# The Strengths of China's Charm Offensive: Changes in the Political Landscape of a Southern Taiwan Town under Attack from Chinese Economic Power

Shu Keng<sup>\*</sup>, Jean Yu-Chen Tseng<sup>†</sup> and Qiang Yu<sup>‡</sup>

#### Abstract

China's trade with Taiwan has a political motive: winning the hearts and minds of the Taiwanese people. The effectiveness of China's economic statecraft can be examined in the Syuejia (Xuejia) case, where Taiwan put up strong resistance to the generous benefits offered by China. This article investigates the political implications of the Chinese-designed contract farming programme in Syuejia and argues that if economic favours are delivered, and positive impressions also created, political attitudes can be revised. Without these two prerequisites, however, replicating the Syuejia results elsewhere and thus disturbing the cross-Strait status quo will be difficult. When put in a theoretical context, the changes in the political landscape of Syuejia illustrate the interplay of economic interests and political identity.

**Keywords:** cross-Strait relations; Taiwanese politics; economic engagement; political identity; economic interests

If trade can shape politics easily, it should not take long for China to reunite with Taiwan. Beginning in the mid-2000s, China started to ease up on its military pressures and began to offer economic incentives to Taiwan<sup>1</sup> in an effort to overcome resistance to unification.<sup>2</sup> However, as recent studies show, even after years of economic engagement, the political attitudes of the Taiwanese remain largely unchanged.<sup>3</sup> In other words, if the cross-Strait relationship is a battleground for interests and identity, the interest factor has failed.4

- \* Zhejiang University, Hangzhou, PRC.
- † Fo Guang University, Yilan, Taiwan. Email: <a href="mailto:yctseng@mail.fgu.edu.tw">yctseng@mail.fgu.edu.tw</a> (corresponding author).
- University of International Relations, Beijing, PRC.Lin, Chong-Pin 2008; Bush 2013, 9–30.
- 2 Chow 2012.
- 3 Keng 2009; Wu, Naiteh 2012; Keng and Lin 2013.
- 4 Wu, Naiteh 2005; Keng, Chen and Huang 2006.

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These findings contradict the accepted wisdom.<sup>5</sup> They are criticized because "even though economic engagement does work, the general trends of Taiwan's public opinion won't change that fast. It needs time to take effect."<sup>6</sup> Accordingly, Beijing keeps on subsidizing cross-Strait exchanges, the Kuomintang (KMT) continues to liberalize trade links, and the Democratic Progressive Party (DPP) still boycotts all of these policies.<sup>7</sup>

To gain a better understanding of the political implications of China's economic engagement, the authors propose to focus on "sensitive groups" within cross-Strait relations. "Sensitive groups" references those who are heavily exposed to the influences of economic engagement and who should therefore manifest attitudinal changes the earliest. Following this rationale, the article focuses on fish farmers in Syuejia (Xuejia) 學甲, a small town in southern Taiwan. Traditionally, almost all the farmers are pro-DPP, but recently some of them have benefited from the Chinese-designed "contract farming" (qizuo 契作) programme. By surveying the changes, if any, in the political attitudes of these farmers, it is possible to observe the interplay of identity and interests and assess the efficacy of China's economic statecraft.9

With the same idea, Business Weekly (Shangye zhoukan 商業周刊), a popular business magazine published in Taiwan, investigated the issue and concluded that "even under China's silver bullet offensive, the political position of Syuejia's fish farmers has not changed a bit." 10 The Syuejia case has become an often-cited example of how economics fails to sway political attitudes. This article presents results from 18 months of fieldwork in Syuejia that challenge this widely accepted assertion. Fieldwork findings were cross-examined with data from recent presidential elections in Taiwan. In contrast to previous assumptions, this article argues that if economic favours are delivered and positive impressions created, as in the case of Syuejia, political attitudes can be reshaped. Nevertheless, the study also suggests that the "demonstration effects" of Syuejia have a rather limited impact on neighbouring regions owing to the lack of concentrated interests and positive impressions. 11 In other words, in particular circumstances, which are difficult to replicate, China's economic engagement can work. At the same time, it is because of these very difficulties that economic statecraft has little chance of successfully changing the current status quo across the Taiwan Strait more generally.

The article proceeds from a micro focus to more macro perspectives and conclusions. The following section sets out the background to the Syuejia fish-farmer

<sup>5</sup> Wei 1997.

<sup>6</sup> Interview with a senior observer of cross-Strait relations, Shanghai, 12 July 2012.

<sup>7 &</sup>quot;Trade and politics between China and Taiwan: a different kind of free-trade protest," *The Economist*, 28 June 2010. See also Bush 2013, 45–68, 118–136.

<sup>8</sup> Nye 1976; Keohane and Nye 2012.

<sup>9</sup> Wu, Sofia 2011; Huang 2012; Kastner 2012.

<sup>10</sup> Lai et al. 2011; Taipei Times Staff Writer 2011.

<sup>11</sup> Regarding the strengths of concentrated interests, see Olson's analysis (1971, 22–33).

case and discusses its particularities. The article then goes on to examine the tug-of-war between interests and identity by first tracing the changes in the attitudes of Syuejia's fish farmers and then by testing the hypothesis on electoral data. The conclusion addresses the strengths and limitations of China's economic engagement in reshaping cross-Strait relations.

# Syuejia: Battleground of China's "Charm Offensive" and Taiwan's Political Resistance

Syuejia was chosen as the target of China's economic engagement policy owing to its previous political affinities and recent economic downturns. This small town thus provides a showcase of China's economic leverage and Taiwan's political resistance. There follows a brief history of Syuejia and an update of the current situation.

### China's economic engagement versus Taiwan's political resistance

China first announced the doctrine of peaceful unification with Taiwan with Ye Jianying's 叶剑英 "Nine Points" in 1979. This doctrine, however, did not form China's policy towards Taiwan until Hu Jintao 胡锦涛 took control of foreign affairs in 2004. Before that, the Taiwan Strait was considered to be an East Asian powder keg. 12 This volatility stemmed from Taiwan's internal political dynamics in the 1990s. 13 With Taiwan's transition to democracy came rising ethnic nationalism. The island was later caught up in a vicious cycle of harsh exchanges with China that culminated in military confrontations in 1995, 1996 and 1999. Public opinion in Taiwan also gradually turned against the idea of unification, even though the two polities were becoming increasingly intertwined economically (Figure 1).

In an effort to resolve this contentious relationship, President Hu announced the "Peaceful development of cross-Strait relations" (*liang'an heping fazhan* 两 岸和平发展). Under this new doctrine, China offered economic favours to Taiwan (*huitai zhengce* 惠台政策) and expanded social contacts across the Strait. The general aim of the new doctrine was to "win over the hearts and minds of the Taiwanese people" (*ji xiwang yu Taiwan renmin* 寄希望于台湾人民). Hu's approach differed from Beijing's earlier model of economic statecraft. While both centred on the strategic use of economic engagement, the emphasis had shifted away from the deployment of sanctions to the offering of enticements. 17

- 12 Carpenter 2005; Cooper 2006.
- 13 Rigger 2011 offers a great introduction to these changes. See also Dittmer et al. 2004.
- 14 Keng and Lin 2013.
- 15 Hu 2005; Bush 2013, 118-136; Keng and Lin 2013.
- 16 Tanner 2007; Keng and Schubert 2010.
- 17 Wu, Yu-Shan 1994; Chan 2006; Tanner 2007; Kahler and Kastner 2006. For related discussions, see Baldwin 1985; Davis 1999.

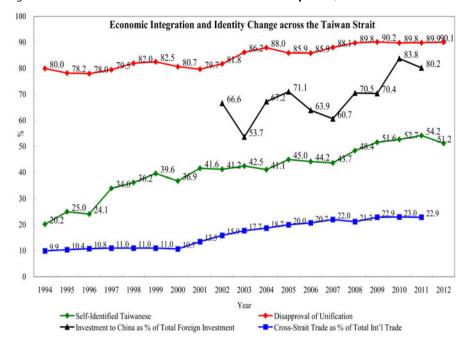


Figure 1: Structure and Trends of Taiwan's Public Opinion, 1994–2012

Election Study Centre, National Chengchi University, http://esc.nccu.edu.tw/course/news.php?class=203; Taiwan's Mainland Affairs Council; Statistics for Cross-Strait Economic Exchanges, http://www.chinabiz.org.tw/Focus/GoWebView?gid=6503.

Beijing's new approach received cooperation from Taiwan once the KMT reassumed power in 2008. In an effort to revitalize Taiwan's economy, the Ma Ying-Jeou 馬英九 administration removed the bans on cross-Strait exchanges. Direct flights, direct purchases, a more open domestic market, individual tours and new arrangements under the Economic Cooperation Framework Agreement (ECFA) all allowed China to reach the Taiwanese people directly. Economic inducements targeting Taiwanese citizens soon became a core element of China's Taiwan policy.

China's recent economic engagement is primarily politically driven and guided by three concerns: the economic favours delivered must be substantive, perceivable, and effect changes in political attitudes.<sup>19</sup> China's new strategy is in this sense a "charm offensive."<sup>20</sup> This "political use of economic engagement" is observable in the economically nonsensical trends in agricultural trade across the Strait. In theory, Taiwan, with its industrialized economy, should purchase more from a country with a developing economy and a huge agricultural sector, such as China. However, guided by the engagement doctrine, China has limited

<sup>18</sup> Bush 2013, 45-68.

<sup>19</sup> Keng and Lin 2013, 175-77.

<sup>20</sup> Kurlantzick 2007; Keng and Lin 2013.

its agricultural exports to Taiwan for fear of upsetting Taiwanese farmers. Furthermore, it has encouraged agricultural imports from Taiwan to the benefit of Taiwanese farmers. These unusual trends began to emerge after 2008, when Ma took office and began to promote his pro-China policies (Table 1).

Table 1: Changes in Cross-Strait Trade in Agricultural Products (US\$1,000)

| Year | China's exports<br>to Taiwan | % of Taiwan's total imports | Taiwan's exports<br>to China | % of Taiwan's total exports |
|------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| 2003 | 409,061                      | 5.2                         | 175,731                      | 5.4                         |
| 2004 | 501,376                      | 5.7                         | 291,904                      | 8.2                         |
| 2005 | 567,526                      | 6.1                         | 361,064                      | 10.1                        |
| 2006 | 562,832                      | 6.0                         | 430,159                      | 13.0                        |
| 2007 | 711,812                      | 6.8                         | 430,743                      | 12.5                        |
| 2008 | 717,796                      | 5.9                         | 436,465                      | 11.3                        |
| 2009 | 549,460                      | 5.5                         | 364,084                      | 11.3                        |
| 2010 | 661,680                      | 5.2                         | 532,524                      | 13.2                        |
| 2011 | 792,636                      | 5.3                         | 670,346                      | 14.4                        |
| 2012 | 787,778                      | 5.7                         | 834,409                      | 15.5                        |

Source:

Council of Agriculture, Taiwan, http://agrapp.coa.gov.tw/TS2/TS2Jsp/TS20104.htm.

How much has China's new policy direction dented Taiwanese reluctance to unify? When attempting to answer this question, most scholars focus on the structure and trend of public opinion in Taiwan.<sup>21</sup> They report that economic engagement, despite having reduced Taiwanese hostility towards China, has not modified general Taiwanese political attitudes on: (1) independence/unification preferences, (2) Taiwanese/Chinese identity, and (3) pro-KMT or pro-DPP party identification.<sup>22</sup>

This trend has surprised both those who endorsed and those who opposed the engagement policy, for both groups assumed a functionalist logic.<sup>23</sup> These functionalists refused to accept "premature assessments," asserting that "it takes time for the economy to revise politics."<sup>24</sup> The findings cited earlier are not clear as to whether economic engagement's apparent lack of efficacy is a result of economic benefits being "too late and not enough," or if the policies are simply incapable of bringing about attitudinal changes. To sharpen the observable results and clarify the above problem, this paper focuses on the "sensitive groups" within cross-Strait exchanges. An examination of the case of the Syuejia fish farmers, who present a clear example of a "sensitive group," can shed light on the tug-of-war between economic leverage and political identity across the Taiwan Strait.

<sup>21</sup> Keng 2009; Wu, Naiteh 2012; Muyard 2012; Keng and Lin 2013.

<sup>22</sup> Keng 2009. See also Wu, Naiteh 2012; Keng and Lin 2013.

<sup>23</sup> See Bush 2005, 27-80; Keng and Schubert 2010.

<sup>24</sup> It is exactly these beliefs and the subsequent hesitation in the use of force that create the space in which the economic engagement can operate. China's decision not to threaten the use of force and not to antagonize the pro-DPP voters should be considered as part of China's charm offensive strategy. The authors thank an anonymous reviewer for this insight.

Tainan County/City

Syuejia Town/District

Figure 2: Tainan and Syuejia

Notes:

Tainan County merged with the old Tainan City in 2010, creating a new and greater Tainan City. Syuejia was a town (zhen 镇) of the old Tainan County and later became a district ( $qu \boxtimes$ ) of the new Tainan City.

#### China's economic statecraft and Syuejia's economic fragilities

Syuejia is a small town in southern Taiwan (Figure 2).<sup>25</sup> As mentioned above, it attracted nationwide attention during the 2012 Taiwanese presidential election. But why was this small town considered such a crucial battleground in the fight between economic interests and political identity?

First, China's engagement policy was primarily targeted at Taiwan's pro-DPP voters because of the party's clear stand against unification. Tainan 臺南 was the DPP's biggest stronghold of support within all Taiwan, and within Tainan, the Syuejia electorate was among the firmest of supporters (see in Table 2). The residents of Syuejia mostly speak Hokkien (southern Fukienese), are generally not highly educated, and customarily earn their living through farming and fishing. These are all typical characteristics of DPP supporters. As such, China launched its "charm offensive" against the town's population. In this sense, Syuejia poses a "least likely case": that is, if Beijing can sway the political attitudes of the Syuejia residents, the prospects for success in other locales become brighter.

Fortunately for China's purposes, Syuejia was desperately in need of a financial bail out. Its economy relied on a combination of milkfish farming and workers' remittances. Syuejia's fish farms, however, were totally wiped out by

<sup>25</sup> Syuejia is located in the north-west of Tainan City, covers 54 km<sup>2</sup>, and has 28,000 registered residents but only 20,000 in residence. Its land is rich in salt and not fit for agriculture; around one-third of the land is taken up with fish farms which mostly farm milkfish.

Typhoon Morakot in 2009, leaving many families in debt. In the years that followed, Syuejia was remembered for turning off its street lights in a bid to reduce the municipal electricity bill. Syuejia's economic woes thus provided China with an opportunity to co-opt one of the DPP's staunchest pillars of support. First, milkfish was listed among the 18 items on the "early harvest list" of the ECFA. Then China announced its contract farming programme, and Syuejia thus became a critical test case for the effectiveness of China's economic engagement.

The contract farming programme was originally devised for Syuejia but with an eye to applying it elsewhere in Taiwan at a later stage. Under the programme, Syuejia's fish farmers signed a contract with a state-run corporation from China, initially Shanghai Fisheries (SF) and later Fujian Haikui Fisheries (FHF). The farmers then received a down payment which allowed them to start raising the milkfish.<sup>27</sup> After about six to eight months, the fish were harvested and sold to a Chinese dealer at a guaranteed price, which was about 15 to 25 per cent higher than the average price offered by local dealers. The programme was administered by the Taiwan Office of the State Council of China. To make the programme work, a new fish dealer, Shine Jia [Syuejia] Food Company (SJFC), was established as the intermediary dealer. The SJFC and SF/FHF signed the first oneyear contract in March 2011, and recruited 100 fish-farmer households, with the aim of procuring 18 tons of milkfish per household. Soon after that, the fish farmers received a US\$3,000 down payment. The first harvest of milkfish was shipped to Shanghai on 25 August 2011, and no tariffs were imposed. In December of that year, about nine months after signing the contract, all of the farmers received the remaining balance owed to them. The second contract then started in 2012, the third in 2013, the fourth in 2014, and the fifth in 2015.<sup>28</sup> Details of the five contracts are listed in Table 3.

The contract farming programme has greatly improved Beijing's ability to co-opt Taiwanese farmers. Unlike previous approaches, the programme has several advantages. First, it helps to stabilize the market price. Stable prices benefit the participants without harming non-participants or customers. Second, since all the favours are bestowed on a relatively small group of beneficiaries and other non-participants are effectively excluded, it is easier for the interest factor to take effect.<sup>29</sup> Finally, the contract farming programme creates common interests between the farmers and China, and the beneficiaries can be held accountable.<sup>30</sup> The programme can

<sup>26</sup> See Lai et al. 2011 for discussions of the Syuejia case. See also Wu, Sofia 2011; Huang 2012; Kastner

<sup>27</sup> According to the general manager of the Shanghai Fisheries, they were involved in the programme "simply at the request of the Taiwan Office," and they "expected to lose US\$5 million in the first-year deal." See Lai et al. 2011.

<sup>28</sup> On 2 April 2016, the SJFC announced the "one-year suspension" of the contract farming programme owing to the dramatic rise in the price of fish fry.

<sup>29</sup> Olson 1971.

<sup>30</sup> For example, Mrs. Mudfish, a local fish farmer, repeatedly expressed worries that the KMT might lose the 2012 election and that China might conclude the contract farming. See Lai et al. 2011. On the use of give-and-take in economic statecraft, see Hirschman 1980 [1945]. In this regard, Wong and Wu (2016) mistakenly test the effects of China's agricultural trade concessions on the voting patterns of the

Table 2: Political Affinity in Terms of Votes for the Pan-Green Camp in Presidential Elections

|                 | 1996 election | 2000 election | 2004 election | 2008 election | 2012 election | 2016 election |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Syejia          | 4,065         | 10,718        | 12,667        | 10,669        | 10,931        | 10,485        |
|                 | (26.07%)      | (60.89%)      | (72.33%)      | (65.17%)      | (68.37%)      | (74.80%)      |
| Tainan          | 219,898       | 541,461       | 673,324       | 571,224       | 631,232       | 670,608       |
|                 | (24.23%)      | (51.04%)      | (61.98%)      | (53.34%)      | (57.72%)      | (67.52%)      |
| Southern Taiwan | 795,615       | 1,757,491     | 2,183,382     | 1,874,561     | 2,044,286     | 2,177,129     |
|                 | (25.41%)      | (48.28%)      | (59.02%)      | (51.17%)      | (55.26%)      | (64.64%)      |
| All Taiwan      | 2,274,586     | 5,057,126     | 6,471,970     | 5,444,949     | 6,093,578     | 6,894,744     |
|                 | (21.13%)      | (39.93%)      | (50.11%)      | (41.55%)      | (45.63%)      | (56.12%)      |

Central Electoral Committee, Taiwan.

Note:

Top row indicates number of votes; second row indicates vote share.

| Year | Participating<br>households <i>(#)</i> | Purchases per<br>household<br>(tons) | Purchasing<br>price<br>(US\$/ton) | Total purchases of contract farming (tons) (US\$ mil.) |      | Processing & other fees (US\$ mil.) |
|------|--|--------------------------------------|-----------------------------------|--|------|-------------------------------------|
| 2011 | 100                                    | 18.00                                | 2,272                             | 1,800  | 4.09 | 1.33                                |
| 2012 | 100                                    | 21.60                                | 2,272                             | 2,160  | 4.91 | 2.23*                               |
| 2013 | 120                                    | 18.00                                | 2,147                             | 2,160  | 4.64 | n.a.                                |
| 2014 | 159                                    | 13.58 ave.**                         | 2,071                             | 2,160  | 4.47 | n.a.                                |
| 2015 | 208                                    | 10.39 ave.**                         | 2,020                             | 2,160  | 4.36 | n.a.                                |

Table 3: The Evolution of the Contract Farming Programme in Syuejia

Shine Jia Food Company.

lotes:

be said to be the latest in China's efforts to co-opt Taiwanese loyalty and Syuejia a critical case to test whether the "charm offensive" works. Consequently, what is happening in this small town has attracted a great deal of interest.

#### What has China achieved? The Business Weekly investigation

Since China's economic engagement strategy aims to overcome Taiwan's political resistance, the success of contract farming in this respect must be assessed by observing the resultant changes in Syuejia's political landscape. *Business Weekly* was the earliest periodical to follow the story. The magazine first sent an on-the-spot reporter and later commissioned a survey.<sup>31</sup> The magazine's writers concluded that "contract farming failed to achieve its goal, for the party affinity of the Syuejia residents has not been changed."<sup>32</sup> This finding was seemingly confirmed by the result of the 2012 presidential election, as the DPP increased its vote share in Syuejia by 3 per cent. Following the conclusions drawn by *Business Weekly*, all the mainstream media in Taiwan accepted that China's "charm offensive" efforts were futile.<sup>33</sup>

<sup>\*</sup>Derived from our interviews; the exact numbers have not been formally announced. \*\* Allowing subcontracting to other fish farmers

footnote continued

townships in Taiwan that are more likely to benefit. But agricultural production in Taiwan has developed a "separate production and selling system" (*chanxiao fenli*). The producers only know that the prices of their fruits or vegetables have been going up; they are not sure if price rises are related to China's favours.

<sup>31</sup> Lai et al. 2011; Taipei Times Staff Writer 2011.

<sup>32</sup> Lai et al. 2011.

<sup>33</sup> Cao 2012; Zhou 2012; Huang 2012.

Was the contract farming programme a total failure in this respect? We have several reasons to be sceptical about the findings presented by *Business Weekly*. First, there is a problem of timing. October 2011was too early to evaluate the effectiveness of that programme; purchases and payments had not yet been made, and the next year's contract was still pending. Second, the survey is based on a random sample drawing from all the residents of Syuejia. Only about 500 to 600 households participated in the programme, compared to a local population of 20,000. The participants thus account for a small fraction of the *Business Weekly* survey sample. Of course, it is possible to properly survey the participants but the journal did not do so. Finally, the survey's results were less conclusive than they were broadly claimed to be. More precisely, the survey discovered that "in Syuejia, the DPP (57 per cent) still has a lot more supporters than the KMT (43 per cent)." This finding is different from the reported conclusion that "the party affinity of the Syuejia residents has not been changed."

# Changes in the Political Attitudes of the Contract Farming Programme Participants

Following the above mentioned controversy, we carried out field research in Syuejia from September 2011 until the summer of 2013. During this period, we conducted in-depth interviews with the farmers who participated in the second round of fish farming contracts (2012–2013). Even after these interviews, we returned to Syuejia multiple times. We also triangulated our field findings with the election results.

#### How do fish farmers view contract farming?

Unfortunately, a few months after we began our fieldwork, Syuejia came under the spotlight as reports questioned whether those involved in contract farming had been "bought," and the programme quickly became a very sensitive topic for participants.<sup>37</sup> To counter this problem, we used a combination of several research strategies. The authors had the full support of the SJFC and were personally introduced to the local fish farmers by its staff. This support was both owing to our affiliation with the respected National Chengchi University and also because the SJFC's president wished to gather feedback from the farmers involved with the programme. We then used snowball sampling through neighbourhood networks to reach additional interviewees, a method which helped to build trust. Following multiple visits and casual conversations, we interviewed respondents who felt comfortable enough to answer survey questions. As a result,

<sup>34</sup> Wong and Wu (2016) have the same weakness: they assess the effects of China's agricultural trade concessions, announced as late as 2006, on Taiwan's presidential election held in March 2008.

<sup>35</sup> Lai et al. 2011.

<sup>36</sup> Ibid., 136.

<sup>37</sup> Huang 2012.

only those with whom we were familiar were finally surveyed in September 2012, i.e. 62 fish farmers out of a total of 120, and 59 of our respondents were participants in the first round of fish farming.

The survey questionnaire began by urging participants to evaluate the programme and then asked whether they wished to continue with the programme. If contract farming does bring benefits, how significant are those benefits? We asked the participants how the programme affected their daily livelihoods. The responses are summarized in Table 4. As can be seen, 91.9 per cent felt that the programme had greatly boosted their income and that terminating the programme would significantly impact their livelihood. These responses are evidence of how contract farming participants perceive the economic benefits (Table 5).

#### Political attitudes and impressions of fish farmers

If contract farming is so popular, then who receives the credit? Respondents' positive perceptions can be traced by asking questions about who is the most popular figure among fish farmers. In Table 6, the DPP's chairman and presidential candidate, Tsai Ing-Wen 蔡英文, lags behind the KMT's Ma Ying-Jeou. Likewise, the same can be found for the DPP's Lai Ching-Te 賴請德 and the KMT's Li Quan-Zhao 李全教. However, none of these figures is as popular as Zheng Lizhong 郑立中, the vice-chairman of China's Taiwan Office and vice-chairman of the Association for Relations Across the Taiwan Straits (ARATS). Our survey clearly indicates that the DPP loses points while the KMT makes gains, but the CCP receives the most credit.

Zheng's popularity derives from his association with the contract farming programme.<sup>39</sup> Soon after milkfish were listed on the ECFA's "early harvest list" in August 2010, he visited Syuejia and made direct contact with fish farmers. It was during these personal exchanges with residents that Zheng first learned about the problems with price volatility and fish brokers. Later on, when he met the local politicians, Zheng promised to push for contract farming. When drafting the programme, he insisted on including lower-income families and helped address the problems of storage and processing. For his efforts, Zheng gained the moniker "father of contract farming."

Zheng continued to visit Syuejia and listen to the local farmers. One farmer told us, "we met him more often than the head of [Taiwan's] Fisheries Agency." Previously, Zheng, a native of Fujian province, was Party secretary of Zhangzhou 漳州 and also of Xiamen 厦门, both in Hokkien-speaking regions, and so he had no problem communicating with Syuejia residents. According to one interviewee, "he normally sat in the open space in front of the fish farm, eating the rice-noodle soup … and referred to everyone by their nicknames."

<sup>38</sup> It is generally believed that Li played a central role in making contract farming happen, whereas the mayor, Lai, did nothing.

<sup>39</sup> Lin, Rebecca 2012.

Table 4: Approval of Contract Farming

| Overall, are you satisfied with the contract farming programme? | %     | Have you applied for next year's contract farming? | %     |  |
|---|-------|--|-------|--|
| Very satisfied  | 77.4  | Yes  | 96.8  |  |
| Partially satisfied   | 21.0  | No   | 3.2   |  |
| Not satisfied   | 1.6   |  |       |  |
| Total   | 100.0 | Total  | 100.0 |  |
| (N)   | 62    | (N)  | 62    |  |
| C   |       |  |       |  |

Authors' field research, July and August 2012.

Table 5: Economic Effectiveness of Contract Farming: General Implications

| Is your family income affected by participating in the contract farming? | %     | If the contract farming is terminated, is your family life going to be affected? | %     |
|--|-------|--|-------|
| Significantly boosted  | 91.9  | Definitely   | 91.9  |
| No significant changes   | 6.5   | Probably   | 6.5   |
| Significantly reduced  | 1.6   | Not necessarily  | 1.6   |
| Total  | 100.0 | Total  | 100.0 |
| (N)  | 62    | (N)  | 62    |
| Source:  |       |  |       |

Authors' field research, July and August 2012.

Another informant observed, "everywhere [Zheng] went, he kept notes himself, and was quite familiar with the details of every problem."

It appears then that Zheng won over Syuejia's fish farmers, but what were their impressions of the Chinese regime? How do those positive impressions affect the policy positions of local farmers? The results are summarized in Table 7. More than 80 per cent of participants adjusted their views on China and 70 per cent of them supported "cooperation on both economic and political issues." It is important to note that not long before, almost all the farmers were firm supporters of the DPP.

From our interviews with these participants, we drew the following conclusions. First, these participants were happy with and willing to defend the programme. Second, these farmers' positions on general political issues were considerably different to those of traditional DPP supporters, very likely owing to the effects of the programme. Third, respondents' approval of the programme, their acceptance of Zheng, and their willingness to cooperate with China are entwined together, causing the spillover from the economy to politics.

#### The mechanisms that lead to attitudinal changes

As specified earlier, the motive behind the contract farming programme is to influence political opinion in Taiwan, making it a "charm offensive." 40 Beijing

<sup>40</sup> The concept was coined in Kurlantzick 2007. For a similar idea, see Nye 2004.

| Politicians ratings | National/KMT:<br>Ma Ying-Jeou |      |      |      | China/CCP:<br>Zheng Li-Zhong |
|---------------------|-------------------------------|------|------|------|------------------------------|
| 0                   | 4.8                           | 6.5  | 0    | 1.6  | 0                            |
| 1                   | 1.6                           | 4.8  | 0    | 1.6  | 0                            |
| 2                   | 9.7                           | 12.9 | 3.2  | 4.8  | 3.2                          |
| 3                   | 6.5                           | 11.3 | 4.8  | 22.6 | 0                            |
| 4                   | 3.2                           | 11.3 | 4.8  | 0    | 1.6                          |
| 5                   | 38.7                          | 22.6 | 12.9 | 22.6 | 16.1                         |
| 6                   | 9.7                           | 8.1  | 16.1 | 12.9 | 1.6                          |
| 7                   | 9.7                           | 6.5  | 14.5 | 4.8  | 6.5                          |
| 8                   | 6.5                           | 0    | 12.9 | 8.1  | 8.1                          |
| 9                   | 0                             | 3.2  | 1.6  | 1.6  | 6.5                          |
| 10                  | 1.6                           | 4.8  | 29.0 | 12.9 | 56.5                         |
| 25th percentile     | 4                             | 2    | 5    | 3    | 7                            |
| 50th percentile     | 5                             | 5    | 7    | 5    | 10                           |
| 75th percentile     | 6                             | 6    | 10   | 7.5  | 10                           |
| Average points      | 4.88                          | 4.39 | 7.13 | 5.53 | 8.36                         |
| (N)                 | 62                            | 62   | 62   | 58   | 62                           |

Table 6: Political Consequences of Contract Farming: Popularity of Politicians (%)

Authors' field research, July and August 2012.

Note.

Most favourable = 10 points; least favourable = 0 points.

uses economic enticements to overcome political resistance among the Taiwanese, a goal that can only be achieved if China portrays a friendly and attractive face. Do these favours, once accepted, help to form a more positive image of China among the recipients of the favours? This is the key question when evaluating the effectiveness of contract farming.

We use three ordered-logit models to assess the relationship between the respondents' evaluations of contract farming and their policy positions regarding cross-Strait relations. In these models, we first hold constant variables such as unification/independence preference, experiences of visiting China, annual family income and family size. We then take into account respondents' "impressions of Zheng" as a proxy for China's attractiveness. The results are reported in Table 8. From the statistics in Model 1, we find that "stabilizing the fish price" fails to exert a significant influence on "cross-Strait opening up," suggesting that benefits alone cannot make a difference. In Model 2, we find that the newly introduced variable, "impressions of Zheng," is significant.<sup>41</sup> Of course, this result does

<sup>41</sup> But could it be the case that "the supporters of cross-Strait exchanges tend to have better opinions of Zheng?" This is possible but not very likely for the following two reasons. First, almost all of the participants were firm DPP supporters and there was not much variation in their opinions on cross-Strait relations. Second, almost all of the participants had direct contact with Zheng, and thus had many chances to form their own impressions of Zheng. The authors thank an anonymous reviewer for pointing out this possibility.

| After joining the programme, has your impression of China improved? | %     | In your opinion, how should<br>Taiwan deal with China?               | %     |
|---|-------|--|-------|
| Significantly improved  | 83.9  | Cooperation on economic and political issues                         | 72.6  |
| Unchanged   | 16.1  | Cooperation on economic issues but confrontation on political issues | 17.7  |
|   |       | Confrontations on economic and political issues                      | 1.6   |
|   |       | No opinion/missing values  | 8.1   |
| Total   | 100.0 | Total  | 100.0 |
| (N)   | 62    | (N)  | 57    |
| Source:   |       |  |       |

Table 7: Political Consequences of Contract Farming: Impressions of China

Authors' field research, July and August 2012.

not mean that Zheng could have achieved this political miracle without the economic benefits he delivered to the fish farmers.<sup>42</sup>

In other words, "economic interests" matter, but alone they are not enough to revise political positions. If economic interests are not sufficient to form positive impressions, they cannot reshape respondents' political positions. This hypothesis is further substantiated in Model 3: if the respondent gives credit to contract farming and simultaneously holds a positive impression of Zheng, s/he is more likely to support the further development of cross-Strait exchanges. This result further confirms the complementarity between economic interests and good impressions. Put another way, only when positive impressions are created can economic benefits successfully affect political views. Economic favours in this sense are necessary but not sufficient to make the "charm offensive" work.

### Changes in the Political Landscape of Syuejia and Greater Tainan

Fieldwork data can illustrate the changes in the political attitudes of the programme's contract farmers. The data, however, have the following limitations. First, the number of participants is not enough to address the broader political implications of contract farming. Second, these participants are themselves stakeholders; they have incentives to hide their true preferences. Moreover, the common methodological problems of retrospective surveys apply here: it is not easy to verify respondents' earlier attitudes and we are unable to trace fluctuating changes in these attitudes over time.

<sup>42</sup> As one non-participant resident mused, "Zheng surely serves our interests. But there must be a reason for him to do so." This is, of course, a reasonable doubt. However, none of the participants in contract farming raised similar concerns. It is thus very likely that the benefits participants received prevent them from developing that kind of scepticism in order to avoid the discomfort resulting from the discrepancy between their beliefs and behaviour.

<sup>43</sup> A similar finding can be found in Wong and Wu 2016.

Table 8: An Ordered Logit Model of the Support for Further Cross-Strait Exchanges

|                                  |                    | Model 1                   |                |                      | Model 2          |                |          | Model 3          |                |
|----------------------------------|--------------------|---------------------------|----------------|----------------------|------------------|----------------|----------|------------------|----------------|
| Stabilizing fish price (1–4)     | Coef. <b>-0.06</b> | (S.D.)<br>( <b>0.67</b> ) | Exp(B)<br>0.94 | Coef.<br><b>0.09</b> | (S.D.)<br>(0.74) | Exp(B)<br>1.10 | Coef2.72 | (S.D.)<br>(1.36) | Exp(B)<br>0.07 |
| Zheng's impression (0–10)        |                    | ` ,                       |                | 0.37                 | (0.15)**         | 1.45           | 0.22     | (0.16)           | 1.25           |
| Interests plus impressions#      |                    |                           |                |                      |                  |                |          |                  |                |
| Both positive (otherwise $= 0$ ) |                    |                           |                |                      |                  |                | 3.51     | (1.58)*          | 33.44          |
| Yearly family income (2012)      | 0.10               | (0.04)*                   | 1.10           | 0.08                 | (0.04)           | 1.08           | 0.07     | (0.04)*          | 1.07           |
| Number of family members         | -0.03              | (0.11)                    | 0.97           | -0.10                | (0.11)           | 0.91           | -0.13    | (0.12)           | 0.69           |
| China experiences (None = $0$ )  |                    |                           |                |                      |                  |                |          |                  |                |
| 1–5 visits                       | 0.60               | (0.61)                    | 1.83           | 0.42                 | (0.63)           | 1.52           | 0.57     | (0.66)           | 1.77           |
| More than 6 visits               | 2.14               | (0.96)*                   | 8.51           | 1.84                 | (0.97)           | 6.28           | 1.79     | (0.95)           | 5.97           |
| Uni./Ind. preference $(SQ = 0)$  |                    |                           |                |                      |                  |                |          |                  |                |
| Pro-unification                  | 3.58               | (2.32)                    | 35.94          | 3.55                 | (2.56)           | 38.40          | 2.65     | (2.45)           | 14.10          |
| Pro-independence                 | -0.71              | (1.12)                    | 0.49           | -0.95                | (1.24)           | 0.39           | -0.74    | (1.27)           | 0.48           |
| Intercept                        |                    |                           |                |                      |                  |                |          |                  |                |
| $\tau_1$                         | -0.846             | (2.61)                    |                | 1.716                | (3.06)           |                | -8.123   | (4.68)           |                |
| $\tau_2$                         | 2.746              | (2.63)                    |                | 5.79                 | (3.21)           |                | -3.71    | (4.56)           |                |
| N                                | 60                 |                           |                | 60                   |                  |                | 60       |                  |                |
| McFadden's pseudo                | 0.1634             |                           |                | 0.2229               |                  |                | 0.2750   |                  |                |
| Likelihood ratio                 | 17.82              |                           |                | 24.31                |                  |                | 29.99    |                  |                |
| Df                               | 7                  |                           |                | 8                    |                  |                | 9        |                  |                |
| <i>p</i> -value                  | < 0.05             |                           |                | < 0.01               |                  |                | < 0.001  |                  |                |
|                                  |                    |                           |                |                      |                  |                |          |                  |                |

Authors' survey.

Notes:

The dependent variable of the model is the respondent's position on cross-Strait economic relations ("How do you feel about the current pace of opening up for cross-Strait exchanges?" Options: too fast = 1; just right = 2; too slow = 3). The results of the two-tailed significance test: \*\*\*p < 0.001; \*\*p < 0.001; \*\*

We therefore have to look beyond the fieldwork data and examine Syuejia's election records to gain a better illustration of the political implications of contract farming. Our study covers Taiwan's recent presidential elections from 2004 to 2016 because only presidential elections centre on national identity and cross-Strait issues. 44 Our focus is the votes gained by the major parties in Taiwan because these parties undertake interest aggregation and propose policy packages. 45 Moreover, in Taiwan political parties are organized along the unification/independence preferences of the voters: of the two major parties, the KMT is pro-unification while the DPP is pro-independence. Therefore, votes gained or lost by the two parties not only reflect the position of voters but also will shape Taiwan's China policy. Vote data, however, are aggregated, and it is difficult to single out confounding causal mechanisms. To address this problem, we apply the difference-in-differences logic to help pin down the political impacts of contract farming. 46

#### Direct impacts of contract farming: the case of Syuejia

To observe the changes in the political landscape of Syuejia, we start by comparing the DDP's vote shares in Syuejia before and after the introduction of contract farming. The election results of the four presidential elections in Syuejia are shown in Table 9. First, according to the mainstream media in Taiwan, the DPP gained more votes in the presidential election in 2012 than in 2008, suggesting that contract farming had failed to make a difference.<sup>47</sup> The 2008 election (65.17 per cent), however, is not a proper reference point, for it followed the DPP's "Watergate" moment, President Chen's corruption scandal, which resulted in a landslide victory for the KMT. The DPP's comeback in Syuejia in 2012 (68.37 per cent, which is 104.91 per cent of its share in 2008), and its further gains in 2016 (74.80 per cent, which is 114.78 per cent of its share in 2008), should not be simply understood as a negative response to the contract farming programme.<sup>48</sup>

Given the unusual political circumstances affecting the 2008 elections, we have elected to use the 2004 election as our reference point.<sup>49</sup> If we contrast the DPP's performance in 2012 against its performance in 2004, we reach a different conclusion to that drawn by *Business Weekly*: the DPP vote share in 2012 is 94.53 per cent of its share in 2004. Further, the DPP vote share in 2016 is 103.41 per cent of its vote share in 2004. These comparions suggest that the 2004 election is a better

<sup>44</sup> Fell 2012, 56-83; Bush 2013, 118-136.

<sup>45</sup> Fell 2005.

<sup>46</sup> Difference in differences is a statistical technique that attempts to mimic an experimental research design by studying the effect of a treatment on a "treatment group" in contrast with a "control group." The approach normally starts with calculating the effects of the treatment on the outcome of the "treatment group" and then comparing them with the outcomes of the "control group." See Angrist and Pischke 2009, 221–248.

<sup>47</sup> Cao 2012; Zhou 2012.

<sup>48</sup> Cao 2012; Zhou 2012.

<sup>49</sup> The bipartisan competition in Taiwan did not take shape until the 2004 election. See Fell 2012, 56-113.

| Year   |         | of votes,<br>–2016 | Contrasts   | 2012 and 2016 relative to 2008<br>and 2004 |         |  |
|--------|---------|--------------------|-------------|--|---------|--|
|        | DPP (%) | KMT (%)            |             | DPP (%)                                    | KMT (%) |  |
| 2004   | 72.33   | 27.67              | ( 2012/2008 | 104.91 (Base = 100)                        | 90.81   |  |
| 2008   | 65.17   | 34.83              | 2016/2008   | 114.78 (Base = $100$ )                     | 72.35   |  |
| 2012   | 68.37   | 31.63              | (2012/2004  | <b>94.53</b> (Base = 100)                  | 114.31  |  |
| 2016   | 74.80   | 25.20              | 2016/2004   | <b>103.41</b> (Base = 100)                 | 91.07   |  |
| Cource |         |                    |             |  |         |  |

Table 9: Contrasting Presidential Election Results in Syuejia

Central Electoral Committee, Taiwan.

reference point, but this is just one small methodological step forward and not enough to definitively assess the political implications of the contract farming programme.

As can be seen from previous analyses, the election results in Syuejia are influenced by the factors that also shape the general trends in Taiwanese politics. <sup>50</sup> To assess the effects of contract farming properly, it is necessary to rule out – or hold constant – the influences of those confounding factors. Conventional multivariate analysis for statistical control, however, cannot apply, because the electoral data are aggregated. The best strategy here is to apply the difference-in-differences logic and thus contrast the changes in Syuejia with the changes in (1) the broader context and (2) in most similar cases. By doing so, the potentially confounding factors can be ruled out all at once.

We first compare the DPP's vote shares in Syuejia with those in Tainan City. The results are summarized in Table 10. As shown in the table, if the DPP's vote share in Syuejia in 2012 (68.37 per cent) is divided by its vote share in Tainan (57.72 per cent), the ratio is 118.45 per cent, and if that ratio is contrasted with the ratio from 2004 (i.e. 116.70 per cent), a new ratio of 101.50 per cent (2012/2004) is produced. This result indicates that there is a slight increase in the DPP's vote share in Syuejia and that, as of 2012, the contract farming programme has not yet been effective at changing political attitudes. If, however, the same calculations are applied to the 2016 election (110.78 per cent) and that result is contrasted with the 2004 election (116.70 per cent), the ratio becomes 94.93 per cent, a big drop in the DPP's vote share, suggesting that the contract farming programme probably has influenced political opinions.

To double-check our conclusions, we then make comparisons between Syuejia and other very similar areas. We chose two neighbouring towns, Peimen 北門 and Cigu (Qigu) 七 股. These locations are remarkably similar to Syuejia in terms of physical geography, economic structure and cultural background (see

<sup>50</sup> For example, the performance of the ruling party, the popularity of the campaign candidates, the duration of the administration's incumbency, among other factors. See Fell 2012, 56–83. If these factors affected Syuejia, they would simultaneously affect Tainan, Peimen and Cigu, and thus can be ruled out in a difference-in-differences design.

|                           | 2004 election |       | 2008 e | lection | 2012 elec                                      | tion  | 2016 ele                                      | ction |
|---------------------------|---------------|-------|--------|---------|--|-------|---|-------|
|                           | DPP           | KMT   | DPP    | KMT     | DPP  | KMT   | DPP   | KMT   |
| Syuejia                   | 72.33         | 27.67 | 65.17  | 34.83   | 68.37  | 31.63 | 74.80   | 25.20 |
| Tainan                    | 61.98         | 38.02 | 53.34  | 46.66   | 57.72  | 42.28 | 67.52   | 32.48 |
| Syuejie/Tainan            | 116.70        | _     | 122.18 | _       | 118.45   | _     | 110.78  | _     |
| 2012 and 2016<br>cf. 2004 | =             | _     | _      | _       | <b>2012/2004</b><br><b>101.50</b> (Base = 100) | -     | <b>2016/2004</b><br><b>94.93</b> (Base = 100) | -     |

Table 10: Contrasting Presidential Election Results in Syuejia and Tainan (%)

Central Electoral Committee, Taiwan.

Figure 3); however, the contract farming programme was not implemented in either town.<sup>52</sup>

The election results of the three towns are summarized in Table 11. We compare the DPP's vote share in Syuejia and Peimen first and then follow the same logic used before to arrive at the vote share in Syuejia in 2012, which is then divided by the vote share in Peimen to produce another ratio of 103.83 per cent. If we contrast that with the ratio from 2004 (108.47 per cent), we calculate a new ratio of 95.72 per cent, indicating a dramatic decrease in the DPP's vote share in Syuejia. Performing the same calculations on the figures from the 2016 election (103.33 per cent), and contrasting that result with the vote share from 2004, gives a result of 95.26 per cent, suggesting that the effects of contract farming are substantial and persistent.

Likewise, if we apply the same method to Cigu and divide the DPP's vote share in Syuejia in 2012 by its vote share in Cigu, a ratio of 98.86 per cent is calculated, and if we contrast that result with the ratio from 2004 (102.13 per cent), we produce a new ratio of 96.80 per cent. This again indicates a dramatic decrease in the DPP's vote share in Syuejia. Finally, if we do the same calculations to the 2016 election data (97.85 per cent) and contrast that result with the numbers from the 2004 election, we arrive at 95.81 per cent, which, once again, points to the effectiveness of contract farming.

To summarize, after ruling out potentially confounding factors, our findings are highly consistent: the DPP's grip over Syuejia has gradually weakened since the contract farming programme was introduced. Even though the margins of vote shares are quite small, they are clear enough to confirm the political effects of contract farming.<sup>53</sup>

Demonstration effects of contract farming: the case of greater Tainan

Having invested enormous resources in Syuejia, China wants not just to reshape the political landscape of this one small town but also to set an example for

<sup>52</sup> Syuejia, Peimen and Cigu are all located in north-west Tainan (also called the Salty Land), and thus share a similar cultural background and political affinity. The majority of their residents live by fish farming, especially milkfish farming.

<sup>53</sup> Around 500 to 600 farmers and family members signed up to contract farming, against a total local population of around 20,000 in Syuejia.



Figure 3: The Location of Syuejia in Relation to Peimen and Cigu

other regions in Taiwan. <sup>54</sup> Therefore, we are also curious as to whether the political effects of contract farming in Syuejia have spilled over to the broader region, for example Tainan City. <sup>55</sup> Following the previous examples, the changes in the DPP's vote share in Tainan City are contrasted with those in the whole of southern Taiwan as well as with the two most similar cases, Chiayi 嘉義 County and Pingtung 屏東 County. The statistics are summarized in Table 12.

First, if we compare the DPP's vote share in Tainan with that of the whole of southern Taiwan in 2012, we get a ratio of 104.45 per cent, and if we compare that with the ratio from 2004 (105.02 per cent), we arrive at a new ratio of 99.46 per cent, indicating that there is no subtantial change in the DPP's vote share in Tainan. Likewise, the new ratio of the 2016 vote share vis-à-vis that of the 2014 vote share is 99.47 per cent. Again, there is no indication of any Syuejia "demonstration effects" in Tainan.

Second, if we go further and compare the DPP's vote share in Tainan with that in Chiayi in 2012, we calculate a ratio of 98.53 per cent, and if we compare that ratio with the ratio from 2004 (98.71 per cent), we arrive at a new ratio of 99.82 per cent, indicating almost no change in the DPP's vote share in Tainan in 2012. Likewise, the new ratio from the 2016 vote share (103.29 per cent) when compared to the 2004 vote share (98.71 per cent) increases to 104.64 per cent. Nevertheless this result is not consistent enough to draw any firm conclusions regarding the spillover effects of contract farming.

<sup>54</sup> Kastner 2012.

<sup>55</sup> For example, Wei 1997.

|                | 2004 election |               | 2008 e    | 2008 election 2012 election |        | lection                   | n 2016 election |                           |  |
|----------------|---------------|---------------|-----------|-----------------------------|--------|---------------------------|-----------------|---------------------------|--|
|                | DPP           | KMT           | DPP       | KMT                         | DPP    | KMT                       | DPP             | KMT                       |  |
| Syuejia        | 72.33         | 27.67         | 65.17     | 34.83                       | 69.74  | 31.63                     | 74.80           | 25.20                     |  |
| Peimen         | 66.68         | 33.32         | 59.43     | 40.57                       | 67.17  | 34.13                     | 72.39           | 27.61                     |  |
| Cigu           | 70.82         | 29.18         | 65.41     | 34.59                       | 69.16  | 30.84                     | 76.44           | 23.56                     |  |
| Syuejia/Peimen | 108.47        | 83.04         | 109.66    | 85.85                       | 103.83 | 92.68                     | 103.33          | 91.27                     |  |
| Syuejia/Cigu   | 102.13        | 94.83         | 99.63     | 100.69                      | 98.86  | 102.56                    | 97.85           | 106.96                    |  |
| 2012 and 2016  | Syuejia/Pe    | eimen         | Syuejia/F | Syuejia/Peimen              |        | Cigu:                     | Syuejia/C       | Cigu:                     |  |
| cf. 2004       | 2012 vs 20    | 2012 vs 2004: |           | 2016 vs 2004:               |        | 2004:                     | 2016 vs 2       | 2016 vs 2004:             |  |
|                | 95.72 (Ba     | se = 100)     | 95.26 (Ba | <b>95.26</b> (Base = 100)   |        | <b>96.80</b> (Base = 100) |                 | <b>95.81</b> (Base = 100) |  |

Table 11: Contrasting Presidential Election Results in Syuejia with Those in Peimen and Cigu (%)

Central Electoral Committee, Taiwan.

Finally, utilizing the exact same comparison, we compare the DPP's vote share in Tainan with that in Pingtung in 2012, which produces a ratio of 104.70 per cent. Comparing that with the ratio of 2004 (106.66 per cent) gives a new ratio of 98.16 per cent, indicating a small drop in the DPP's vote share in Tainan. Once again, the new ratio from the 2016 vote share (106.35 per cent) when compared with the 2004 vote share (106.66 per cent) is largely simliar: 99.70 per cent. The result is still too close to call.

To summarize, when comparing Syuejia both with the bigger Tainan City and with its close neighbours, Peimen and Cigu, we find concurrent evidence suggesting that, in marked contrast to these other areas, Syuejia's voting patterns have considerably and persistently changed since the introduction of contract farming. Yet, despite the fact that the contract farming programme was devised to sway Taiwanese attitudes more generally, we do not have any clear and concurrent evidence to confirm a spillover of the programme's effects from Syuejia to Tainan. In other words, the political impacts of contract farming are only evident in the place where the residents have directly benefited.

### The Future of Cross-Strait Relations in Light of the Syuejia Case

China's trade with Taiwan is clearly driven by a political motive.<sup>56</sup> China's economic engagement is certainly a "charm offensive" targeting the hearts and minds of the Taiwanese people. The effectiveness of that strategy can be observed in cases like Syuejia, where there was strong political opposition to closer ties with China and where huge economic resources were deployed in a bid to overcome this opposition. This study combines micro-level interviews with the participants of the China-led contract farming programme in Syuejia and macro-level

<sup>56</sup> Wu, Yu-Shan 1994; Keng and Lin 2013. For the Syuejia case, see Huang 2012; "Taiwan–China trade: no such thing as a free trade," The Economist, 25 June 2010.

|                           | 2004 e   | lection  | 2008                                  | election | 2012 el  | ection   | 2016 el | lection                             |
|---------------------------|--|--|---------------------------------------|----------|--|--|---------|-------------------------------------|
|                           | DPP  | KMT  | DPP                                   | KMT      | DPP  | KMT  | DPP     | KMT                                 |
| Tainan                    | 61.98  | 38.02  | 53.34                                 | 46.66    | 57.72  | 42.28  | 67.52   | 32.48                               |
| S. TW                     | 59.02  | 40.98  | 51.17                                 | 48.83    | 55.26  | 44.74  | 64.64   | 35.36                               |
| Chiayi                    | 62.79  | 37.21  | 54.43                                 | 45.57    | 58.58  | 41.42  | 65.37   | 34.63                               |
| Pingtung                  | 58.11  | 41.89  | 50.25                                 | 49.75    | 55.13  | 44.87  | 63.49   | 36.51                               |
| Tainan / S. TW            | 105.02   | _  | 104.24%                               | _        | 104.45   | _  | 104.46  | _                                   |
| Tainan / Chiayi           | 98.71  | _  | 98.00%                                | _        | 98.53  | _  | 103.29  | _                                   |
| Tainan / Pingtung         | 106.66   | _  | 106.15%                               | -        | 104.70   | _  | 106.35  | _                                   |
| 2012 and 2016<br>cf. 2004 | Tainan/S. TW<br>2012 vs 2004:<br><b>99.46</b> (Base = 100) | Taiwan/S. TW 2016 vs 2004: <b>99.47</b> (Base = 100) | Tainan/<br>2012 vs<br><b>99.82</b> (H | •        | Tainan/Chiayi<br>2016 vs 2004:<br><b>104.64</b> (Base = 100) | Tainan/Pingtung<br>2012 vs 2004:<br><b>98.16</b> (Base = 100 | 2012 v  | /Pingtung<br>s 2004:<br>Base = 100) |

Central Electoral Committee, Taiwan.

Notes:

Southern Taiwan includes Kaohsiung (Kaohsiung County and Kaohsiung City before 2010, and greater Tainan City afterwards), Tainan (Tainan County and Tainan City before 2010, and greater Tainan City afterwards), Chiayi City, Chiayi County, and Pingtung County.

comparisons of presidential electoral data to examine how effective China's engagement is and the reasons for any such efficacy.

According to the study, after allocating substantial economic resources and creating positive impressions, China's economic engagement has successfully altered the political attitudes and voting behaviour of many local residents.<sup>57</sup> This is no mean achievement, for Syuejia was a DPP stronghold. By comparison, however, we find no evidence of parallel changes in Tainan. In other words, where there is no economic benefit, there is no political leverage. Economic favours alone, however, are still not enough to sway political opinion. The changes in political opinions that occurred in Syuejia had a lot to do with the personal charm and charisma of the programme's frontman, Zheng Lizhong. In contrast, other beneficiaries of China's charm offensive, like the Taiwanese who conduct business in China and those who host Chinese tourists, show little sign of adopting a positive attitude towards China.<sup>58</sup> Our regression models also suggest that economic benefits are necessary but not sufficient; only when economic benefits successfully translated into positive impressions and both factors functioned jointly were the political positions of Syuejia's farmers finally impacted.

The success of China's charm offensive in Syuejia is enlightening: if China can influence the voting behaviour of Syuejia's residents, the prospects of success will probably be even brighter in other locales. Given the mechanisms specified earlier, can the Syuejia model be replicated in other places, and will the charm offensive eventually challenge the cross-Strait status quo? The short answer is no, for the following two reasons. First, the Syuejia model demands huge investment of both economic and human resources. The desired returns will only be seen after an extensive period of time. China has already spent US\$20 million in its first five years in Syuejia, and probably still needs several years to consolidate its achievements. Syuejia is just one of 368 towns in Taiwan, and it was particularly vulnerable to this sort of economic leveraging; most other towns are richer and would probably require even more resources to effect any change.

Second, a "charm offensive" requires a friendly face if it is to succeed. Unless a positive image is created and maintained, the engagement and benefits on offer will not generate the political capital desired by China. Therefore, the agents sent by Beijing must interact in a personal, positive and respectful manner with those they wish to woo. Applying effective control over all the cross-Strait contacts to ensure that China's representatives portray a positive image of China, however, is very difficult. Cross-Strait interactions are fraught with all sorts of dangers. For example, those sent by Beijing could damage relations further or even end up being transformed themselves by their interactions with the Taiwanese they were sent to influence.

<sup>57</sup> We have found that the changes in the voting behaviour of the Syuejia residents are significant and persistent. We still do not know whether their political attitudes have changed. After all, for China, it does not matter whether these changes are real as long as they are persistent.

<sup>58</sup> Adams 2009; Keng and Schubert 2010; Schubert 2010.

To summarize, this study suggests that China's economic statecraft is more effective than previous scholars and the *Business Weekly* investigation have argued. The contract farming programme in Syuejia does work. Without enormous expensive resources and carefully controlled contacts, however, the Syuejia experience cannot be replicated elsewhere. China's new version of economic engagement thus is very unlikely to disturb the status quo across the Taiwan Strait. After all, the charm offensive requires the intermediation of positive impressions, which cannot be bought just with money. In this sense, the Syuejia case illustrates both the strengths and limitations of using economic interests to influence political identity.

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## **Biographical notes**

Jean Yu-Chen Tseng is an assistant professor at the department of public affairs, Fo-Guang University in Taiwan. She obtained her doctoral degree from the Institute of East Asian Studies at National Chengchi University in Taiwan. Her research interests focus on international relations, comparative politics and cross-Strait relations, and in particular, the political implications of socioeconomic integration between Taiwan and China.

Shu Keng is a research fellow at the School of Public Affairs, and associate chair at the department of sociology, Zhejiang University. He received his PhD from the University of Texas at Austin, and has published extensively on comparative political economy, Chinese political economy, government–business relations and cross-Strait relations, both in Chinese and in English.

Qiang Yu is an associate professor in the department of public administration of the University of International Relations in the People's Republic of China. Professor Yu earned his PhD from the Renmin University of China. His research interests include electoral politics, Taiwan and Taiwan–Japan relations.

摘要:对于两岸经贸开放问题,中国大陆显然怀有政治考虑,意在藉此争取台湾民心。而此类做法能否生效,最值得观察的莫过于南台湾的小镇学甲:因为在这里泛绿势力一向最大,大陆也相应投放了最多资源。有鉴于此,作者们乃针对学甲养殖渔户与陆方签订的"契作合同",展开了 18 个月的实地调研,探讨此类经济施惠策略,能否影响台湾民众的两岸态度与投票行为。研究发现迥异于之前预期,经济治术确有其显著影响,但进一步考察发现,此类影响的前提为 (1) 实惠确实到位、(2) 形成正面观感,两者缺一不可。也因此,依照这个前提来看,大陆目前的经济治术,其实还不足以撼动两岸现状。本文除了有助前瞻两岸未来,从理论层面来看,作者们也提供一个研究案例,帮助读者一窥经济与政治角力的过程与后果。

关键词: 两岸关系: 台湾政治: 经济笼络: 政治认同: 经济利得

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