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German Institute of Global and Area Studies  
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# Cross-Strait Integration – A New Research Focus in the Taiwan Studies Field

Gunter Schubert

Over the last couple of years, Taiwan studies has seen a remarkable institutionalization in Europe, most notably through the foundation of the European Association of Taiwan Studies (EATS) in 2004, with its headquarters at London's School of Oriental and African Studies (SOAS); and the establishment of the European Research Center on Contemporary Taiwan (ERCCT) in 2008, based at Tübingen's Eberhard Karls University. Whereas EATS has gradually gained momentum through its annual conferences, which assemble an increasing number of scholars from Europe and Taiwan,<sup>1</sup> the ERCCT's initial efforts to promote graduate and postgraduate social science research on Taiwan and to offer a platform for European-Taiwanese academic cooperation and dialogue are most promising.<sup>2</sup> This special issue of the *Journal of Current Chinese Affairs* (JCCA) has been produced to tie in with these recent developments in the field of Taiwan studies and aims to become institutionalized as well. The publishers and the ERCCT intend to jointly produce a Taiwan edition of the JCCA at regular intervals to further strengthen European and international Taiwan studies. This will give scholars of Taiwan worldwide a useful and respected channel for presenting the results of their research which does not exist elsewhere. With EATS, the ERCCT, regular Taiwan special issues of the *Journal of Current Chinese Affairs*, and a new book series on contemporary Taiwan published by Routledge and edited by SOAS-based scholar Dafydd Fell, Europe has indeed taken a leading position in developing the Taiwan studies field.

Taiwan certainly deserves to be researched in its own right because of its specific historical trajectory, which has brought about a culture, economy, social structure and a political system greatly different from those of mainland China. However, the accelerating institutionalization of the Taiwan studies field should not be understood as the demarcation of an academic territory by scholars who intend to categorically divide

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1 EATS is supported by the Chiang Ching-Kuo (CCK) Foundation for International Scholarly Exchange (see <http://eats-taiwan.eu/>).

2 The ERCCT is jointly sponsored by the CCK Foundation and Tübingen University. For the center's activities, see <http://www.ercct.uni-tuebingen.de>.

the study of Taiwan from the study of mainland China. Much more, it follows the logic that the relationship between these two entities can only be understood properly by systematic comparison which, for its part, demands a deep understanding of the political past and present of both sides, respectively. To put it differently, the claims that Taiwan is a part of China or that it is different from China can only be substantiated by sound empirical research that unveils the scope and limits of cross-Strait unity and diversity. In that sense, the Taiwan studies field is both independent from and connected to the China studies field. It produces knowledge on Taiwan and, concurrently, exposes the differences and commonalities between Taiwan and China.

Given the growing economic interchanges, migration flows and political interaction across the Taiwan Strait since the late 1980s, the study of cross-Strait relations has seen a gradual but steady extension and intensification over the years. After a focus on the process of democratization and consolidation in the 1980s and early 1990s, and on Taiwanese nation-building and identity formation thereafter, cross-Strait integration (*liang'an tonghe*) has become a new paradigm within the Taiwan studies field, as a growing number of scholars look at the dynamics of economic cooperation, migration, social integration, cultural amalgamation and political dialogue across the Taiwan Strait, and how these phenomena change the quality of relations between the societies and political elites on both sides. It is thus timely that this special edition concentrates on a couple of relevant issues belonging to the study of cross-Strait integration and its consequences. Some introductory remarks should be made to highlight the importance of those issues tackled in the ensuing articles.

Since the election of Kuomintang (KMT) (Guomindang) strongman Ma Ying-jeou (Ma Yingjiu) as president of the Republic of China (ROC) on Taiwan in March 2008 and his inauguration two months later, cross-Strait relations have been significantly ameliorated. A series of written agreements between representatives of the Beijing and Taiwan governments in July and November 2008 established direct transport and communication links between the two sides which had been cut off almost 60 years earlier at the end of the Chinese civil war. At the time of writing (January 2010), the KMT government has entered the hot stage of negotiations with its counterpart in Beijing on an Economic Cooperation Framework Agreement (ECFA) which might evolve into a cross-Strait free trade agreement, though this issue is highly controversial in Taiwan. Moreover, President Ma has repeatedly declared that he wants

to sign a peace accord with China, formally ending the hostilities across the Taiwan Strait and securing the island republic more international space.

To some extent, these developments make up at the official level for what has happened for some time in the realm of cross-Strait people-to-people relations. Along with the steady flow of Taiwanese investment to the mainland and the relocation or new establishment of Taiwanese companies there, increasing numbers of entrepreneurs, factory managers and white-collar workers have moved to the Chinese mainland with their families, bringing the number of Taiwanese residing on a permanent basis on the mainland to more than a million, according to unofficial figures. Young Taiwanese graduates are looking for opportunities to make a career in China as job markets in Taiwan shrink or lose appeal. At the same time, the mainland Chinese spouses of Taiwanese and their offspring are heading for Taiwan in increasing numbers and have triggered off a heated debate on immigration policies and the integration of Chinese immigrants into Taiwanese society, as well as putting under pressure the traditional family pattern in Taiwan. Moreover, mainland Chinese workers pour into the island republic, many of them illegally, raising questions on how to control this influx in order to protect the labour market for the Taiwanese. There have been tentative agreements on the mutual recognition of school and university certificates to adjust to the growing demand for access to Taiwan's education system by mainland Chinese and vice versa. Meanwhile, civil interaction in the realm of academic exchange and tourism have been steadily expanded and there is much reason to postulate that cross-Strait relations have never been closer and more entangled than they are today, all political differences between the governments in Beijing and Taipei and the continuing military tensions in the Taiwan Strait notwithstanding.

Against this background, three articles in this special edition (Gordon Cheung, Lee Chun-yi, and Gunter Schubert) focus on the dynamics of cross-Strait integration and the political economy of China-Taiwan relations. Gordon Cheung introduces a quadrangular model for examining the meaning of "Chaiwan", a neologism which refers to the reality and the future perspectives of an intensifying China-Taiwan relationship. Firstly, he discusses the development of the *guanxi*-culture in cross-Strait business relations and argues that a common culture does not produce a common identity across the Taiwan Strait: Taiwanese business people may easily make money in China, but in terms of adjust-

ing to their social environment and to the political system on the mainland they will keep a distinct Taiwanese identity. Secondly, the future of cross-Strait relations may bring about a plutocracy of powerful economic and political interests, binding together Taiwanese business people and the ruling class in China and Taiwan. Another trend will (and must) be the further legal institutionalization of the cross-Strait relationship as has been indicated by the agreements sealed during four rounds of bilateral talks until the end of 2009. This might, fourthly, result in a Common Chinese Market some time in the future, though the dynamic of this process, as Cheung notes, is hampered by Taiwan's financial system lagging behind international standards and practices. All in all, Cheung's quadrangular model helps us to see clearer what is currently at stake and what must happen to make the process of cross-Strait integration sustainable.

Following Cheung, two articles focus on Taiwanese business people (*taishang*) on the Chinese mainland and their significance for the evolution of the cross-Strait relationship over the last 20 years. Lee Chun-yi analyses the changing pattern of interaction between the *taishang* and local Chinese governments by drawing on field data gathered in three different localities: Tianjin, Kunshan and Dongguan. She shows that this interaction became increasingly intensive over the years, as Taiwanese business people and local cadres met with rising frequency, and more institutionalized by the structure of Taiwanese Business Associations (TBA) established during the 1990s. Eventually, this even gave the *taishang* some leverage to influence and shape local political decision-making. It becomes clear from Lee's meticulous investigation that for a long time, Taiwanese investment was warmly welcomed and strongly encouraged by local governments as it broadened the tax base, pushed forward local development, and hence helped cadre careers. To attract Taiwanese business people and give them some political influence was thus a rational strategy, all the more so as the central government supported preferential treatment of the *taishang* for political reasons: they should figure as the transmission belts of Beijing's Taiwan policy in the absence of official cross-Strait relations. However, with the domestic competition of Chinese companies rising and China's industrial policy becoming more demanding in terms of capital investment and the production of high-end technology, and also because of the emergence of a new political climate across the Taiwan Strait since the 2008 presidential elections and the coming to power of a new KMT government, the posi-

tion of *taishang* on the mainland has been weakened notably. They seem to lose their comparative advantages on the Chinese mainland because their economic and political environments have changed, forcing them to modify their investment strategies and, arguably, their way of communicating with both local governments and the centre in Beijing.

Gunter Schubert deals with a still very much under-researched topic closely related to Lee Chun-yi's study: the political thinking of Taiwanese business people residing on the Chinese mainland. Since the *taishang* have always been thought of as an important shaping factor in the quagmire of cross-strait relations, it is timely to deal more systematically with their willingness to develop autonomous political agency and to look at the special features such agency might have. Schubert delineates a socio-political profile of the *taishang* with surprising results, as they seem to perceive of themselves as too powerless to have any significant impact on cross-strait policies, at least at the national level. Although they have established a nationwide structure of TBA to protect their interests, these organizations do not (yet) give them sufficient leverage to become politically influential, and at least for the time being, the *taishang* prefer to be apolitical animals, concentrating all efforts on their survival in China's challenging market economy. However, this stance might gradually change in the course of cross-strait rapprochement since the end of the Chen Shui-bian (Chen Shuibian) era. Schubert's article does also point at a number of issues related to the social integration of Taiwanese compatriots (*taibao*) in mainland Chinese society. This is a difficult, but irreversible process as ever more Taiwanese migrate to the mainland and partake in the social fabric of China – by adjusting to it, but also by changing it.

Another three articles refer to the possibility and potential benefits of a peace agreement between Taiwan (the ROC) and the People's Republic of China (PRC). Whereas Chang Ya-chung proposes a draft for such an agreement, Chris Hughes and Jean-Pierre Cabestan comment on it and discuss the feasibility of its different stipulations. Written by a government official-turned-scholar of mainlander descent<sup>3</sup> who is a political scientist specialized in European integration and an outspoken

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3 Chang worked in Taiwan's Ministry of Foreign Affairs and the Mainland Affairs Council during the 1990s before leaving government service and starting an academic career. He was a consular official at the Taipei Representative Office in Hamburg. During this time, he received one of his two Ph.D. degrees from the Political Science Department of Hamburg University.

activist for cross-Strait rapprochement and integration for many years, the text is clearly biased towards Chang's perspective on how Taiwan and China relate in terms of national identity. His stance on Sino-Taiwanese relations has never gone without criticism in Taiwan in the past, but has become more prominent since the 2008 presidential elections and the KMT's return to power. Chang pleads for the establishment of a "Whole China" meaning that Taiwan and the PRC are both parts of China and that all thinking on the future of cross-Strait relations must start from this undeniable truth. Needless to say that this point of departure is hotly contested in present-day Taiwan, as a substantial number of people simply do not subscribe to the claim that Taiwan is a part of China, whatever China one has in mind. For Chang the "Whole China" consists of two different political entities which, though having their own constitutional orders, do not interact as independent states. They would both enjoy international status and be represented in UN organizations, but would at the same time have to cooperate via a "third seat" in these bodies to make sure that they act, and are internationally recognized to do so, in the name of the "Whole China".

This proposal and the related issues that Chang discusses in his article are received with much scepticism by Hughes and Cabestan, two senior European specialists on Taiwan who have been asked to comment on Chang in order to bring some distance between the topic at stake and the domestic debate in Taiwan which can quickly become polemical among scholars when it comes to cross-Strait relations and the "One China" principle. Both are long-time observers of Taiwan's politics and cross-Strait relations, and they take a rather firm stance in rejecting Chang's proposal, though for different reasons.

Hughes doubts that a political agreement needs to be set up at all as this does not convincingly make a point for a better relationship between Taipei and Beijing than the one that has evolved most recently. He emphasizes that Taiwan's bargaining position would be significantly weakened by Chang's proposal which insists on the acknowledgement of the "One China" principle as a *conditio sine qua non* of any deal between the two sides and thus blanks the problem of Taiwan's identity and political status. Hughes also rejects the complicated construction of Taiwan and China being "only complete legal entities within their own respective domains", as once again, it is hard for him to see what Taiwan can really win by abandoning its current claim to fully recognized statehood. Practical objections concerning the "third seat" idea of Chang are also put

forward, most importantly the question of how it could be policed. All in all, Hughes sees Taiwan giving away too much for what it can reasonably expect to gain from going down the road that Chang Ya-chung paves.

Jean-Pierre Cabestan, for his part, juxtaposes the pluses and the limits of Chang's proposal, though he makes clear from the very beginning that such a pondering must be predicated on the condition that a large majority of Taiwanese accepts that they belong to the same family as the mainland Chinese – which is certainly an issue of debate on the island. For Cabestan, many of Chang's objectives, like a mutual renouncement of the use of force or status equality in the process of bilateral negotiations, could certainly be agreed upon by Taiwan and China, even more so that “unification” is not mentioned in the draft. Chang's pragmatism by making a quid pro quo bargaining offer may be positively valued, but its limitations are as visible. Most importantly, Cabestan, who has studied constitutional law, doubts the viability of the “third seat” option that Chang Ya-chung advocates as a solution for the problem of divided sovereignty that must be tackled. On the one hand, there is simply no reason why the PRC would accept any confinement of its international posture which a “third seat” to share with Taiwan would entail. On the other, what guarantees would Taiwan have that its counterpart sticks to the deal, as Chang does not discuss the critical role the US would have to play in any cross-Straits agreement. Cabestan, like Hughes, remains sceptical that there is much more to achieve in the cross-Straits theatre than the current mode of negotiations under conditions of ambiguity concerning the “One China” principle. Any long-term agreement that does not provide for a mutual acceptance of Taiwan's (and China's) separate existence, concludes Cabestan, is hardly attainable.

This special issue also contains an article by Liao Da-chi and Chang Hwei-chi who discuss an important aspect of Taiwan's constitutional reform process in the 1990s: the introduction of direct presidential elections decided in 1994. Applying a public-choice approach that draws on elite, rational decision-making under the condition of constraints, in this case ordinary people's understanding of democracy, they explain how the protagonists of direct presidential elections won out against those favouring an indirect election method. It is indeed interesting to recall how it was possible that an cross-party alliance of DPP politicians and KMT dissidents forced the then ruling party to change its stance on this issue. The authors show how the calculations of power maximization and power loss minimization, especially within the KMT party camp, played



out between 1992 and 1994 to gradually change the original party inclination of favouring indirect elections. It also becomes clear that the public understanding of the indirect voting method, without any historical forerunner in Taiwan and in the context of a heated political debate, was crucial to splitting the KMT camp and bringing about the above-mentioned alliance that sealed the direct vote.

Finally, Stefan Braig presents an analysis of Taiwan's December 2009 elections of county magistrates and local parliaments which have tested, arguably, the consent of the Taiwanese with the new KMT administration 18 months after its takeover. Although the DPP gained some ground in these elections by taking four of the 17 county councillor posts and by making some significant inroads into KMT-held territory in the county and township councillor elections, the author argues for caution in interpreting those results as a meaningful step back to power for Taiwan's largest opposition party. Though the DPP's leadership and intra-party unity has gained in strength through the recent ballot, the KMT has still been strong enough to maintain its leading edge over the DPP at the local level. However, the KMT must address the issues that the DPP has successfully brought forward in criticizing the Ma administration, most notably communication with the public on the speed and direction of the government's China policy and, as a specific matter, legislative oversight of the ongoing negotiation process concerning the hotly contested ECFA, a quasi-free trade agreement between Taiwan and the PRC.

It is hoped that this special edition will spark the interest of Taiwan scholars worldwide and pave the way for their participation in future projects of this kind, as guest editors, contributors or reviewers.

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# Contents

## Introduction

- **Gunter Schubert**  
**Cross-Strait Integration – A New Research Focus in the  
 Taiwan Studies Field** 3

## Research Articles

- Gordon C. K. Cheung  
 New Approaches to Cross-Strait Integration and Its Impacts  
 on Taiwan’s Domestic Economy: An Emerging “Chaiwan”? 11
- Lee Chun-yi  
 Between Dependency and Autonomy – Taiwanese  
 Entrepreneurs and Local Chinese Governments 37
- Gunter Schubert  
 The Political Thinking of the Mainland *Taishang*: Some  
 Preliminary Observations from the Field 73
- Liao Da-chi and Chang Hui-chih  
 The Choice of Constitutional Amendments in a Young  
 Democracy – From Indirect to Direct Election of the  
 President in Taiwan 111

## Analyses

- Chang Ya-chung  
 A Modest Proposal for a Basic Agreement on Peaceful  
 Cross-Strait Development 133
- Christopher R. Hughes  
 Commentary on “A Modest Proposal for a Basic Agreement  
 on Peaceful Cross-Strait Development” by Chang Ya-chung 149
- Jean-Pierre Cabestan  
 Commentary on “A Modest Proposal for a Basic Agreement  
 on Peaceful Cross-Strait Development” by Chang Ya-chung 163

## Analyses

- Stefan Braig  
Signs of Change? An Analysis of Taiwan's December 2009  
Local Elections 175

Contributors 199