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Taiwan after the Colonial Century: Bringing China into Foreground

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The cross-strait history of Taiwan and China is a reinvented narrative during the last two decades or so. As a matter of fact, the two countries had been separated from each other for a century-long period (1895-late 1980s), except for a brief, transitional and chaotic episode of Kuomintang takeover (1945-49). The author calls this epoch as “colonial century.” The nearly entire century of separation was paralleled, in Taiwan, by a history of colonialism interlaced with ravaging, resistant, predatory, or modernizing plots. The first half of the colonial century is well known as the Japanese Era, while the second half can be depicted as a quasi-colonial rule by the KMT émigré regime, which served as a client state of the US during the Cold War. This paper takes the end of the colonial century as a point of departure by bringing the China factor into the analysis of the island country’s development. First, it describes how China entered (or re-entered) the contemporary Taiwanese historical scenes under the geopolitical restructuring in the East Asian region since the 1980s. Then, it illustrates how Taiwan (including its state, political society and civil society) as a *sovereignty-contested democratic state* tackles the China factor. Taiwan has been engaging the rising China, though the island country is constantly under its military threat and sovereignty claim. In a nutshell, Taiwan and China interact with each other in a special, or unconventional, inter-state relationship. Finally, it will define a field of governance across the Taiwan Strait; this *cross-Strait governance field* has emerged as a response to the peculiar relationship between the two countries.

After the Colonial Century

Taiwan was ceded to Imperial Japan by the Qing Government in 1895, which

started a century of modern colonial and postcolonial history on the island. After Japan was defeated in the World War II, Taiwan was handed over, or “returned,” to the Kuomintang Government of China (Republic of China) in 1945. Four years later, the KMT was defeated by the Communists on the mainland and retreated to Taiwan with a huge group of military and civilian personnel, a ROC state apparatus, and numerous refugees. This wave of massive immigration (approximately totaling 1-1.5 millions according to varying estimations) caused a daunting demographic and ecological pressure to the island, let alone the other social and cultural impacts. Under the US military protection, the KMT regime used quasi-colonial policies to respond to the challenges. Actually, in the midst of Cold War military and ideological confrontation, Chiang Kai-Shek’s regime served as a client state within the American imperial system (cf. Mann, 2003). Many have argued that Taiwan would have been in the hand of the Communist China if without the US’s military protection (since the outbreak of the Korean War 1950-53). During the high Cold War era, the ROC was a permanent member of the Security Council of the United Nations, whereas the Communist China could not gain legal recognition of the major Western powers led by the US. Mao’s China claimed sovereignty on the “renegade province” of Taiwan, but in effect, the ROC enjoyed autonomy on Taiwan, unaffected by China’s claim of sovereignty. Unexpectedly, the Cold War brought stability for the Taiwan Strait for almost half a century, a period which can be termed the “long peace” (cf. Gaddis, 1987). Let us just set aside the troublesome concept of “Chinese” (*Zhongguoren*), and replace it with a somewhat neutral one of “Huaren” in this context – in the perspective of greater Huaren World, Taiwan, as a Huaren country, has enjoyed a remarkably long period of peace and prosperity since the economic take-off of the 1960s, followed by a rather smooth (under international and historical comparisons) transitional period toward democratization. No doubt this achievement is worth careful analysis. However, the paper does not aim at explaining the causes of the success during this long colonial century, but would take the end of it as my point of departure – the surfacing of the China factor, and its impact on Taiwan.

What legacies has the long colonial history brought on the island country on the

eve of its path-breaking democratic change? Firstly, the Japanese rule ushered in “colonial modernity” as heatedly debated in the literature. The colonial state’s capacity was greatly enhanced by its infrastructural construction and expansion. This modernizing momentum was interrupted by the defeat of Japan in the World War II and the chaotic and predatory takeover by the KMT and subsequently the warlike regulation of the 1950s. Economic growth and social development regained its dynamics since the 1960s, when Taiwan embarked on an export-oriented industrialization (EOI) with the spur and help of the US, which simultaneously began to open up its domestic markets to the East Asian newly-industrializing countries (NICs) (Gereffi and Wyman, 1990). On the eve of its democratic change in the late 1980s, Taiwan had established itself as a medium-income country with a fairly equitable income distribution. In short, Taiwan became a “model” of the “dependent development” (Cardoso and Falletto, 1979) and of “authoritarian developmental state.”

Secondly, Taiwan was a *protected political community* under the Pax Americana. Chiang’s regime was a client state of the US hegemony. The Cold War “froze” Taiwan’s international status and its relationship with the People’s Republic of China (PRC). In effect, the US enjoyed a quasi “suzerainty” over Taiwan. In the 1970s, the ROC began to lose its international legal sovereignty when the major Western powers shifted their diplomatic recognition to Beijing (PRC) one after one, which culminated in the US’s transfer of its legal recognition from Taipei to Beijing in 1978. Up until then, China was merely a specter haunting over the Taiwan Strait, a mirror image of the ruling KMT’s ideology and propaganda imposing on the people of Taiwan. There was no real or imminent military threat from across the Strait. Henceforth, China began to loom large and its threat gradually became real. Nonetheless, Taiwan managed to remain a sovereign country in the definition of Westphalian sovereignty (Cf. Stephen Krasner, 1999, 2001). In a large part, the support yielded by Washington was a pillar for Taiwan’s de facto independence (from China) and dependence (on the US).

Thirdly, a vivid civil society emerged during the 1970s. The social forces rapidly

developed due to the energetic civil economy under the EOI drive, and also under the limited liberalization policies permitted by the Chiang Ching-Kuo rule (CCK succeeded his father's power since the early 1970s). The crackdown of the Formosa Movement in 1979 did not deter the society from continuing supporting the democratic cause. Moreover, spontaneous social protests erupted in the early 1980s, providing a sort of extended battlefield to the repressed political dissidents and helping to open up a competitive political society in the mid 1980s (Wu 1990, 2002).

Fourthly, Taiwan rode the tide of “Third Wave” democratization during the 1980s (cf. Huntington, 1991). The KMT was forced to open up its authoritarian regime in 1986 by acquiescing on the formation of a grassroots opposition party, Democratic Progressive Party (DPP); and its leader Chiang Ching-Kuo promised to lift martial law and allow new newspapers to exist over the new few years. Not long after, Taiwan launched its first “founding election” in 1992 by re-electing the KMT-controlled “long parliament” of the Legislative Yuan.¹ The citizens directly elected their president in 1996; and the opposition party DPP won the presidential election in 2000. The power transfer from KMT to DPP has effectively ended the émigré-regime characteristics, a major breakaway from the protracted colonialism. In essence, Taiwan has become the first democratic country in the history of Huaren World.

Finally but not less importantly, the end of Cold War initiated a new phase of political instability for Taiwan, domestically and internationally. China during the Cold War was contained by the US hegemony in the East Asia. Beijing's contention over Taiwan's suzerainty was insignificant and ineffective. But the end of Cold War thawed the once frozen cross-Strait relationship. Now Taiwan had to worry about its own international position. There was an imperative urge of seeking a new identity in the global society. A more and more globalized international system brought in a jeopardy of pushing Taiwan to the periphery of international society, therefore

¹ The Legislative Yuan had hitherto not been re-elected since the ROC apparatus was moved to Taiwan in 1949. For the significance of a founding election on democratic transition, see O'Donnell and Schmitter (1986).

constantly causing agony and trouble on Taiwan's diplomatic and international organization frontiers. The island country was frequently agitated when dealing with outside and thus forced to pursue and reconfirm its existence in the world -- unless the country thoroughly gave up its hitherto established self-identity and surrendered its sovereignty over to the PRC. But this is unthinkable for an ever-democratizing and deeply-indigenized post-colonial society. Therefore, Taiwan had to negotiate with the world powers, including the US, its long-time protector, and Beijing, its would-be suzerain, for its own survival. No doubt there would have been frictions and conflicts whenever Taiwan was forced to defend its own interests or took initiative in creating its living niches. Henceforth, Taiwan was depicted as a "trouble-maker," "seeking a creeping independence" and "rocking the boat." Yet, few would think that it is the international pressures in conjunction with the domestic democratizing forces that have coerced the country to take action and reaction. In other words, it is not that Taiwan was asking for trouble, but the post-Cold War globalized society forced it to do so (Wang, 2008).

The end of colonial century in Taiwan coincided with the end of the Cold War, the embarkation of a new democratic state, and the restructuring of geopolitical and economic order. This is the story I will tell in the next sections.

Geopolitical and Economic Restructuring

The cross-Strait trade relations took a great leap within twenty years. During the late 1980s, Taiwan just began to move its low-profit, labor-intensive and environment-costly industries out to Southeast Asia and China. This industrial redeployment happened amid a geopolitical and financial restructuring in the Asia-Pacific region. The US had opened its domestic markets to the Chinese goods; the Plaza Accord (1985) resulted in currency revaluation for Japan and consequently for Taiwan. It was within this international political-economic context that China's Southeast Coast -- where cheap labor and factory lands were abundantly provided -- became an attraction for Taiwan's capital. The trade expansion across the Strait was primarily investment-driven. In 1991, the earliest year that the official statistics about

Taiwan's investment was available, there were merely 860 million US dollars of direct investment from Taiwan according to the Chinese source, while the statistics from the Taiwan government was even an insignificant one of 170 millions. However, Taiwan's capital began to rush into China since the mid-1990s; it had accumulated as much as 111,7 billion dollars during 1991-2011 according to Taiwan's Ministry of Economy. See Figure 1. The amount of cross-Strait trade (including the trade volume with China and Hong Kong) was merely 21.6 billion dollars in 1991, accounting for 15.5% of Taiwan's foreign trade. It had reached 176.5 billion dollars in 2011, occupying almost 30% of total trade; and meanwhile, Taiwan enjoyed a large surplus in the trade relations. See Figure 2.

[Insert Figure 1 and Figure 2 about here]

There has been a dramatic change of Taiwan's position in the international economy in terms of division of labor since the late 1980s. The rapid growth of cross-Strait investment and trade has also altered the prior trade patterns between Taiwan and the US and Japan respectively. The US used to be Taiwan's most important "trade partner" during the Cold War era, but in 2005, China had replaced the US as the number one export market for Taiwan. Furthermore, Taiwan became the fifth-largest export market for China in 2009. Now China has overtaken the US as Taiwan's major "trade partner." In this new division of labor, Taiwan export a large amount of raw material and semi-manufactured goods to China, which are processed and assembled there by utilizing the cheap labor, and then re-export them to the Western markets. Therefore, the trade surplus that Taiwan had enjoyed vis-à-vis the US has now been transferred to a new structure of China vis-à-vis the US. This new triangular trade pattern involving China has replaced the previous bilateral trade relationship between Taiwan and the US. China has also been enormously benefiting from this new trade pattern by courting Taiwan's capital, learning its managing and manufacturing skills and emulating its export-oriented industrialization strategy. From the liberal-institutional perspective, the new trade relations have created a win-win situation for both countries and have enabled Taiwan to possess a "soft power" against China. However, from the realist perspective, Taiwan has dropped into a trap of dependence upon

China by putting its most economic stakes in that rival country; and the risk runs especially high on the side of Taiwan since there exists a tremendous asymmetry of power, militarily and politically, between both sides. Both theories grasp a part of the reality. Still, as China continues to cultivate its domestic purchasing power and thus attract more and more Taiwan's capital into its internal markets, China will be more competently and confidently to wield its leverages against Taiwan. In other words, Taiwan would depend on China's domestic markets more deeply if China could successfully implement a domestic-market-oriented readjustment policy. When this scenario comes true, the realist perspective would get the upper hand.

The rapid growth of Chinese economy over the last three decades has brought about a great economic power shift favorable for China. China overtook Japan as the number two in the world economy in terms of GDP in 2010. But, in fact, China had passed Japan in 2002 if the current-price GDP is readjusted with purchasing power parity. See Figure 3. The rise of Chinese economy is also reflected in its relative weight in comparison to Taiwan. The entire economy of China in 1989, the year of Tiananmen crackdown, was merely 3 times of that of Taiwan; after PPP adjustment, it was 4.7 times. However, Taiwan was dwarfed by China by 2009, while Chinese economy became 13 times of Taiwan's, though it was 11.9 after PPP adjustment. See Table 1. Taiwan was on the threshold of a developed nation in 1989 with current-price GDP per capita of 7,521 US dollars, whereas China had a very poor 400 dollars. After PPP adjustment, Taiwan still enjoyed a 12 times of GDP per capita over China. However, by 2009, China had caught up swiftly by a current-price GDP per capita of 3,678 US dollars versus Taiwan's 16,392 dollars. China had reduced the gap ratio to only 4.5 times; after PPP adjustment, it was 4.8 times. See Table 2. Furthermore, if we compare China's most prosperous areas such as the Southeast Coast industrialized zones, the result seems more daunting. Take Shanghai Municipality for example. Shanghai has been one of the wealthiest localities throughout the Mao's era and the post-Mao open-reform era. In 1978, when China was beginning the market reform, the starting point of income level for both Shanghai and Taiwan was very close: Shanghai had a GDP per capita of 1,455 US dollars,

while Taiwan had 1,599 dollars; the gap was a minuscule of 154 dollars. Shanghai had not been opened for foreign capital until 1992, and its income level had stagnated, or even dropped, during that period. Its income level gradually rose to 3,630 dollars in 2000, while Taiwan had increased to 14,704 dollars in the same year; the income gap was 11,074 dollars, the largest during the years under comparison. Afterward, Shanghai quickly ran after Taiwan. It reached 12,784 dollars in 2011, while Taiwan arrived at 20,006 dollars; the gap was narrowed to 7,222 thousand dollars. See Figure 4. With the same pace, Shanghai would catch up with or even overtake Taiwan within a decade or so. I put these two places under comparison, because they are comparable in size of land area and population and in development sequence. We would reach a more or less similar conclusion if we compare Taiwan with the Pearl River Delta area (Guangdong) or the Yangtze River Delta area (spanning Southern Jiangsu, Northern Zhejiang and Shanghai) respectively.

[Insert Figure 3 about here]

[Inset Table 1 and 2 about here]

[Insert Figure 4 about here]

The rapid economic growth has strengthened Beijing in its policy toward Taiwan for several reasons. First of all, it has enhanced the government's confidence in dealing with Taiwan. Now the Beijing regime has strong financial muscles in spending on military buildup and infrastructural construction. The increased financial revenues have also enabled Beijing to enjoy the option of "buying Taiwan" on top of military threat. Further, the rapid growth has proved the success of the EOI strategy in luring Taiwan manufactures into China, which has become the single largest target of direct investment for Taiwan over the years. With the maturation of EOI phase, China has now redirected its development strategy to domestic-market expansion. This new strategy, if substantiated, would attract more advanced and high-tech capital from Taiwan that intends to share China's potential giant domestic market. Feared of being marginalized by regional integration, such as "ASEAN plus one" (Association of South East Asian Nations plus China), the Ma Government, once being in power moved swiftly to sign an Economic Cooperation Framework Agreement (ECFA) with

Beijing. This agreement was expected to bring the two economies even closer. Some worried that Taiwan will hence depend more heavily on China's market; and Beijing could thus exert economic leverage for political purpose. In retrospect, China has gained politically by taking advantage of the obviously inexorable cross-Strait economic ties. Beijing was also adroit in manipulating a mentality of collective anxiety in part of the populace in Taiwan. To illustrate, the Ma Government iterated that Taiwan accepts the "1992 consensus" as a tacit agreement to the principle of "one China, respective interpretations," which Beijing regarded as a premise to offer "economic concessions" (*rang-li*) to Taiwan. President Ma also made political concession by being quoted as saying that the relationship between China and Taiwan is district-to-district, rather than state-to-state.

To sum up, Beijing's strategies toward Taiwan during the post-Cold War era can be described as follows. Firstly, Beijing has achieved in incorporating Taiwan economically under the trend of the geopolitical restructuring and rearrangement of international economic division of labor. Secondly, Beijing has deterred or obstructed Taiwan from seeking de jure independence or international recognition in the official organization. The tools used include military threat, such as deployment of massive missiles and military exercises, and economic concessions, such the signing of ECFA. Thirdly, Beijing has depicted and continues to depict Taiwan as a trouble-maker in the international propaganda, whenever Taiwan tries to assert its right for existence and representation in international arena. Therefore, Taiwan's sovereignty has come to meet with more and more contestations from Beijing over the post-Cold War years.

Taiwan as a Sovereignty-Contested Democratic State

There are several theories about Taiwan's statehood in the international system. First is the sovereignty-undecided theory. Second is that Taiwan is an independent, sovereign state; and that the ROC is its national title. The first stance has been held by a school of Taiwan independence who argues that Taiwan's legal status is undecided since the defeated Japan stated that it surrenders Taiwan in the San Francisco Peace Treaty (Article 2, 1951) but did not specify to whom it surrenders. Therefore,

Taiwan's statehood is not yet settled with a due process of law such as the expression of the people's self-determination by way of a national referendum. The second stance has been the official line of the Kuomintang Government since the onset of democratization in the early 1990s. This paper argues for a third theory that Taiwan is actually a *de facto* sovereign state, but its *de jure* sovereignty is constantly under contestation by the major powers, predominantly by China.²

A key element in this argument is the so-called problem of "stateness" as proposed by Linz and Stepan (1996): For a country whose sovereignty is in question, the issue of stateness matters in the process of democratization. They argue that a sovereign state is the prerequisite of modern democracy. "Democracy requires statehood. Without a sovereign state, there can be no secure democracy."³ Hong Kong is a good case to exemplify this theory. As a subunit of China under the formula of "one country, two systems," it is unimaginable for Hong Kong to create a democratic political subsystem within a nondemocratic state. This has been the case of Hong Kong since the territories were handed over to China in 1997. As the sovereign of Hong Kong, Beijing has replaced the British Government in deciding to what extent the special administrative district can govern itself. We can rephrase the problem of stateness as a thesis of "problem of democratization in the sovereignty-incomplete country."

The Linz-Stepan thesis can not apply to Taiwan directly, but it is illuminating in the analysis of cross-Strait relations. Taiwan has become a democratic country over the last two decades: It has endured two times of peaceful power transfer (2000 and 2008 respectively); therefore, Taiwan can be categorized in the list of consolidated democracies. Nevertheless, there are problems haunting this fledgling democracy insofar as in that the country's stateness becomes problematic. These include the internal divide over the national identity, the dispute over sovereignty between Taiwan and China, etc. There is little doubt that Taiwan is a sovereign state, according to the definitions of modern state laid out by Max Weber (territoriality) and

² For the argument that Taiwan is a *de facto* independent state, cf. Wang (2007).

³ Linz and Stepan (1996:19).

Charles Tilly and Stephen Krasner (autonomy within a state's jurisdiction). Several key indications demonstrate the statehood of Taiwan: popularly-elected government, independent, supreme judicial system, finance and taxation apparatus, central banking system, the military organization, and above all, that the state monopolizes the use of force within its jurisdiction. Furthermore, the actual territorial area that the state rules over is consistently overlapping with the area where democracy is practiced.

However, several factors have brought about a few ambiguities in the issue of stateness. First of all, the Taiwan Government does not enjoy the international *de jure* recognition in the present interstate system; and the major powers either “acknowledge” or “do not challenge” the PRC's claim of sovereignty over Taiwan. Secondly, legalistically speaking, the mainland China is still a part of the ROC's territory in its current constitution. Thus, President Lee Teng-Hui's assertion in 1999 that the relationship between Taiwan and the mainland embodies a “special state-to-state relation” emphatically made a departure from the constitution by subtly delineating the actual jurisdiction of the ROC from that of the PRC. But, this statement has never become entrenched as an official policy, such as being proclaimed by a revision of the constitution. Finally, there is a substantial part of population, though dwindling over the years as to be less than 15-20%, holding the idea of (eventually) unifying with the mainland. This divide over the national identity has helped create a favorable condition for Beijing's nationalist, irredentist stance toward Taiwan. These factors all together combine to bring about a sort of “collective insecurity mentality” or an “anxiety over political uncertainty” in Taiwan. Remarkably, these sentiments have occurred in the surroundings of an ever-intensifying economic dependence on China.

It can be observed that the issue of stateness has affected Taiwan to some extent, but the problem is not as serious as that of Hong Kong. By extending the Linz-Stepan thesis, I call the statehood of Taiwan as a sovereignty-contested state; and this sovereignty-contested state is already a democratic one. The year of 1996 was a critical juncture for Taiwan's democratization. The citizenry were allowed to directly elect their president in that year. This “sovereign moment” embodies popular

sovereignty. It also bids farewell to the émigré regime of old Kuomintang and to the island's colonial past. Henceforth, Taiwan has become an “independent democratic state.” That is why Beijing was so upset (or well-calculated) as to wage a large-scale military exercise in the Taiwan Strait, which immediately stirred up a severe crisis that the US had to dispatch two aircraft carriers to deter China's aggressive move.

What are the implications and consequences for a sovereignty-contested democratic state like Taiwan? There is actually the problem of vulnerability of Taiwan's new democracy. Certainly, the political situation in Taiwan is far from that in Hong Kong, which has been enthralled under the regime of “one country, two systems.” Nevertheless, whenever China factors in the domestic policy arena in Taiwan, the so-called Blue-Green schism would erupt. By contrast, we have also seen the resilience of the civil society. The Rebiya Kadeer dispute in the Kaohsiung International Film Festival is a good case for illustration. Rebiya Kadeer is a prominent Uyghur political activist living in exile in the US. There was a documentary film titled “The Ten Conditions of Love” about her romance and life struggles in Xinjiang. In September 2009, the Kaohsiung Film Festival invited this documentary for public screening. In a week, the pressures were mounting from Chinese Government and domestic interest groups in Taiwan. The Kaohsiung Association of Hotel Management expressed the “wish” that the documentary be moved out of the program. Subsequently, the Chinese Taiwan Affairs Office issued a press release reprimanding the decision by Kaohsiung City Government; and a Chinese official “revealed” to reporters that the Chinese tour groups should avoid Kaohsiung.⁴ The KMT caucus in the Legislative Yuan (the congress) stated that the impending screening of “Ten Conditions” had hit a hard blow on Kaohsiung's tourism. In the meantime, the Ministry of the Interior refused to give a visa to Kadeer for national security reasons. Reportedly, the mayor of Kaohsiung was thus about to yield to the tremendous pressures in a few days. During the dispute, several civil rights groups stood up and supported the mayor's decision of not yielding. The opposition

⁴ Chinese tour groups have rapidly increased over the last two years since the KMT returned to power in 2008. There were estimated as many as 1.4 millions of Chinese tourists visiting Taiwan in 2010.

Democratic Progressive Party (DPP) then cooperated with some civil rights groups to screen the documentary film around the major cities of Taiwan. In October, the Taiwan Affairs Office made it clear why the mainland tour groups had skipped Kaohsiung: “A certain forces converged with the Tibet and Xinjiang independence groups, assaulting the core interest of the Mainland and hurting the Mainland fellows’ feelings.” In November, the Taiwanese Mainland Affairs Council reported in a document that “the invitation of Dalai Lama to visit Taiwan (by the mayor of Kaohsiung earlier in the same year) and the screening of Kadeer documentary had indeed caused a strong reaction from Beijing.”

The Kadeer event clearly demonstrates how the China factor has penetrated into Taiwan’s domestic politics and how the domestic pressure groups have lobbied for their interest in favor of China. It would be quite possible that the Kaohsiung City Government bent to the demand of the Chinese side if there had not been the protests staged in time by numerous civil rights groups and the opposition party.

Emergence of Cross-Strait Governance Field

Based on the above analysis, we have found that the intensified cross-Strait relations have produced a trans-state governance field between Taiwan and China. This field is a by-product of the development of the special inter-state relations, despite that this is not being stipulated in any written form. Recently, as the implementation of the ECFA has indicated, there is a tendency to put the special relationship into a written form and to institutionalize the complicated cross-Strait affairs. For instance, an ad hoc device of Economic Cooperation Council has been established under the umbrella of ECFA to solve the ECFA-generated issues such as trade and investment disputes.

Apart from trade and investment, the flow of people has also presented challenges in governing the cross-Strait field for issues with regard to citizenship and health care coverage of numerous Taiwanese expatriates in China, residence and work rights and citizenship acquirement of the mainland spouses in Taiwan, official document (e.g., academic diploma) notarization, extradition of criminals, etc. This

field is characterized by the fact that there does not exist normal, international or diplomatic relation between both sides, nor is their relationship a domestic one.

As analyzed above, factors including international restructuring of production, capital flows, and inter-state competition between both countries have shaped the policy and institutional context wherein the Taiwanese and the Chinese are located in their host country respectively. If we set our analysis at the national and sub-national level, these affairs belong to each side's "domestic politics." As yet, when we elevate our analysis to the supranational level, we will find that the policy behavior at each side has been deeply influencing the other side, even though the interaction is not based on explicit negotiation, but tacit bargaining. To illustrate, the issues of mainland spouses and health care may involve citizenship, nationality, and identity politics. In the following section, I will take the case of health service as an example.⁵

In Taiwan, the qualifications for nationals to join the universal health coverage system are tied to the household registration system: nationals have to be Taiwan residents to qualify for coverage. This is an important incentive for migrants to keep their status as registered residents in Taiwan. Many of the migrants to the Mainland did not want to lose their citizenship status in Taiwan precisely because they would lose their medical security. To keep their membership in the universal health coverage system, they need to go back to Taiwan from China at least once every two years and continue to pay the monthly premium. It is found that intra-migrants in Europe still heavily relied upon the medical insurance and care system back home (Favell, 2008). It is similar to the Taiwanese migrants in China. Among the citizenship benefits in Taiwan, many considered universal health coverage to be the most important and precious membership entitlement they wish to keep.

The current policy of universal coverage allows migrants to apply for a temporary suspension of payments if they will be abroad for at least six months and to resume the payments once they come back. This measure, of course, cut the costs of longer-term migrant citizens since they do not have to pay the premium to maintain

⁵ This section draws heavily on Tseng and Wu (2011).

their health coverage. Many migrants take advantage of this generous offer to resume coverage only when they need to come back for medical care. Criticisms have been made of the injustice of a policy that allows citizens abroad to evade responsibility for sharing the cost of insurance while still enjoying the full benefits once they return. Some critics have targeted the Taiwanese migrants in China because of their sheer size among overseas Taiwanese.⁶ From statistics available since 2005 till 2007, around 60-70 percent of overseas reimbursements for medical expenditures from the National Health System have been for the medical needs of migrants in China (Lin 2008).

However, many migrants living abroad who continue to be covered by health insurance in Taiwan have their own complaints. The reimbursement of medical costs incurred overseas takes a long time and requires tedious procedures. Taiwanese migrants in China often feel they are victims of the system since they have to pay the premiums nonetheless. They are demanding a simpler and speedier procedure for covering their medical expenditures. One of the interest groups representing them, the Taiwanese Business Associations in China, has lobbied to simplify the reimbursement procedures by permitting the Taiwanese migrants to use their insurance cards in Taiwanese-owned hospitals in China⁷.

At the same time, there are public concerns that although these reimbursements require notarizations on medical and expenditure records in China, there have been instances of fraud, raising doubts about the reliability of medical expenditures in China claimed by Taiwanese insurers.

The rationale behind this costly policy of covering expatriates is both political as well as economic. Firstly, with nearly four percent of total population living in China,

⁶ According to 2005 statistics offered by the Straits Exchange Foundation (SEF) in Taiwan, the number of Taiwanese residing and working in China has increased to an estimated 750,000. The total population of Taiwan is about 23 million as of the end of 2010. See <http://www.sef.org.tw/html/seftb/seftb1/seftb1.htm>. SEF is a semi-official agency assisting the Taiwan government in dealing with logistics associated with citizens and businesses involved in cross-strait matters.

⁷ Central News Agency, 06/24/2008
http://tw.stock.yahoo.com/news_content/url/d/a/080506/1/xflu.html.

Taiwan shows the strong intention not to alienate their nationals even when they migrate to the territory of its rival state. Universal health coverage is an important “diaspora integration” mechanism, as Gamlen (2008: 851) put it, for Taiwan state to extend their sovereignty to reach extra-territorial members. Secondly, to keep Taiwanese diaspora identifying with mother state has potential economic gain. Taiwanese political elites have regarded Taiwanese diaspora and investments abroad as the extension of national wealth and pride (Wang 2000). Such mindset is shared across partisan lines, even among pro-independence politicians including the former president, Chen Shui-bian. During a Chinese new year’s banquet attended by the representative group of Taiwanese migrants from China, he pointed out that Taiwanese working in China had brought economic benefits to Taiwan. In that same occasion, he promised that his administration would consider ways to grant special permission to certain hospitals in China to provide health care to Taiwanese migrants, to be directly covered by Taiwan National Health Insurance.⁸ The proposal is now continued with the pro-unification new government (Hsieh, 2009).

Conclusion

The major rhythm of cross-Strait interaction after the long colonial century can be summarized as such: economic leap forward, political standoff, and social indifference. However, the election of President Ma Ying-Jiou in 2008 seemed to have changed this scene to some extent. The Ma Government accepted the “1992 consensus” and signed with Beijing a series of agreement on tourism and economic cooperation within two years of its coming to power. Will the new policies change the current equilibrium in Taiwan’s Blue-Green politics and tilt to China’s strategic interest over Taiwan? And will the intensified economic and social interaction between both countries change the public opinion and national identity in Taiwan?

The signing of ECFA is the first attempt by the Chinese side to put the close cross-Strait economic relations into a written protocol, stating that Taiwan is thus incorporated into the greater China economic circle. Economically, the ECFA works

⁸ Liberty Times (Ziyou Shibao), 2004/1/31.

like a free trade agreement between countries. Whereas, politically, it could be functioning like a deterrent to prevent Taiwan from “creeping” into de jure independence – a ratchet effect that favors China. The Economic Cooperation Council will probably serve as a gearbox connecting the respective state apparatuses. It is still early to forecast how effective this new agency will turn out to be, but it would be reasonable to infer that the ECC signifies an instance of the institutionalization of the cross-Strait governance. For better or for worse, both sides have together stridden a giant step toward cross-Strait integration, which could be interpreted a big gain for the Chinese. In the first two decades of the post-Cold War reengagement, the migration of people had been primarily unilateral. Compared to the size of Taiwanese expatriates in China, the Chinese personnel in Taiwan was trivial. This was so because Taiwan adopted an especially cautious policy in dealing with the Mainland for national security reasons. Now, there are thousands of Chinese tourists coming into Taiwan every day, and the local economy obviously would look more eagerly to the Chinese tour groups. Taiwanese universities are also prepared to welcome Chinese students in 2011. One may say that all of these changes would not have happened if without the “entente” between the Communists and the KMT that began in the early 2000s after the KMT lost its power.

As for the public poll on national identity, interestingly, it has appeared to be quite “stable” sine 2002. There were fewer than 10% of the respondents who thought of themselves as “Chinese;” more than 40% identifies with “Taiwanese;” and more than 40% had a double identity of Taiwanese and Chinese. On the choice of independence or unification, there was always a decisive majority choosing the option of “status quo.” Relatively speaking, each of the options of unification and independence was represented by a minority; and the proportion for independence was slightly higher than that of unification.⁹

What have happened after the KMT returned to power in 2008? In a poll

⁹ Sources: The Center for Election Studies, National Cheng-Chi University.
<http://esc.nccu.edu.tw/newchinese/data/TaiwanChineseID.htm>
<http://esc.nccu.edu.tw/newchinese/data/tonduID.htm>

commissioned by the Mainland Affairs Council in January 2011, the survey showed that the people who chose “status quo” in the broad sense had reached 87%.¹⁰ This distribution clearly indicates that there exists a majority simultaneously composing of “Taiwanese identity” and “Status Quo.” Obviously, this trend remains unchanged under the new Mainland policies launched by the Ma Government.

As is informed by the Kadeer event, there has been a strong sentiment of social self-protection against any potential or imminent threat from across the Strait, due to the island country’s colonial past. The robust mentality of social defense has grown out of the island country’s colonial memories and the ongoing complex relationship with China. Therefore, the easily agitated Blue-Green chafe should not be read as an irrational, meaningless internal ethnic strife or merely as a vicious manipulation by partisan interests. Rather, it is a social self-defense in response to the overwhelming impact of a rising and menacing China. The mechanism of social defense and collective insecurity may surge out of the stable surface of the “complacent majority” anytime when dangers loom large. The Blue-Green strife symbolizes the collective anxiety in a vivid civil society and a young electoral-democratic state, while this country’s sovereignty is constantly contested by a powerful, ascending leviathan that sits across a strait. Wither Taiwan at the end of colonial century? Forever maintaining a “status quo”? Continuing to be incorporated and finally annexed by the PRC? Or an active contribution to a new “Huaren World” without giving up its current de facto political autonomy in the international society?

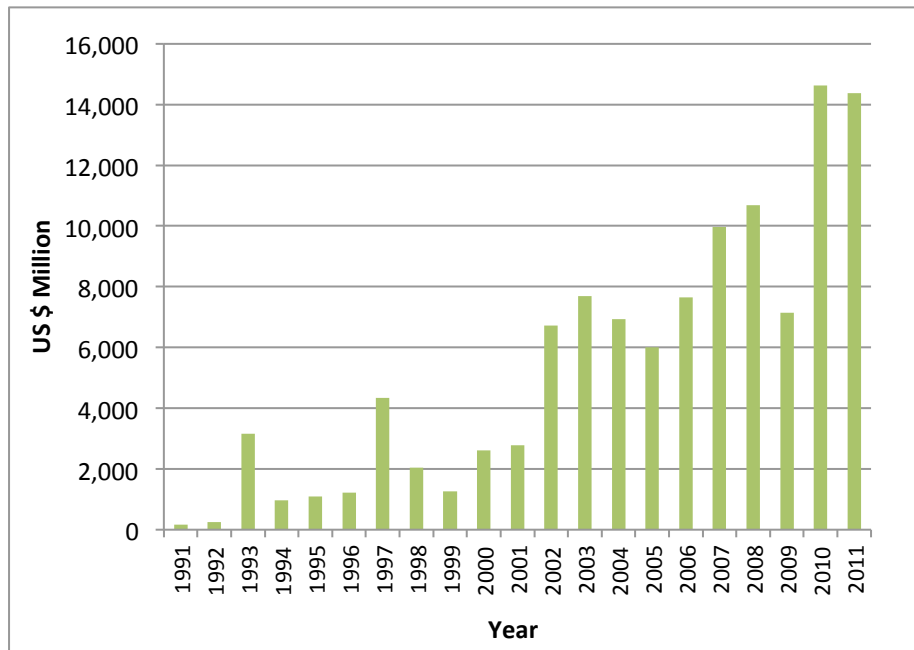
¹⁰ Liberty Times, 2011/1/8.

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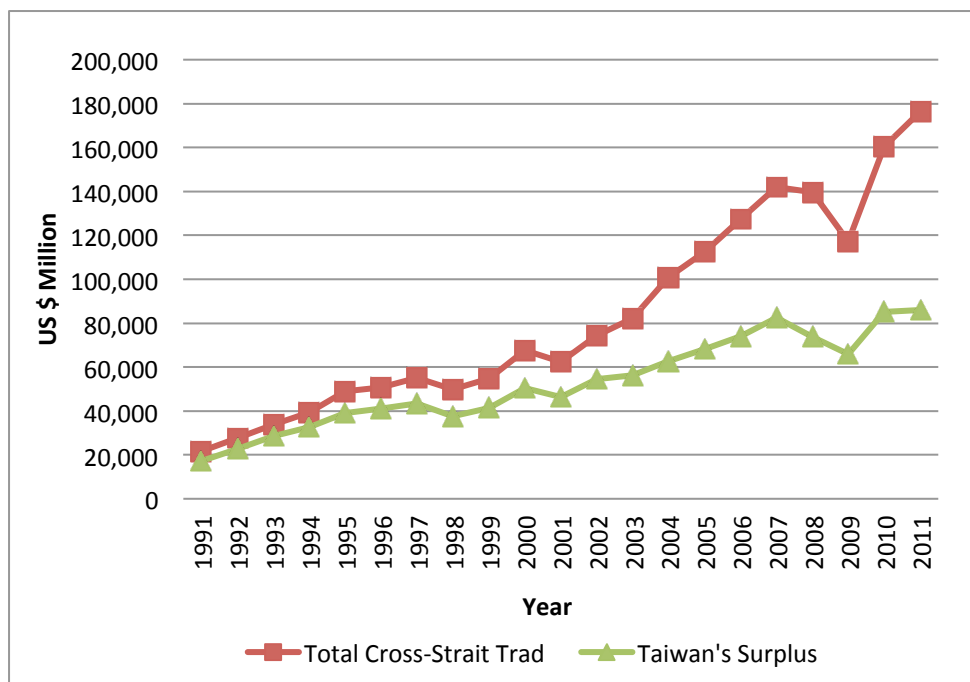
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Figure 1: Taiwan's Direct Investment in China (1991-2011), Taiwan's Official Estimates



Source: Investment Commission, Ministry of Economic Affairs, ROC

Figure 2: Cross-Strait Trade and Taiwan's Surplus, 1991-2011



Source: Bureau of Foreign Trade, Ministry of Economic Affairs, ROC

Figure 3: China's GDP (PPP-adjusted) Compared with World's Major Powers, 1999-2009

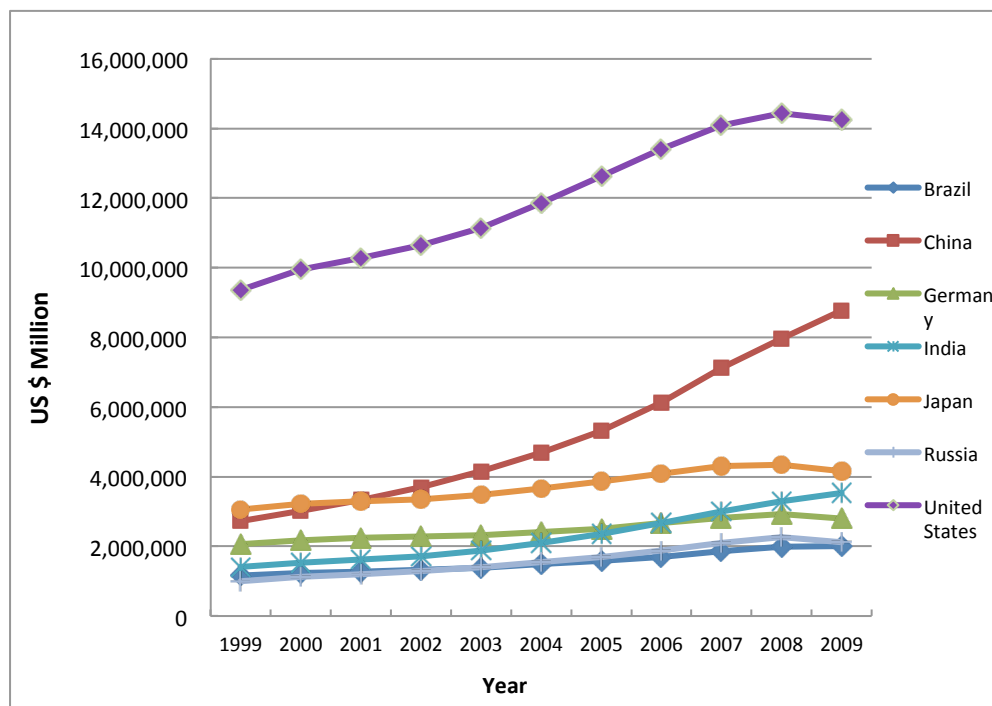


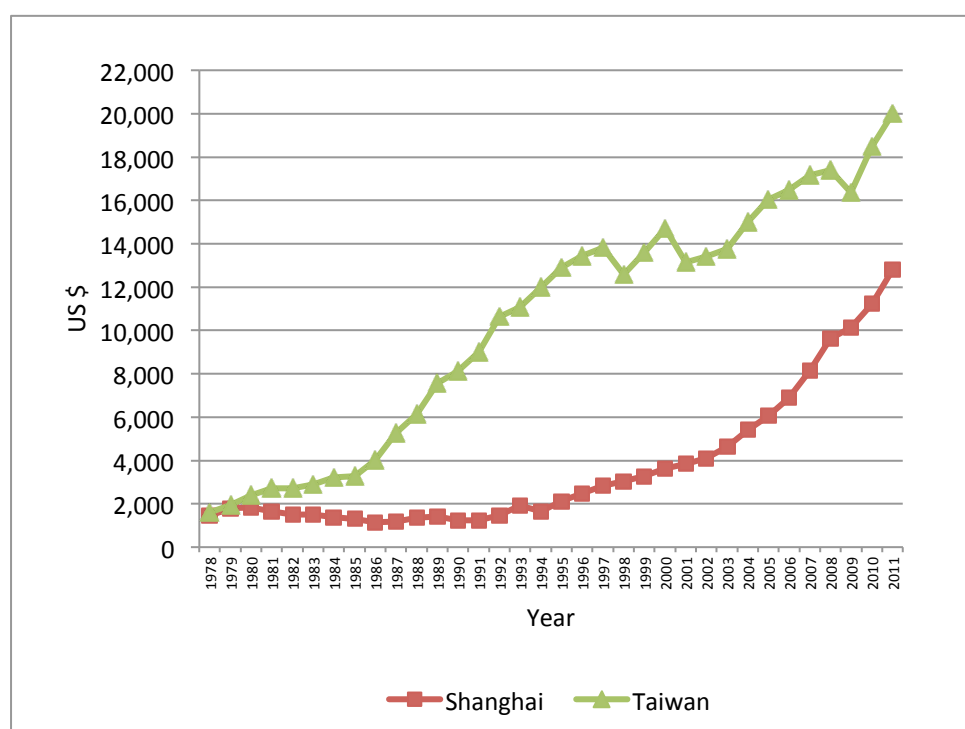
Table 1: Comparison of GDP between China and Taiwan, 1989 and 2009 (unit: US \$ million)

Year	1989		2009	
	Current Price	PPP-adjusted	Current Price	PPP-adjusted
China	451,311	844,054	4,908,982	8,765,240
Taiwan	151,597	181,113	378,969	735,997
Ratio of China to Taiwan	3.0	4.7	13.0	11.9

Table 2: Comparison of GDP per capita between China and Taiwan, 1989 and 2009
(unit: US \$)

Year	1989		2009	
	Current Price	PPP-adjusted	Current Price	PPP-adjusted
China	400	749	3,678	6,567
Taiwan	7,521	8,985	16,392	31,834
Ratio of Taiwan to China	18.8	12.0	4.5	4.8

Figure 4: Comparison of GDP per capita between Taiwan and Shanghai, 1978-2011
(unit: US \$, current price)



Source: Shanghai Statistics, PRC <http://www.stats-sh.gov.cn/data/release.xhtml>;
National Statistics, ROC <http://ebas1.ebas.gov.tw/pxweb/Dialog/statfile9L.asp>.