Taishang Studies
A Rising or Declining Research Field?

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ABSTRACT: The study of Taiwanese entrepreneurs who live and invest on the Chinese mainland (Taishang) has only recently started to attract attention. Taishang have been referred to as a “linkage community” that connects Taiwan and the Chinese mainland through its economic undertakings, political influence, and social experiences as a migrant community. Against this background, this article clarifies the extent to which Taishang have contributed to and shaped the ongoing process of cross-strait interaction and the development of cross-strait policies. It revisits the field of Taishang studies, takes stock of the knowledge that this field has generated so far, and explores future directions for meaningful research.

KEYWORDS: Taishang, “linkage community,” cross-strait integration, cross-strait relations.

Introduction

The story of Taiwanese investment in mainland China has often been told over the past two decades, and its economic and political repercussions continue to interest many Taiwan scholars. After the first Taiwanese entrepreneurs set foot on the Chinese mainland in the late 1980s, they soon became important energisers in China’s market transformation processes and contributed substantially to China’s economic rise. Faced with the mounting pressure of rising labour costs in the structurally changing economy back home, Taiwanese entrepreneurs shifted their companies and much of their investment capital to the mainland, making best use of the low wages, cheap land, and tax breaks granted by local Chinese governments eager to pursue their respective development agendas. During the 1990s and 2000s, cross-strait economic interaction became increasingly intensive despite the fact that the Taiwanese government strictly regulated investment flows to China. Cross-strait direct trade was finally legalised in 2008, when the KMT returned to power after eight years of DPP rule. At around the same time, the economic climate on the mainland changed dramatically for Taiwanese entrepreneurs as a result of structural adjustments made to the Chinese economy and the global financial crisis, which had a strong impact on the demand for Taiwanese goods. Moreover, increasing Chinese competition from private and state enterprises and their privileged treatment by local authorities brought new challenges for Taiwanese entrepreneurs, who were forced to accept that their advantages in the early days of “reform and opening” had gone.

Today, they have to fight hard to survive in the shark basin called the China market, and although many of them do extremely well, others, particularly those belonging to the labour-intensive industries, face strong pressure to either upgrade, change their production lines, or seek new destinations, for instance in Southeast Asia, in order to continue their businesses.

Research on Taiwanese entrepreneurs operating in China (Taishang) has only recently been noted as an emerging field in Taiwan studies that stretches across different disciplines and covers a wide range of topics, including Taishang economic behaviour, (national) identity change, social integration in China, and political agency.

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3. Most importantly, the Chinese government promulgated a new Labour Contract Law, which went into effect on 1 January 2008. This stipulates that employees of at least ten years’ standing are entitled to contracts that protect them from being dismissed without cause. Also, the law requires employers to contribute to employees’ social security accounts and sets wage standards for employees who are on probation and working overtime. All our Taishang respondents at the time complained that this new law would raise labour costs significantly and have a negative effect on the already deteriorating business environment. The introduction by Chinese local governments of new environmental protection regulations and the turn toward attracting “clean” and high-tech industries while discriminating against polluting and labour-intensive production since the mid-2000s have further contributed to this development.


derlying hypothesis that this social group constitutes a specific “linkage community”(10) connecting the two sides of the Taiwan Strait and driving forward their ongoing integration — with all the potential advantages and disadvantages this process entails. In the realm of cross-strait economic relations, the “linkage effect” is probably the most obvious: first, Taishang investment has helped the Chinese economy become what it is today. (7) Although their significance as energisers of China’s economic rise is dwindling, Taishang are still an important factor in China’s ongoing market transformation due to their steady capital investment and the transfer of management skills and technology. (8) At the same time, Taiwanese entrepreneurs help Taiwan’s export economy by linking it to the Chinese market and global value chains, which are arguably becoming increasingly “sinified.” Taishang also play a significant role in facilitating access to Taiwan for Chinese capital, although this is a rather murky area and a politically contested issue (see below). Last but not least, there is the ever-present suspicion in Taiwan that influential tycoons are conspiring with KMT elites and the Chinese government to pull Taiwan irrevocably into China’s orbit, solely for their own personal benefit. Concerning cross-strait migration and social relations, Taiwanese entrepreneurs, as long-term residents on the mainland, have gained the attention of sociologists who are interested in the conditions of their (non-)integration in Chinese society, in the question of identity change, and in the impact of cross-strait marriages on Taiwanese immigration policies and family patterns. However, Taishang as a social constituency here often merge with other migrant groups – factory managers, white collar workers, relatives, students – to form a broader category of “Taiwanese community” that have been gained through Taishang studies to date in all three areas of an alliance uniting the political and economic elites on both sides of the Taiwan Strait, in what André Beckershoff has described as a Gramscian “hegemonic project,” with the objective of making cross-strait integration the only possible option in the minds of ordinary Taiwanese. (10) One further issue is the extent to which Taishang constitute an autonomous collective actor with the power to act independently of political elites and to influence the policy-making process in both China and Taiwan. (11)

It is the intention of this article to highlight some of the major insights that have been gained through Taishang studies to date in all three areas of cross-strait relations, i.e. economic, social, and political. The common theme that connects all these studies, as has been mentioned above, is the assumption that Taishang are a “linkage group,” which is of key importance when it comes to understanding the dynamics of cross-strait relations and the scope and limits of (further) cross-strait integration in all the areas mentioned. The final part of the article discusses the question of whether this assumption still holds sway, given the changing cross-strait political economy, as well as the possible future directions of scientific inquiry in the field of Taishang studies. (12)

**Taishang and cross-strait economic relations**

There can be no doubt that Taiwanese entrepreneurs have been an important factor in China’s economic rise during the last 25 years. They have provided much of the capital investment and management skills that China needed to build up competitive industries. Local Chinese governments focused on economic development in their jurisdictions and successfully attracted Taishang by offering cheap land and labour that was no longer available in Taiwan proper. The Pearl River Delta (Zhuhai, Chaozhou, and the Shanghai metropolitan area (including the prefectural cities of Suzhou, Wuxi, Ningbo, and Hangzhou), with the county-level city of Kunshan soon to become the centre of Taiwanese investment in new high-tech industries, particularly semiconductors and integrated circuit devices, precision machinery, solar technology, and biochemistry. (13) These developments aroused the keen interest of political economists, the earliest cohort of scholars engaging in research on Taishang. They discussed the dangers of a “hollowing out” of Taiwan’s economy vis-à-vis the opportunities resulting from cross-strait trade and investment liberalisation, a topic

6. According to Wei Yung’s early definition, a “linkage community” consists of “a group of people who have had such extensive social, cultural, commercial, or other types of contacts with the people and society of the opposite system that they have developed an understanding, sensitivity, and empathy with the people and society across boundaries.” Delimiting a research programme oriented toward “linkage communities,” Wei suggested that “instead of focusing our attention on the role of the state, the problems of sovereignty, the decisions of the elite, the legal process, and the political structure, we will turn more to the orientation of the population; the development of shared values and norms between people of different systems; the direction of deliberation and debate in the representative bodies at the central and local levels; and the overall volume as well as intensity of actual individual and group interactions between the two political systems within a partitioned society.” See Yung Wei, “From ‘Multi-System Nations’ to ‘Linkage Communities’? A New Conceptual Scheme for the Integration of Divided Nations,” Issues & Studies, Vol. 33, No. 10, 1997, pp. 1-19, 7-8. See also Shu Keng’s approach to the concept: Shu Keng, “Understanding Integration and Splitter” across the Taiwan Strait: Towards an Analytical Framework,” in Gunter Schubert and Jens Darnit (eds.), Taiwanese Identity in the Twenty-first Century: Domestic, Regional, and Global Perspectives, London, New York, Routledge, 2011, pp. 155-175.


8. Since wage differentials across the Taiwan Strait are decreasing in many industries, Taishang who find themselves facing structural pressure on the mainland have started to return to Taiwan. However, as our interview data suggests, most of these companies scale back significantly upon “going home.” Many Taishang complain that although labour costs are once again becoming more competitive in Taiwan because of the continuous rise in labour costs on the mainland, the main obstacle in the way of new investments on the island is the substantial labour shortage, i.e., a shortage of cheap labour, in the manufacturing sector. One of the main requests directed at the Taiwan government, therefore, is for the liberalisation of state immigration policies to allow more foreign workers to enter the Taiwanese labour market – a hotly contested issue, since such a policy is bitterly opposed by those who fear that this will result in Taiwanese workers finding themselves under even more pressure.


12. Since 2006, we have regularly conducted fieldwork (in both China and Taiwan) on Taiwanese entrepreneurs engaged in business in China, interviewing several hundred Taishang and factory managers representing diverse industries and companies of different sizes in the Pearl River Delta, the Shanghai metropolitan area (including Kunshan), and in Northern, Central, and Southern Taiwan.

that has not lost any of its steam to this very day. (14) Other scholars analysed the set-up and operating mode of new mainland-based networks connecting Taiwanese businesses, and the establishment of new production clusters and value chains linking Taiwan to the global economy. (15) Government-business relations and the specific strategies employed by Taiwanese entrepreneurs to set up guanxi with local Chinese cadres to protect and nurture their businesses were another focus of research. Hsing You-tien’s “blood, thicker than water” approach explained the success of Taiwanese direct investment in southern China in terms of the interpersonal networks established between Taishang and local Chinese officials. (16) These networks were based on two conditions: first, all local governments had sufficient leeway to flexibly apply central state laws and regulations to accommodate the business requirements of Taiwanese investors. Second, cultural and linguistic affinity facilitated communication and the setting up of guanxi based on the “principle of gift exchange” that is so revered in the Chinese world. This perspective clashed to some extent with the institutionalist thinking of scholars such as Wu Jieh-min, who highlighted the significance of guanxi but placed these networks in the context of rent-seeking and patronage. (17) Local Chinese governments, acting as patrons, helped Taiwanese entrepreneurs by making use of their discretion to apply government regulations and exploiting their gatekeeper position to provide important market information. Most importantly, they reduced the transaction costs of Taishang by offering them preferential (selective) treatment in the realm of official tax payments and administrative fees, while cashing in on extra-budgetary payments to be delivered by their clients, Taiwanese investors. Cultural and linguistic affinity as an objective analytical category, Wu argued, was less useful to explain this patron-client relationship than “diachronic” institutional affinity resulting in the actualisation of an established cultural practice:

Taishang experienced, during the period of rapid economic growth under authoritarian rule from the 1960s to the mid-1980s, much that is similar to what has been happening in reform-era China, including extensive regulations, rampant rent-seeking, and bribery and corruption. These experiences have remained fresh in their minds. Now Taiwanese businessmen can “transpose” the rules of the game to China. In this way, the costs for Taiwanese businessmen to manipulate guanxi networks on the mainland are relatively low vis-à-vis foreigners. This deep structural affinity in development experience can better explain the characteristics of guanxi webs between the two societies. (18)

From this perspective, guanxi networks become a “convenient tool for investors to work out a cooperation protocol with local partners under specific policy conditions,” (19) which secures relative certainty in a complex institutional environment — although this may turn into immediate uncertainty once a central policy is changed and promoted rigorously top-down, for instance, in large-scale anti-corruption campaigns. Consequently, the efficiency of guanxi networks varies with the institutional environment and certain structural conditions, a fact that Taishang have obviously had to face since the beginning of the Xi Jinping era.

Lee Chun-yi, for her part, identified and analysed different periods in which the relationship between local Chinese governments and Taiwanese entrepreneurs gradually changed: from the early days, when Taishang capital was desperately needed and eagerly invited by local Chinese governments, to the recent past, when Taiwanese entrepreneurs lost their privileged position and were increasingly forced to compete with domestic competitors in manufacturing Chinese markets. (20) In fact, today, the mainland Taishang face a harsh economic environment with increasing labour and capital costs, stricter regulation (most notably concerning environmental protection and tax obligations), unfair competition (from better connected and protected Chinese entrepreneurs), and a general policy line that strives to gradually do away with labour-intensive industries in the Pearl River Delta (and elsewhere) and replace them with high tech industries. Consequently, scholars have come to look at how Taishang react to this pressure and what their counter-strategies — leaving China, diversifying and upgrading their product lines, moving “in-land” and attempting to enter the Chinese domestic market, returning to Taiwan, or closing down — entail for Taiwan’s economy, cross-strait economic relations, and Taiwan’s relative position in global value chains. (21) All in all, the above-summarised research has been very much informed by the specific modes of production, company organisation, investment strategies, and social networks of Taiwanese entrepreneurs to ensure smooth and successful business operations in China.

A different strand of research in the realm of cross-strait economic relations, often conducted by sociologists, has dealt with intra-firm labour-re...
lations and their development under the conditions of intensifying global capitalism. Some scholars have argued that Taishang companies have had to adapt their management model of family or “ethnically”-based Taiwanese leadership to the challenges of necessary expansion and organisational complexity, hence reducing the social and class distance between Taiwanese and mainland Chinese staff. However, others have tended to believe that this distance, as manifested most visibly in the hierarchical relations between Taiwanese managers and Chinese workers and the military-style management of many Taiwanese firms, would prevail, hence setting a Taiwanese company clearly apart from its domestic and foreign competitors. Today, it is quite clear that Taishang-owned companies face serious problems pertaining to leadership succession, as the “second generation” offspring are little inclined to take over from their parents because of the huge challenges that arise when trying to adapt a family business to the changing market environment in China – a problem that, as we found in our fieldwork, domestic private entrepreneurs also have to face. Consequently, in order to secure their future, Taiwanese companies will probably need to recruit increasing numbers of Chinese leading personnel, which in turn will probably gradually lead to flatter intra-firm hierarchies and labour relations – a topic that has not yet been thoroughly researched.

Meanwhile, the question of strengthening or restricting cross-strait economic relations seems to be polarising Taiwanese society more than ever. The “Sunflower Movement” in early 2014 insisted on a more thorough screening of cross-strait trade agreements in order to protect Taiwan from Chinese economic and political domination. Among its main targets, in addition to the Ma government, were the big conglomerates (caituan), which, it was alleged, were only interested in making a profit and were ready to sell out Taiwan’s sovereignty in exchange for a lucrative trade deal with China. In fact, the “government-business” nexus has become the main enemy of those opposing the KMT’s China policy. All new cross-strait trade deals have been stalled and must wait for the 2016 presidential elections. But no matter what the outcome may be, the real question is: What can Taiwan expect from further economic integration across the Taiwan Strait? Does it mean that the island economy will be drained of all its vitality and eventually colonised by mainland Chinese capital as parts of Taiwan’s highly politicised relations – a topic that has not yet been thoroughly researched?

In a number of studies, Taishang are described as primarily economic animals who are not very much concerned with identity issues when it comes to selecting an investment site or operating a business in a challenging environment, and tend to focus on their supply chains and cluster structures. However, our fieldwork has also shown that Taiwanese entrepreneurs of mainlander descent see things quite differently from bentsu Taishang and perceive their migration to China as some sort of “homecoming.” These entrepreneurs are described as well positioned to integrate smoothly into their host society, where money and economic success counts for much. However, other studies have pointed at the importance of the identity factor for Taishang when relating themselves to their social environment. For instance, Gunter Schubert found that Taiwanese entrepreneurs remain very much attached to their homeland no matter how long they have worked there. See Peng Fang, “Jishi gangong de baquan tizhi: dui Huanan yijia jiagong chukou taizichang de laoding tuhi yanjiu” (The Hegemonic Regime of Working Against the Clock: The Factory Regime of a Taiwanese-invested Factory in South China), Taiwan shehuxue (Taiwanese Sociology), No. 14, 2007, pp. 51-100; Lin Chia-huang, Lin Chih-jung et al., “Shi jie shi pinggang de? Quanqiuhua, zaizhuhu yu dalu taizi qiyi tai luguang guansu” (Is the World Equally Globalisation, Localisation, and Taiwanese-invested Companies on the Chinese Mainland: The Relations between Taiwanese and Chinese Management Personnel), in Keng Shu, Gunter Schubert et al. (eds), Taishang yanju (Taishang Studies), op. cit., pp. 301-339.


25. Interestingly enough in this context, the entry of Chinese investment capital into Taiwan was officially approved during the first Chen administration in October 2003, by a re-valuation of the “Statute Governing the Relations of the People of the Taiwan Area and the Mainland Area” from 1992. As a matter of fact, illegal Chinese investment in Taiwan already amounted to billions of Taiwanese dollars in the late 1990s, although this money was difficult to trace at the time. For details, see Joseph F. S. Cheng and Shixiang Mo, “The Entry of Mainland Chinese Investment into Taiwan: Considerations and Measures Adopted by the Taiwan Government,” China Information, Vol. XXII, No. 53, 2010, pp. 25-51.

and lived in China. (27) However, they tend to display a “situational identity” in the sense that they switch between defining themselves as “Taiwanese” or “Chinese” depending on the social context, often invoking descriptors such as “transnational,” “cosmopolitan,” “global,” or “hybrid” to position themselves beyond a simplistic “either-or” antinomy. (28) Nevertheless, there is much evidence in our data to suggest that Taishang have a deeply entrenched Taiwanese identity that changes very little over time and is simply overlain by the above-quoted “transnational speak” for avoiding awkward discussions with their fellow Chinese. (29)

In general, Taishang (and other Taiwanese people) perceive a considerable “identity gap” between themselves and their Chinese host society with respect to cultural ("ethnic") identity, lifestyle and habits, and political (civic) national identity. (30) Against this background, Lin Rui-hua put forward the hypothesis that the fact of belonging to the same class might change identity more than other group-specific features, thus facilitating the social integration of Taiwanese migrants in China. (31) However, her findings failed to verify this assumption: despite the fact that belonging to the same class creates bonds between Taiwanese and Chinese in high-end residential quarters in urban China, it does not eradicate the feeling of being distinctly Taiwanese in terms of lifestyle, habits, and culture, which sets all the Taiwanese apart from their Chinese environment. Apparently, at this point in time, class formation has not led to a changed identity, although this could still eventually happen.

Lin Ping, for his part, has written extensively on the identity experiences of different groups of Taiwanese in China, for example, Taiwanese residents, mainland Taiwanese, and female Taiwanese teenagers in Taiwanese schools. (32) The quintessence of his work is that no matter what specific social constituency one is dealing with, Taiwanese identity — although it may be gradually changing and evolving into an “in-between-category” that no longer fully matches what is defined as Taiwanese identity in Taiwan proper — does preclude the genuine social integration of Taiwanese migrants in China; they remain “Taiwanese” in some way, building their identity, at least in good part, by othering “the Chinese.” (33)

A different strand of research concerned with cross-strait social integration has dealt with Chinese immigration in Taiwan, and particularly with the issue of cross-strait marriages. Scholars have studied the impact of these marriages on Taiwan’s social fabric, including the ways in which mainland spouses adapt to life in Taiwan and the ways in which they are perceived by the Taiwanese, as well as civil society mobilisation and NGO formation, which are often discussed in conjunction with the struggle of mainland spouses for the liberalisation of Taiwan’s immigration policies. (34) Although this literature does not specifically refer to Taishang, it shows quite clearly that the social integration of Chinese (brides) in Taiwan touches upon questions of identity, nationalism, traditional values, partisan politics and national security, which makes it a much more politically sensitive issue than the social integration of Taiwanese migrants on the mainland.

Currently, cross-strait student exchanges are on the rise, and the fact that ever more Chinese companies are allowed to do business in Taiwan points toward a future with steadily increasing numbers of Chinese white-collar workers and professionals in Taiwan. At the same time, young Taiwanese entrepreneurs do not hesitate to leave for China to start a business or set up branch offices of their companies back home. In fact, the trend toward strengthening cross-strait social relations is irreversible, no matter how the political elites and decision-makers on both sides may view it. This will continuously enhance mutual knowledge and, hopefully, empathy, thus laying
a solid and enduring foundation for friendly civic relations across the Taiwan Strait in the future. Certainly, Taishang will have an important role to play here, as they have in the past.

**Taishang and cross-strait political relations**

Apart from being crucial for cross-strait economic and social relations, the significance of Taiwanese entrepreneurs for the political relationship across the Taiwan Strait has triggered the most vigorous and controversial discussions among partisan political observers and journalists. Taishang were either perceived as an important, even powerful, constituency to facilitate communication across the Taiwan Strait, especially in times of frosty bilateral relations such as those during the Chen Shui-bian era, or as apolitical animals who found it easy to turn their backs on Taiwan and would even be willing to “sell out” Taiwan if this offered them opportunities for making good profits in the booming Chinese economy. In their efforts to make sense of the available empirical data, political scientists have presented a more balanced picture. While it is beyond argument that Chinese government bureaucracies at the national and local levels are decisive for Taiwanese entrepreneurs because of the discretion they enjoy to shape their business environment, scholars have seriously questioned the idea that Taishang could be easily forced into becoming agents of China’s Taiwan policy: the leeway for the Chinese government to enforce sanctions against Taishang in order to influence the Taiwanese government is indeed limited due to the economic and political costs such action would entail. [35]

Particular attention has been paid to the rise of Taiwanese Business Associations (TBAs) on the mainland since the late 1990s, when scholars began to investigate the capacity of these organisations to effectively safeguard Taishang interests and influence local and national politics in China. In spite of early optimism that the TBAs constitute effective Taishang interest groups, such an assessment was soon relativised when scholars found that the TBAs were unable to overcome the constraints that the CCP regime imposes on each and any social organisation operating in China. [36] TBAs tended to function as service platforms for their members to distribute business-relevant information and, most importantly, helped individual Taishang companies solve specific problems related to tax deductions, access to land, labour disputes, and business conflicts among Taishang. They were, however, unable to influence local Chinese policy-making in any meaningful way, although the relations between local TBAs and Chinese governments have gradually become more institutionalised. [37] TBAs have certainly played an important role in setting up guanxi between Taiwanese entrepreneurs and Chinese local cadres as much as between the latter and government officials and legislators (at both local and national levels) in Taiwan. In this sense, they continue to play a significant role in smoothing out cross-strait political relations. [38] At the same time, however, TBAs have never been able to develop sufficient meaningful collective agency to pursue an autonomous political agenda for safeguarding or promoting Taishang interests. Neither have they been an effective political agent for the PRC government in its quest for unification, although the TBAs tend to do what is expected of them in this regard, most notably mobilising Taishang to return to Taiwan and vote for the “pro-China” KMT in important elections. [39]

In Taiwan proper, Taishang join numerous business associations that also lobby for their interests on the Chinese mainland. [40] However, as our recent fieldwork has shown, the input of these associations in the policy-making process is more limited than might be expected. They may be able to inform the Taiwan government of various Taishang-related problems in China, to offer advice on specific policy proposals, or even come up with their own suggestions, but many of Taiwan’s domestic business associations are still very much shaped by their corporatist past and tend to see themselves as conduits between their members and the government rather than as full-fledged interest groups pressuring the government on behalf of their clients. Many Taishang to whom we have spoken do not think that these organisations are of much help and complain that the business sector is, in fact, widely excluded from cross-strait trade negotiations. This reproach is certainly exaggerated, since the government is very much aware of the specific problems faced by Taiwanese entrepreneurs on the mainland, and there is regular communication between both parties at the regular (and highly cer-
emotional) meetings between government officials and the heads of the mainland TBAs during the spring and autumn festivals, as well as when information is supplied informally or gathered by officials of Taiwan’s Straits Exchange Foundation (SEF), one of whose main tasks is to serve the Taiwanese business community on the mainland. Moreover, there can be no question that Taiwan’s China policy under the Ma administration since 2008 has been largely advantageous to their interests, leading to direct trade and transport across the Taiwan Strait, the ECFA, and other agreements that, even if they have not yet been cleared by the legislature, are of crucial importance for Taiwanese companies operating on the mainland.

Generally speaking, the formation of a coherent Taishang constituency with visible influence on Taiwan’s China policy has been hampered by a number of factors: internal fragmentation, in terms of company size, sort of business (labour-intensive vs. capital-intensive/high tech), social background, (national) identity and political orientation, and extreme caution on the political front for fear of ideological stigmatisation in both China and Taiwan, which would be detrimental to protecting their overall economic interests. For these reasons, Taishang keep a low profile and abstain from any kind of public involvement in domestic politics or even collective action. (41) Most importantly, however, the Taiwanese government – whether KMT or DPP-based – has to exercise extreme caution when dealing with China in order to avoid being branded as “selling out” to Beijing, which could entail the risk of electoral defeat. As a matter of fact, the delicate political position of the Taiwan government constrains the efforts of the business sector to push its agenda at the national policy-making level and also limits, arguably, the effectiveness of existing cross-strait government-business networks in influencing or manipulating policy-making in Taiwan. (42) If a “hegemonic project” is being pursued by the Chinese government, “unificationist” (and rent-seeking) KMT elites, and cross-strait capitalists to bring Taiwan into the “Chinese orbit,” as Wu Jieh-min, André Beckershoff and others contend, it certainly faces a tough opponent in the shape of Taiwan’s vital democracy. (43) In fact, as our fieldwork has shown, the “logical alliance” between a “pro-China” ruling party, such as the KMT, and Taiwanese entrepreneurs with substantial business stakes in China is fraught with tension, disappointment, and frustration because of the latter’s widespread feeling that they are being ignored by the Taiwanese government, which is often criticised for being hesitant and ineffective in helping Taishang. This holds also true for those big tycoons who have the most clout to press their course vis-à-vis policy-makers, as they are “sandwiched” between the governments of both sides of the Taiwan Strait and hence can only look out for a clientelist relationship with little “steering capacity.” However, this is hard to measure.

All things considered, the significance of Taiwanese entrepreneurs in the shaping of cross-strait political relations may be much more limited than is often assumed by Taiwan scholars (and partisan observers), even if we (as yet) lack the empirical data to assess the policy impact of the cross-strait networks and hidden policy circles that cause so much commotion in contemporary Taiwan.

**Outlook**

The common thread running through this article is the assumption that Taiwanese entrepreneurs operating on the Chinese mainland, who are often long-term residents in China, constitute an important “linkage community.” This means that they connect both sides of the Taiwan Strait with their economic, social, and political thinking and behaviour, and by substantially shaping the cross-strait policy-making process in both China and Taiwan. Drawing on the relevant literature and the results of many years of fieldwork, this article has investigated the extent to which this hypothesis can be verified. In terms of cross-strait economic relations, the “linkage effect” has certainly been the most visible over the years, with Taiwan’s economy becoming increasingly dependent on China and both sides, at least since 2008, being interested in pushing integration further ahead.

There are some serious questions concerning the consequences of this process for Taiwan’s economy against a background of steady outflows of capital, expertise, and skilled labour. This debate is very much related to Taiwan’s domestic politics and the protracted struggle between the ruling and opposing parties over the best China policy approach. One position in this debate holds that if new cross-strait trade agreements and investment regulations are continuously blocked by Taiwan’s legislature, as well as fought over in the streets, Taishang business operations in China will be of little benefit for Taiwan: No taxes will be paid, no profits will be repatriated, no new investment will be undertaken on the island proper. However, other voices have been raised, domestically, to point out that Taiwan has faced this situation for a long time in any case, and must reduce its dependency on China for national security reasons. Hence, the government should do what it takes to induce Taiwanese entrepreneurs to return to Taiwan or help them reorient to other destinations. However, these voices are opposed by many experts and policy-makers in Taiwan who are convinced that cross-strait economic exchange is gradually helping Taiwan’s companies to upgrade and become more competitive, and that Chinese capital investment in Taiwan offers a precious opportunity for the island’s corporate and financial sector to go global. It is clear that the business sector supports this view and would prefer to “face the Chinese dragon” rather than run away from it – a futile endeavour in any case, as any Taishang would quickly add.

Taishang migration to China continues to be essential for cross-strait social integration as well, but as was noted earlier, social integration has its limits, since the Taiwanese residing in China have so far remained a distinct group in terms of their self-perception and the response of the host society, and there is little reason to believe that this will change any time soon. Even

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41. Rather, the majority of Taiwanese entrepreneurs “bowl alone” by providing financial support for individual politicians during elections in order to be able to garner their support later in case of “need.” Although this strategy ensures that they have substantial influence on business in Taiwan’s domestic politics, it is focused on individual interest-seeking and does not imply political coordination among Taishang. Hence their seemingly limited impact on national policy-making.

42. Wu Jieh-min, “Yi shangye moshi zuo tongzhan: kua haixia zhengzhi guanxi zhongde ‘zhengzhi dalinen’” (Making United Front Work a Business: Political Agency in the Cross-strait Government-business Relations), Unpublished paper, Institute of Sociology, Academica Sinica, Taipei. Wu identifies eight such networks: the Lien Chan family, the KMT-CCP Forum (Guo-Gong luntan), the Cross-strait CEO Summit (Zijinshan fenghu), the Boao Forum for Asia (Boao yazhou luntan), the Cross-strait Peace Forum (Zhang’an heping luntan), the Cross-strait Economic and Trade Forum (Haixia zhang’an jingmao luntan), the Taiwan Electrical and Electronic Manufacturers’ Association (TEEMA), and the different Taiwanese Business Associations (TBAs) in China, including the national-level Association of Taiwan Investment Enterprises on the Mainland (Taizilan).

if they speak the same language and share a common cultural tradition, “blood is not thicker than water,” and most Taiwanese keep a distance between themselves and their Chinese environment. The turn to China, it seems, is predominantly instrumental and only rationalised “ex post” as being culturally logical. The political stakes between China and Taiwan are far too high to allow the “one-China principle” to be internalised in a way that would entail a level of social integration where the simple fact of living together amicably is gradually bringing about the formation of a unified awareness of “all being Chinese, period.”

Concerning political relations between Taiwan and China, it has been shown that the capacity of Taishang to have an impact on policy-making on both sides may have been over-estimated. They have not made an effort to become a collective actor by developing genuine organisational clout. Their informal power is dependent on political patronage and social networking, and these goals are pursued solely for the benefit of their individual business interests. For the time being, Taishang do not pursue coordinated strategies to safeguard their interest, nor have they developed any meaningful collective identity. Finally, the governments on both sides of the Taiwan Strait set them clear limits in terms of political agency. In fact, all the talk about mighty and manipulating tycoons notwithstanding, Taiwanese entrepreneurs hardly have the potential to figure as a pressure group in cross-strait relations, although they do help to maintain a number of communication channels across the Taiwan Strait. (44)

This analysis provokes the question of which direction Taishang studies should take in the future, and also what the relevance of this research field is as a whole. Taiwanese entrepreneurs will remain a significant driving force of continuous economic change in China and the “sinification” of global value chains, hence (political) economists will find it interesting to watch the strategies they employ in order to adapt to the challenges of a changing Chinese economy, also from a comparative perspective. Moreover, the question of the “hollowing out” of Taiwan by continuous outflows of capital investment and skilled labour to China will remain on the research agenda, as will the gradual expansion of Chinese capital investment in Taiwan and its impact on the Taiwanese economy. Sociologists will continue to study the factors that facilitate and hamper the social integration of the Taiwanese in China and of the Chinese in Taiwan, and the impetus of cross-strait migration for research on global migration.

As far as political scientists are concerned, one particular topic of interest would be a more systematic investigation of the collusion between Taishang and political elites on both sides of the Taiwan Strait in what has been called a “hegemonic project” that is, allegedly, striving to control the Taiwanese economy, manipulate the hearts and minds of the Taiwanese people, and eventually bring about cross-strait “political integration.” Against this background, the monopolisation of strategic sectors within Taiwan’s economy by mainland Chinese capital, assisted by Taishang, may become a “hot topic” in the coming years. The cross-strait government-business nexus as the antipode of Taiwan’s revitalised civil society will then become a major focus of scholarly interest, especially if the DPP returns to power and the KMT then decides to go back to its second track party-to-party counter diplomacy that it so aptly initiated in the mid-2000s. Political scientists may also take a second look at Taishang interest representation and goal-oriented agency in mainland China by, for instance, investigating the changing relations between local governments and the Taishang community and the (possible) evolution of TBAs in the changing political environment across the Taiwan Strait. Finally, the question of identity change on the part of both the Taiwanese and the Chinese that may be triggered by cross-strait interaction over time will remain an interesting research topic for both sociologists and political scientists.

To put it in a nutshell: Taiwanese entrepreneurs will remain an interesting object of scientific inquiry, since they are believed to be a meaningful cross-strait “linkage community.” As long as Taiwan scholars are interested in the development of cross-strait relations, some of them will certainly examine the thoughts and actions of Taishang, because they constitute an indispensable reference point for any analysis of the opportunities and pitfalls that globalisation presents for Taiwan.

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44. Some would argue that this is a good thing, because entrepreneurs who can control the state are more than inclined to subvert it to their group-specific profit-seeking, to the detriment of the public good. However, democratic theory holds that the business sector can as much undermine a democratic order as strengthen it by playing a responsible part within civil society.