culture of control and protection into one of liberalization. In 1984, the Taiwan government announced economic liberalization and internationalization, planned national and public business privatization, and implemented 14 important construction plans. The industrial structure changed from being a labor-intensive to a technology-intensive and
capital-intensive industry. After lifting martial law, it significantly loosened control of the mountains, coastal defences, and the military. Various plans were successively developed. The government also started paying attention to nature conservation and recreational quality upgrades. During this period, tourism in Taiwan was growing. The main reason was the permission for Taiwanese to travel abroad. In addition, the government began planning the construction of national parks and national scenic areas. Private amusement parks were also founded and the establishment of hotels was encouraged. As to the construction of national parks, on July 2, 1979, the Executive Yuan designated Kenting Scenic Area as the first national scenic area in Taiwan. On December 8 of the same year, an administration office was founded to develop tourism in the area. On September 1, 1982, it was changed to a national park. It was originally subordinate to the Kenting Scenic Area of the Ministry of Transportation and Communications’ tourism bureau. In January 1984, it was moved to the Ministry of the Interior’s construction and planning agency as Kenting National Park, thus becoming the first national park in Taiwan. In April of the same year, Yushan National Park and Yangmingshan National Park were founded. In 1986, Taroko National Park was constructed, becoming the fourth national park in Taiwan. As to national scenic areas, since 1984, the Tourism Bureau of the MOTC has established seven administration offices for national scenic areas at the northeast coast, eastern coast, Penghu, Dapeng Bay, the coastal range, Matsu, and Sun Moon Lake, which are in charge of the development and maintenance of tourism resources in the area.

As to private amusement parks, Leofoo Village Theme Park opened on August 1, 1979. In 1980, Da Tung Water Park and Asian Amusement Park introduced roller coasters, which was pioneering among amusement facilities in Taiwan at the time. The “Statute for the Encouragement of Investment” associated with the construction of hotels was divided into three phases: 1960-1969, 1970-1979, and 1980-1990. In the first two phases, encouragement was limited to newly constructed international tourist hotels but did not include tourist hotels or national hostels. However, national travel became popular, and there were growing demands for the construction of tourist hotels and national hostels in designated scenic areas. The return rates of tourist hotels and national hostels depended on enormous capital and time needs, making them no different from international tourist hotels. Thus, in the third phase, the “Statute for the Encouragement of Investment” and the amended Item 13 of the “Statute for the Development of Tourism” included new tourist hotels and national hostels in designated scenic areas in the scope of encouragement. In the 1980s, international tourist hotels and tourist hotels were saturated and there were few newly constructed international tourist hotels. However, the old international tourist hotels had enormous capital requirements for the reconstruction and upgrading of facilities to remain at an international level. For the concern of the reality, the “Statute for the Encouragement of Investment” deleted the words “newly constructed”. In other words, international tourist hotels, tourist hotels, and national hostels in designated scenic areas that were qualified by the government could be titled with preference and included as tourist hotels and national hostels in forest recreation areas (Cheng, 2009).

On July 15, 1987, the Taiwan government lifted martial law and reduced or loosened control of the mountains, coastal defences, and the military to increase the space for tourism activities. In the same year, the Taiwan Provincial Government implemented the “Guideline Plan for the Development of New Scenic Areas in Taiwan Province” and actively developed four provincial levels of scenic areas: the northern coast, Mount Guanyin, Baguashan, and
Maolin. In November of the same year, Taiwanese were permitted to visit relatives and friends in China. In 1989, Taiwan approved visits and exchanges with Chinese professionals in Taiwan; however, there were few visitors. Based on previous analysis, 1979 to 1988 was the period when tourism in Taiwan started to grow. During the time, because the economy in Taiwan was highly developed, national average incomes and consumption capacity were increased, and the Taiwan government lifted martial law, travel abroad and national trips became popular. Thus, the business of the travel industry changed from a one-way to a two-way scenario. The government liberated the registration of licenses in the travel industry, encouraged private investment in the construction of tourist hotels, implemented a hotel rating system (plum blossom), and reinforced the control of accommodation quality. In addition, in order to properly and effectively use and conserve tourism resources in Taiwan, it enacted the “Regulations Governing Designated Scenic Areas” and successively developed designated scenic areas. The government initiated the investment and development of the tourism industry with private companies and launched local tourism industry development (Mao, 2009; Chu, 2009).

5.0 DEVELOPMENT OF TAIWAN AND INTERNATIONAL TOURISM (1989~1999)

From 1988, the tourism industry in Taiwan continued to grow and national travel was advanced. However, there was negative growth of foreign visitors in 1989, due to wars in the Middle East, global depression, revaluation of the New Taiwan dollar, and the increase of prices in Taiwan. In 1989, there were 2,004,126 foreign tourists in Taiwan. However, there were 1,934,084 visitors in 1990 and 1,854,506 visitors in 1991. Thus, as to the policy of international tourism development, in March of 1994, the Taiwan government implemented visa waivers of 120 hours to 12 countries, including Japan, the U.S., and the UK. In January 1995, it was extended to 14 days. In addition, the government liberated the operation of travel agencies by foreign capital, engaged in the international promotion, held large-scale tourism activities (such as the Taiwan Lantern Festival and Taiwan Culinary Exhibition) and international conferences, and developed new itineraries to attract specific visitors. On January 1, 1988, the government implemented a two-day weekend for public officials every other week and expanded the demand for national visits. At the time, in order to accelerate the development of scenic areas, on February 2, 1991, the Executive Yuan permitted the “Reform Project for the Operation and Management System of Scenic Areas”. Meanwhile, the Taiwan Provincial Government committee approved the “Program to Reinforce Travel Security of Amusement Parks of Scenic Areas in Taiwan Province”. In 1991, it enacted the “Statute for Upgrading Industry”, which replaced the “Statute for the Encouragement of Investment” and launched diverse development of the tourism industry. In order to result in balanced regional development, the tourism industry became one of the subjects of encouragement. The Taiwan government intended to accelerate industrial upgrading by the said statute. In addition, it implemented the “Six-Year National Development Plan” and “Economic Development Program” to transform Taiwan into an Asia-Pacific Regional Operations Center. Furthermore, the Executive Yuan accomplished the “Development Plan for the Tourism and Recreation System in Taiwan”, the “Overall Tourism Development Plan of Eastern Taiwan”, and the “Hot Spring Act of Development and Management”. During this phase, the implementation of policies significantly influenced later tourism policies in Taiwan. In January 1992, the Executive Yuan enacted the “Regulation for Facilities of Recreational Agriculture”. In June 26, the Mainland Affairs Council of Taiwan approved the
direct exchange between travel agencies in Taiwan and China. On November 7, battlefield missions in Kinmen and Matsu were lifted, allowing them to become the base for the following Mini Three Links and Chinese tourists’ visits in Taiwan. On October 23, 1996, the Ministry of Finance approved the inclusion of the tourist hotel industry and the tourism and recreation industry in the “Statute for Upgrading Industry” to provide an investment shelter and tax exemption for four or five years. In 1999, the Ministry of Transportation and Communications enacted the “Items that must Be and must not Be Recorded in the Service Contracts of Tourist Amusement Parks (Areas)”. On May 18 of the same year, it enacted “Items that must Be and must not Be Recorded in Standard Form Contracts of National and Foreign Trips”, with the aim to continue reinforcing tourism and recreational facilities, supervising the travel security of the hotel industry, examining the business of the travel industry, and actively encouraging private investment in tourism and recreational facilities. In 1999, the Taiwan government streamlined the overall system. Thus, among the six provincial administration offices of scenic areas, such as the northern coast, Mount Guanyin, Lion’s Head Mountain, Lishan, Baguashan, and Maolin, which were governed by the Department of Transportation of the Taiwan Provincial Government, the three provincial designated scenic areas of Lion’s Head Mountain, Lishan, and Baguashan were combined into the “Administration Office of the Tri-Mountain National Scenic Area”. Afterwards, the two national scenic areas of Alishan and Maolin were established. In order to coordinate tourism business in different departments, the “Tourism Development Implementation Team of the Executive Yuan” was established to enhance the communication and execution of tourism policies. 1989 to 1999 was a period of development for national and international tourism.

6.0 CONCLUSION

This study analyzed the development and evolution of tourism policies in Taiwan after 1949 and realized that the policies were influenced by international and national social and economic situations, as well as the leader’s thoughts at the time. Tourism policies were dominated by the government in early times, but in the 1980s, private tourism industries gradually began to participate in the development. With the efforts of the government and private companies, the tourism industry of Taiwan, after evolving for nearly half of the century, became significantly enhanced in terms of quality and quantity. In short, before the party alternation of Taiwan in 2000, tourism policy development was as follows. First, it planned tourist sites using abundant natural and cultural tourism resources in order to attract foreign visitors to earn foreign currency and improve the economic situation in Taiwan. Second, it reinforced the construction of sites in different areas and established favourable laws to attract foreign and national investment in the tourism industry. Third, tourism laws were continuously established to stabilize the tourist market. Fourth, it reinforced international tourism marketing and convenient visa procedures to attract foreign visitors. Fifth, in order to develop the tourism industry, basic transportation construction became indispensable and valued. Based on the above, before democratization, although there was a one-party system in Taiwan, tourism policies were still connected with international and national social situations. They were the base of present tourism development in Taiwan. Therefore, countries and areas in Asia or even the world that have the intention to develop tourism should consider tourism as a policy of economic development. However, they must
reinforce the indispensable infrastructure required by tourism development and properly plan resources. Taiwan, with its insufficient capital, attracted foreign investment through tax exemptions and preferential treatment and established laws related to tourism development in order to develop the tourism industry.

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