

# Governing Greater China: Dynamic Perspectives and Transforming Interactions

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## Abstract:

The composition of Greater China among the PRC, Hong Kong and Taiwan entails an emerging form of micro governance where an ecological evolution of sub-group interaction and cross-over of economic and social activities has been generating a dynamic of change within the East Asian region. The constitution of Greater China by the social, economic, political, business and even daily commuting creates some soul searching questions about the possible outcomes of their intense interaction. To what extent has integration been made within the Greater China through these interactions? Is China the economic linchpin or does China need to co-operate in one way or another to facilitate the modes of economic development? What are the attitudes and strategies used by Hong Kong or Taiwan when confronted with such economic cum social entity? More importantly, where, and, under what conditions, the interactions among the PRC, Taiwan and Hong Kong will lead to? In this paper, I am going to use a conceptual model which includes four interactions: integration, interdependence, identity and independence (Four Is) to capture the catalyst of change that collectively entails these inter-mingled economic, social and cultural elements. People who live in the vast context of this geographical region experience the change. Through daily interaction, they help write the context of change through business activities, investment, migration, trade, culture, academic exchange, political and social development along the Four Is.

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**Key words**

Greater China, Integration, interdependence, identity, independence

**Introduction**

The politics of the economic relations among the People's Republic of China (PRC), Taiwan, Hong Kong and Macau engenders a cluster of complex interactions named Greater China. The economic development within Greater China is intense. Besides trade and investment, in terms of consumption, according to the spokesman of VISA, the credit-card company, credit card use in the Greater China region (Hong Kong, Taiwan and the PRC) has recorded US\$10 billion in 2004, an increase of 30 percent from last year. Within these areas, the PRC's credit card spending was the fastest of having an increase of 270 percent, which was equivalent to US\$0.6 billion in 2004<sup>1</sup>. In 2007, according to Industrial and Commercial Bank of China, Chinese (China mainland) credit card spending will rise to US\$18.3 to US\$19.6 billion.<sup>2</sup> In Hong Kong, a list of economic boosting efforts, including the Closer Economic Partnership Arrangement (CEPA), Sojourn travellers and Pan Pearl River Delta Regional Co-operation, were bestowed from the PRC to Hong Kong in order to rejuvenate its economy after the Severe Acute Respiratory Syndrome (SARs) outbreak in 2003. In Macau, the re-election of Edmund Ho as the second Chief Executive in August 2004 reiterated his skilful economic strategies in concentrating on both casino and entertainment industry. These recent economic and political developments pave the way for a concern of the future governance and interactions of Greater China. With one thing in common, their future economic and political development will be affected and challenged by the PRC, where market economy has

been adopted as the linchpin of economic growth.<sup>3</sup> The competition and cooperation between China and Hong Kong becomes increasingly more obvious. Business people and government officials came up with various measures and options to facilitate further integration.<sup>4</sup>

To start with, the concept of Greater China is yet to be fully developed.<sup>5</sup> In a narrow geographic context, it refers to the economic and cultural interactions among China, Hong Kong, Macau and Taiwan. Its political connotation, however, can be understood as a way in which the Chinese government attempts to lure Taiwan to reunite with the PRC. Culturally speaking, Greater China can be more broadly defined to include many economic, cultural and social activities among Southeast Asian countries, especially in the constitution of network-building and social capital formation.<sup>6</sup> Amongst the English literature, David Shambaugh's edited volume *Greater China* defined the parameter of how to study the concept from economic, political and cultural approaches.<sup>7</sup> Barry Naughton addressed the Greater China issues from another angle by looking at the nexus that constructs the existing economic interaction and business collaboration of this ever evolving area.<sup>8</sup> Among the Chinese scholars, Zhilian Huang and M. K. Nyaw approached the concept with particular reference to their robust business activities, cultural variety, social network and people and money migration.<sup>9</sup>

The composition of Greater China entails an emerging form of micro governance where an increasing evolution of sub-group interaction and cross-over of economic and social activities has been generating a dynamic of change within the East Asian region. Areas such as the Pearl River Delta (PRD), Bohai/Yellow Sea (BYS) and the Tumen River Delta (TRD) are just some of the examples.<sup>10</sup> More

importantly, they are beginning to bridge their economic and business relations with areas other than their regional context.<sup>11</sup> More recently, a Pan Pearl River Delta Region (PPRDR) has been advocated by Huang Huahua, the Governor of Guangdong. This initiative decides to incorporate the integration concept to include nine provinces in China – Guangdong, Fujian, Jiangxi, Guizhou, Guangxi, Sichuan, Yunnan, Hunan and Hainan, plus Hong Kong and Macau. There are 450 million people in this region, comprising US\$5 trillion Gross Domestic Product (GDP).<sup>12</sup> However, there is an enormous competition among these sub-groups. Apart from constituting the internal competition within Greater China, they also affect the traditional outlook of regional economic competition in East Asia. One of the salient examples comes from the competition between Hong Kong and Shanghai. Before the changeover in 1997, Hong Kong was a British colony. The competition came from the regional economic development with the other three tigers-Taiwan, Singapore and South Korea. After 1997, Hong Kong became part of China, and the echo of competition among other urban cities in China siphoned into daily media and newspapers. In 2002, a report on the competitiveness between Hong Kong and Shanghai indicated that Hong Kong outperformed Shanghai in a list of indicators of competitiveness.<sup>13</sup> By 2003, however, Hong Kong was criticised as needing to re-define its new positioning and economic status in the Pearl River Delta in order to keep maintain the competitiveness.<sup>14</sup> While competition within Greater is intense, there are several scenarios that may constitute the future micro governance.

### **Transnationalism, Network and Crossover in Greater China**

Greater China is highly relevant to East Asian regional governance because its concept, composition and competition indicate a micro governance, where intense

border-crossing, time and spatial relevance and strong cultural bondage are intermingled in our globalized East Asian affairs. As Harry Harding correctly pointed out that the concept of Greater China is by no means clear. However, ‘... but its very vagueness is one of its greatest virtues.’<sup>15</sup> Nevertheless, I shall concentrate on the micro governance among the PRC, Taiwan and Hong Kong to illustrate the modes of development that are being constructed by their daily political, economic, trade, human and knowledge interactions.<sup>16</sup> Kenichi Ohmae provides an innovative model to study the economic activities of the nation-states, where more and more interactions are being captured by the four Is: investment, industry, information and individual.<sup>17</sup> ‘The end of nation-states’ mirrors the activities developed through economic, social and political interactions in Greater China. He developed his ideas further in trying to locate the ‘invisible continent’ in the globalized business and economic nexus.<sup>18</sup> In such circumstance, the governance of the invisible continent has to be more eclectic to include the efforts of individual states as well as global society.<sup>19</sup> The importance of economic activities as the major linchpin connecting nation-states has been elaborated by Richard Rosecrance. He initiated a concept of ‘virtual state’ where trade, human capital and flows of knowledge will construct a genuine nexus of activities.<sup>20</sup>

To understand Greater China, the social economic relations and the cultural and social bonds among Hong Kong, Taiwan and China should be studied not just from their geographical angle. Emphasis should be made through the economic and political forces that transcend the so-called geographic boundary among these three areas, particularly in the experience and daily social and economic contacts among all the people who truly constitute the Greater China economic and social nexus. In other words, as described by Thomas M. Wilson and Hastings Donnan, ‘... borders tend to

be characterised by identities which are shifting and multiple, in ways which are framed by the specific state configurations which encompass them and within which people must attribute meaning to their experience of border life.’<sup>21</sup> In understanding border-crossing and global immigrations, Saskia Sassen pointed out that international migration driven by poverty was less convincing. An understanding of global migration, perhaps, should be studied from the ways in which global production and market demand are most intense and robust.<sup>22</sup> Given that China is a gigantic hub of manufacturing and production, it naturally attracts immigrants of whom are those people moving across the boundaries among Hong Kong, Taiwan and the PRC. A ‘significant realignment in the social and economic structure’ is being constituted within Greater China.<sup>23</sup>

In considering the time and spatial connection of Greater China, Sum Ngai-Ling argued that various symbolic and human interactions, such as *guanxi*, of Greater China ‘... consolidate a reliable and effective social space of relatives, friends and business partners to be called upon for utilitarian purpose.’<sup>24</sup> Such human interaction, facilitated mostly in Chinese business circles either inside China or within the Greater China, may give rise to some ‘ways-of-doing-things’ that can enhance business, economic and even political activities. Other studies also demonstrate the facilitation of networking among the overseas Chinese in Southeast Asia. Henry Yeung contended that ‘In Chinese business, relationships are seen as a means to an end: Chinese businessmen find it advantageous to rely on particularistic ties in their local and overseas business activities because of the restrictive institutional context of Southeast Asia.’<sup>25</sup> In studying social networks that are generated by the economic, social and business activities among the Greater China, we should ‘... regard developmental networks as socially constructed by actors who are conscious of their

participation in networks and who understand these relationships as networks.’<sup>26</sup> In other words, given the incentive that social networks can lubricate economic and social activities, there should be ways in which these networking activities can be further invested in the Chinese circle because ‘... a network can often be greater than its constituent part.’<sup>27</sup> Danny Unger, in order to demonstrate that ‘Social capital is the fossil record of successful past efforts to institutionalize ongoing cooperation,’ applies such concepts to explain how and in what ways that social networks can be built among the overseas Chinese in Thailand as a socially constructed phenomenon.<sup>28</sup> Of course, in the case of overseas Chinese or Greater China, one of the greatest criticisms of social capital is that those who do not have social capital (who do not belong to these Chinese communities) may be excluded from getting the benefits from which social capital generated.<sup>29</sup> To map out the future development of Greater China, one of the most salient areas of interest is the economic geography that constituted by the growing inter-relations of Greater China.<sup>30</sup> Some indicators such as ‘... economic proximity, the degree of openness to trade, the relative intensity of trade, the flow of foreign direct investment (FDI), the amount of capital from Hong Kong, Taiwan and Macao invested in industrial production and lastly, the density of air traffic’ may help to measure the degree of their interaction.

These and many other theories on transnationalism help illustrate the change in Greater China with a certain degree of precision. They also demonstrate a way of understanding how Greater China evolves with those ingredients of change, economic opportunities, migration, social interactions and cultural exchanges, etc. Nevertheless, those theoretical perspectives along the line of transnationalism or globalization paint a picture that cannot capture the entire meaning behind the function and the manifestation of Greater China. The solidarity coming from the Greater China is

different in a sense that those actors (Hong Kong, Taiwan and the PRC) are highly homogeneous in terms of historical, cultural, racial and social background. As Huntington recently warned the alarming influence of the highly homogeneous Hispanic migrants into the United States,<sup>31</sup> by the same token, the economic, social and political interaction of the Greater China within that highly homogeneous economies will certainly create some questions that require some in-depth analysis. Therefore, if we put the Greater China into a social microscope, we may discern some ways and means of governance. It is in this direction that I am going to throw light to some perspectives on the possible directions of interaction in Greater China.

### **Micro Governance of Greater China in Operation**

As I have mentioned earlier, the constitution of Greater China by the social, economic, political, business and even daily commuting creates some soul searching questions about the possible outcomes of their intense interaction.<sup>32</sup> To what extent has integration been made within the Greater China through these interactions? Is China the economic linchpin or does China need to co-operate in one way or another to facilitate the modes of economic development? What are the attitudes and strategies used by Hong Kong or Taiwan when confronted with such an economic cum social behemoth?

These questions are not easy to tackle. Yet, if we try to work out a conceptual linkage among these questions, we must ask where, and, under what conditions, the interactions among the PRC, Taiwan and Hong Kong will lead to? According to Alex Callinicos, those individuals (an agency) will be interacting with the structure (the society) in order to make history.<sup>33</sup> To what extent does the agency affect the structure depend on pace of interaction, level of interdependence and the synthesis of



their actions.<sup>34</sup> By the same token, people in the Greater China are interacting among themselves through different channels-trade, migration, investment, work, tourist, etc. As William Callahan maintained, the relations of the Greater China ‘... are not merely state-to-state diplomacy or patterns of international trade and investment, but involve less formal people-to-people relations, flows and disjunctures in a transnational political economy.’<sup>35</sup> In addition, the Greater China that we are focusing is highly conditioned by Confucian culture that ‘... is crucial for an understanding of the political economy and the moral fabric of industrial East Asia.’<sup>36</sup>

The previous section indicates that transnational theory initially works quite well in the case of Greater China in explaining their interactions. Yet, Hong Kong, although is still governed by ‘One country, two systems,’ has been moving toward the PRC not only economically. Many recent evidences indicate that Hong Kong is being assimilated into the contexts of China. Chief Executive Donald Tsang more recently promoted a new identity of ‘New Hong Kong people,’ which generally refers to the combination between liberalism and Chinese nationalism.<sup>37</sup> The *Economist* once used ‘slow boiling’ to describe this process. I shall argue that they are instead inadvertently to be moved along the way in which there is no alternative. Taiwan is once called a ‘renegade province’ by the PRC. It becomes a mission and imperative for the PRC to re-capture Taiwan. In other words, transnationalism theory is not enough to explain the conundrum of Greater China. The economic integration, business investment and the people’s moving in and out across the PRC, Hong Kong and Taiwan partly constitute the consensus of ‘Chineseness’. Collectively, these inter-mingled economic, social and cultural elements help develop an emerging catalyst of change, which needs some more analytical tools to further investigate.

**Figure 1: Perspectives of Greater China's Interactions: The Four Is**

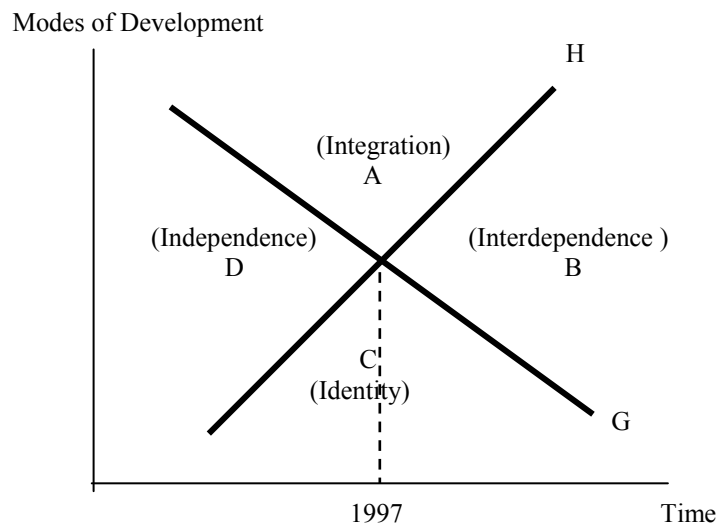


Figure 1 indicates four possible perspectives that may be used as the conceptual tools to probe their interactions. The horizontal X axis represents the trend of their historical development. The vertical Y axis indicates the modes of interactions among the PRC, Taiwan and Hong Kong. Line H represents the economic influence of the PRC in Greater China. Line G represents the economic influence of Hong Kong and Taiwan in Greater China. What I am trying to illustrate is not individual economic development, which can go up and down. My argument is that Taiwan and Hong Kong become less and less visible by moving into the swirl of Greater China economic development, where the PRC is the biggest player.<sup>38</sup> According to the survey that conducted by the *Commonwealth Magazine* in Taiwan, there has been an indication of marginalization of Taiwan in four aspects: trade dependency on the PRC, decreasing of foreign direct investment (FDI), decreasing the number of travellers and less Taiwanese students going abroad to study.<sup>39</sup> 1997 is a reliable year of distinction because Hong Kong was returned to the PRC. In addition, the 1997 Asian financial crisis proved to be extremely important to the consolidation

of the PRC's economic power in East Asia later on and the forth-coming debates on China's 'peaceful rise' and 'soft power'.<sup>40</sup>

Such combination of interactions gives rise to four possible zones of interaction. I therefore tentatively call them four Is: Integration, Interdependence, Identity and Independence.<sup>41</sup> The four Is attempt only to probe the opportunities and challenges that lie ahead confronting with Greater China. Zone A is zone of Integration, under which both Hong Kong and Taiwan merges with the PRC in terms of economic development. The process is ever changing and to be more comprehensive by the day-to-day interaction. Zone B is zone of Interdependence, where economic interaction is one of the most important parts of the modes of interaction. Nevertheless, the PRC cannot go it alone to perpetuate its economic development. Other factors such as the United States, globalization process and international organization also provide impetus to co-operate and co-ordinate with Hong Kong and Taiwan. There are chemicals to be made underlying the globalization. In other words, the world helps facilitate the interaction of Greater China by not being pedestrian but actively in posing some principles in seeing the Greater China to follow the track. In addition, Zone C is the zone of Identity. It demonstrates that the social interactions among the PRC, Hong Kong and Taiwan act more independently according to the general public's social and economic experiences. People living in this social and economic milieu perceive more than they can digest in terms of economic opportunities and political disposition. They turn to something different. Arguably, it is very hard to read the mind of the people. Zone D is the zone of independence. This zone illustrates that the interaction, especially in the case between the PRC and Taiwan, has been held back by the independent movements in Taiwan during the presidency of Chen Shui-bian of the Democratic Progressive Party (DPP)

from 2000 to 2008. These four perspectives do not intend to cover all aspects of interactions of the Greater China. Yet, they help us conceptualise the ever-changing political economy of Greater China.

### **Integration**

Under Zone A, Taiwan and Hong Kong will merge with the PRC in terms of their increasing economic interactions, FDI and knowledge transfers, etc. economic growth. This development has been materialised through various mechanisms and processes. For instance, Hong Kong recorded 12.1 percent real growth of GDP in the second quarter of 2004.<sup>42</sup> Yet, the recovery of Hong Kong's economy was created out of the 'visible hand' from the PRC. After the SARs outbreak, The PRC began to launch various measures to boost the economy of Hong Kong by first signing the CEPA with Hong Kong government, under which many Hong Kong made products would be excluded from tariff. CEPA became more extensive in the middle of 2004, and more Chinese investors would like to have reciprocal benefits to be able to invest in Hong Kong. In fact, after the signing of CEPA, it galvanised the search for business opportunities with Hong Kong among some cities in China. Some neighbouring cities such as Foshan, Jiangmen, Dongguan, Shunde, Zhongshan, Zhuhai began to search for ways and means of economic integration.<sup>43</sup> Later, in order to further enhance Hong Kong's economy, the PRC allowed more Sojourn travellers to come to Hong Kong to consume. Other more creative ideas such as Pan Pearl River Delta Regional Co-operation was put forward onto Hong Kong to materialise economic integration.<sup>44</sup> To facilitate a better way for the daily activities for the people crossing Hong Kong's border to China, the Hong Kong Immigration department began to issue a new identity card. It can be used to clear the customs by just

inserting the card together with putting your finger on the screening machine. This mechanism is a result of the government's policy toward integration between the people in Hong Kong and their cross-border social and economic activities.

In terms of cross Strait economic integration, according to Karen Sutter, 'Further cross-Strait economic integration and specialization seem inevitable given the highly complementary nature of the economies of the PRC and Taiwan.'<sup>45</sup> For economic benefit alone, further economic integration between China and Taiwan is buttressed by the possibility of profit making, especially in terms of foreign direct investment. Charng Kao, Director of Chung-Hua Institution for Economic Research, demonstrated that profit from investing in China could be obtained, especially for those first movers.<sup>46</sup> The 1990s also witnessed many Taiwanese entrepreneurs investing in the PRC, making the division of production between Taiwan and the PRC an inevitable outcome of future development.<sup>47</sup> More interestingly, there is a newly developed trend which is to build primary and secondary schools to cater for the Taiwanese businessmen who's been in the PRC for a long period. For one thing, those Taiwanese businessmen do not want their kids to be educated in the local schools in the PRC for fear of the political indoctrination. Secondly, it would be a more economical way than that to send their kids to the international schools in China.<sup>48</sup>

According to the Investment Commission, Ministry of Economic Affairs in Taiwan, Taiwan had already invested US\$37.7 billion in the PRC from 1991 to June 2004.<sup>49</sup> In terms of remittance, in the first six months of 2004, Taiwan had made US\$870.45 million individual remittances to the PRC, up 57 percent from last year.<sup>50</sup> In the same period, International phone call from Taiwan to the PRC increased 34.9 percent with 137,073,340 calls all together.<sup>51</sup> Those telephone calls, whether due to

the reasons of business activities or family affairs, genuinely construct a social and human network that facilitate transnationalism in today's globalised world society. As Steven Vertovec pointed out that 'One of the most significant (yet under-researched) modes of transnational practice affecting migrants' lives is the enhanced ability to telephone family members.'<sup>52</sup> Those calls and telecommunication help paint another picture behind the integration process that generated by the day-to-day economic and social activities between Taiwan and the PRC. In the study of Chinese transnationalism, Donald Nonini and Aihwa Ong regarded 'Chinese transnationalism as a culturally distinctive domain within the strategies of accumulation of the new capitalism-both Chinese and non-Chinese-emerging over the last two decades in the Asia-Pacific region.'<sup>53</sup> Other obvious integration process included the building a bridge from Hong Kong to Macau and Zhuhai. According to Michel Enright and Edith Scott, the economic benefit should be the heart of the discussion of such massive infrastructure when economic integration is concerned.<sup>54</sup> The integration between Taiwan and the PRC is moving to another level beyond economic and business investment but to more cultural and social factor such as education. In order to cater for the education of the children of those Taiwanese businessmen, there are lots of schools that established especially for these students.<sup>55</sup> Given the fact that the pace of integration has been developed in different aspects in the Greater China, yet, we cannot rule out the regional influence or the interdependence that entails their interaction.

### **Interdependence**

Zone B represents the zone of interdependence. Here in this area of interaction, the economic relations among Hong Kong, Taiwan and the PRC not only work in a

centripetal manner that is moving toward the PRC, but also become more interdependent in a way that engenders mutual recognition and co-ordination. To begin with, the so-called economic security has been gradually developed to come into being a force of connection among the Greater China. Unlike the Cold War, when East Asian international relations were under the ideological contention between the United States and China, the post-Cold War international relations, very frequently, precipitated the ideas of economic development and the importance of market mechanism in resolving economic conflicts.<sup>56</sup>

To mention, the Asian financial crisis became a salient, if not classical, case that shattered many people's dreams of Asian miracle. Yet, in the case of China, according to Lowell Dittmer, 'One significant strategic implication of the crisis has been to enhance the relative importance of China.'<sup>57</sup> That China did not devalue its currency was praised by many Southeast Asian countries because they had already suffered a lot due to the financial crisis and the 'rescue' from the International Monetary Fund (IMF). Greater China, on the contrary, was the region that affected the least among the other countries. Taiwan did devalue her currency in October 1997. Yet, she still recorded almost US\$6 billion trade surplus in 1998!<sup>58</sup> Hong Kong's economy was affected after the Asian financial crisis. Nevertheless, there was no single bank closed down immediately after the crisis.

To China, the implication of the Asian financial crisis is that first, China becomes economically more important in relation to other East and Southeast Asian countries. Chinese currency was not, and still is not, an international currency, although economists are having different views on the liberalization and revaluation of the Chinese *renminbi* (Chinese currency).<sup>59</sup> To facilitate economic growth, China needs Hong Kong to provide a window for receiving international financial

knowledge. As can be seen from the consolidation of Hong Kong's financial strength from the Asian financial crisis, Hong Kong also serves as a place for initial public offering (IPO) for many Chinese enterprises.<sup>60</sup> For instance, Air China and ZTE (a Chinese maker of telecommunications equipment) wanted to raise US\$750 million to US\$1 billion and US\$350 million to US\$400 million, respectively in the late 2004 in Hong Kong.<sup>61</sup> Taiwan has other options to maintain the interdependence with the PRC. One argument maintains that Taiwan may use its economic power, through trade and investment, to leverage a certain weight between economic and political power in terms of cross strait relations. In other words, as Greg Mastel contended, '... , many Taiwan leaders perceive growing economic ties with China as a disincentive to military action against Taiwan by Beijing. This viewpoint ensures a generally sympathetic ear in many quarters for the lobbying effort of the Taiwanese business community.'<sup>62</sup> The underlying assumption of this argument is that the relations between China and Taiwan is a repetitive game. As long as the interactions (trade, investment, immigration and communication) continuous, the long term relations should be leading to a more co-operative manner.<sup>63</sup>

In addition, the joining with international organisation, World Trade Organization (WTO) and Asian Pacific Economic Cooperation (APEC) provides another platform for Taiwan to play Beijing's political influence against the international economic and political recognition. According to Gerald Chan, 'However, for a country in a situation in which state-to-state relationships are difficult to establish, like the case of Taiwan, participation in international organisations assumes a greater significance as a means to strengthen a country's international legitimacy.'<sup>64</sup> For instance, the PRC began its re-application for WTO membership in 1986. Eventually, both the PRC and Taiwan became WTO members in December



2001. In terms of cross strait relations, WTO serves as a linchpin for both countries to use economic and legal means to solve issues relating to economic affairs. More importantly, WTO, as one of the most important economic organisations in the world, allows certain disciplinary effects to take place between Taiwan and the PRC, providing a valuable international forum to Taiwan to resort to international recognition, if not sympathy.<sup>65</sup>

### **Identity**

C refers to the zone of identity. The questioning of Greater China being indifferent from China's influence, in the first instance, seems impossible. It mirrors a similar tone that contended by Gerald Segal's 1999 article named 'Does China Matter?' in *Foreign Affairs*.<sup>66</sup> Needless to say, economic incentive, political and business relations all conjured up an ethos of relations, if not tied bondage, among Hong Kong, Taiwan and the PRC. However, in the case of Hong Kong, after the collapse of the housing market, the risk of unemployment, the economic downturn, the SARs outbreak, the half million demonstration on the street on 1 July 2003 and the inability of electing their own chief executive; according to Yeung Au, Hong Kong people began to realise that they should rely on their own. More and more people become self-employed as a result.<sup>67</sup> They enjoy this risky but flexible working style, especially for those with entrepreneurship. Yet, this trend is also likely to generate a sense of disassociation from the society, resulting in gradual decline of social capital.<sup>68</sup> Similarly, this 'liminal citizenship,'<sup>69</sup>--being Chinese in nature and nurtured in the former British colony, creates an identity crisis, given the flux of political and economic maze.<sup>70</sup> In anthropology, liminality studies, according to Victor Turner, refer to entities that are "neither here nor there; they are betwixt and

between the positions assigned and arrayed by law, custom, convention, and ceremonial.”<sup>71</sup> The July 2007 demonstration for the protection of Queen’s Pier from being demolished was considered to be a reveal of the ‘collective memory’ among the people of Hong Kong toward the consolidation of Hong Kong’s unique identity (a former British colony turned Special Administrative Region (SAR) under Chinese sovereignty).<sup>72</sup>

In other words, the identity of Hong Kong people has been under-going a transformation from the question of ‘does it matter?’ to ‘all it [identity] matters’. On political identities, the dichotomy of the landslide victory of the pro-Beijing Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) over the pro-democracy group in the District Election in November 2007 and the landslide victory of the pro-democracy candidate Anson Chan over the pro-Beijing candidate Regina Ip in the by-election of the Legislative Council in the early December 2007 sent a clear distinction between social and political identity. In terms of social identity, DAB does the job of catering harmony and services on district level,<sup>73</sup> and yet, the landslide victory of Anson Chan demonstrated that people still identify an open and liberal political environment, if an open election is given.

Taiwan’s experience is not sanguine either. The economy of Taiwan dichotomises between two groups: the haves and have-nots. The haves are those people who have been investing heavily economically as well as politically in China. They tend to be more positive toward the economic relations between China and Taiwan. The have-nots are those people who do not or could not invest in China, resulting in placing all their political stakes in Taiwan. They feel that their economic opportunity and international space have been restrained.<sup>74</sup> Besides, if we believe that the mass media does provide a certain level of accuracy in reflecting the social

situation in Taiwan, the mass media actually paints a very different picture about the general attitude toward the so-called China's influence. One intriguing example is about the news reports on TV. On the same screen, there is an anchor presenting with subtitles running at the bottoms, on the top and sometimes on the right telling the audiences other pieces of news happening elsewhere. If this is not information explosion, this kind of multi-dimensional news reporting will certainly paralyse your sense, if not your mind. In addition, amongst the hundred strong television channels in Taiwan, the coverage and the degree of diversification are literally to instigate people from listening to or understanding of local social, economic and political relations and across the strait. Some cluster of channels cover stock market predictions by some financial experts, another cluster of channels covering those solo female dancers dressing in bikini, some other cluster of channels covering Buddhism preaching, amongst many other news channels, etc. If those channels reflect some of the preferences of the audiences, one possible explanation would be that there are many audiences who want to search for alternatives. Buddhism, for instance, is an alternative for those who want to disassociate from the reality, which is supposed to be flooded with sins and different kinds of wrongdoings. By listening to the Buddhism preaching, one's mind and soul can be relieved, sometimes redeemed if following closely those preaching. Although some channels seem to be tacky and even indecent, the government has no alternative but just to put up with this kind of media with an ostrich policy. Of course, from the TV station's points of view, the production of such programmes may probably be the own source of income because there are viewers; and therefore there are advertisement.<sup>75</sup> Yet, it also can be interpreted as a way in which neither does the government want to offend the people (the voters) nor does it want to offend the media (the umpire).<sup>76</sup>

To understand, many people become disinterested in either the jumping onto the bandwagon of the rise of China or to stick with the idea of independence. They are being indifferent of the political and social situation. The mass media here provides some 'neurotherapy' to the public with 'dancing dopamine', if not 'information Prozac' to cure the general public's depressive feeling towards the economy or the politics. In the international environment, the rise of China gives rise to many talking points for people in general and some speculations and analysis among policy makers and academic workers.<sup>77</sup> Yet, among those Chinese (Hong Kong and Taiwan) who experience and live with the day-to-day bombardment of the 'clear and present influence' of the PRC, there comes those middle-ground ways for them to choose away from the political and economic extremes. Yet, this categorisation may not be exclusive in trying to capture the whole development of the general public towards public affairs. They point to some illustrations which may be useful in trying to examine the social response in Taiwan toward the rise of China.

### **Independence**

The final zone D refers more towards the political situation, if not impasses, between Taiwan and the PRC. The re-election of Chen Shui-bian, the incumbent president, as the new president of Taiwan in March 2004 re-inserted some unknown political as well as economic factors between Taiwan and the PRC. In his second term inaugural speech on 20 May 2004, Chen emphasized the need to revise the constitution and the reconciliation of the ethnic differences. Although he did mention that he would establish a committee for cross strait peaceful development, he did not mention re-unification.<sup>78</sup> That sort of political message has been translated as, according to the PRC, politically intransigent and ideologically unforgivable. No

wonder on the eve of his inaugural speech, a group of Chinese Taiwan relations specialists openly advocated Chinese nationalism through the three-abundance policy: abundant 2008 Olympic game, abundant economic development and abundant Sino-American relations in order to pose some pressure, if not an ultimatum to the new leader of Taiwan.<sup>79</sup>

For one thing, Chen's political ideology is to treat Taiwan as a sovereign state, making the PRC very annoyed. In an interview during his first term of administration, he defined Taiwan as a 'sovereign state .... Neither the ROC nor the PRC is subordinate to the other. I want to make it clear that Taiwan is not a part of, a local government of, or a province of any country. This is a fact of history. We want to emphasize to the international community that, as a sovereign state, the ROC cannot be downgraded, treated as a local government, or marginalized by anyone.'<sup>80</sup> Chen's winning of the first election was considered as 'Condorcet loser,' meaning that his winning '... was partly due to the difficulties faced by the supporters of the other two candidates for strategic coordination in such a close race.'<sup>81</sup> In such circumstance where political legitimacy is based not on consolidated ethos but rather on the swinging and haphazard political demand, it is very tempting for Chen to resort to strong political message, especially on cross strait relations, to retain his popularity.

The cross strait relations dropped to the nadir when the PRC fired four Chinese M-9 ballistic missiles between 8-13 March 1996 to the North coast of Taiwan. According to Barton Gellman, 'The exercise designated by the Chinese military as "Strait 961" was by many measures the most provocative ever staged in the Taiwan Strait,...'<sup>82</sup> The so-called 'missile crisis' was the second missile exercise resulted from Lee Teng-hui (Taiwan's first elected President) visiting to his Alma Mater at Cornell University in June 1995. The military exercise was a warning signal

to the Taiwanese before the general election. On winning the general election in Taiwan as the first elected President, Lee once downplayed his tone in his inaugural speech by saying that he wanted to pay visit to the PRC for the betterment of cross strait relations, if deemed appropriated by the Taiwanese.<sup>83</sup> In 1999, Lee, however, came back with a stronger political ideology by publishing a biography named *Taiwan di zhuzhang* (With the People Always in My Heart).<sup>84</sup> The biography reiterated his idea of materialising 'Taiwan's Republic of China' as well as his abhorrence toward the PRC's hegemonic style in boxing Taiwan to the 'one country' corner.<sup>85</sup> Even the Vice-President, Lien Chan, before getting elected, had clearly mentioned that 'We hope Beijing will face the fact that China is divided and ruled by two equal and autonomous political entities.'<sup>86</sup>

Lee's autobiography mirrors Ichiro Ozawa's book *Blueprint for a New Japan: The Rethinking of a Nation*, which called for Japan's to be a normal nation of equipping army and rewriting Article nine of the constitution.<sup>87</sup> They both wanted to change the *status quo*. However, their ideas inevitably unsettled the stability in East Asian international relations. Therefore, in terms of cross strait relations, Lee was eventually considered by the PRC as not having a real interest of unification. The State Department of the PRC published a White Paper named *Yige Zhongguo di Yuanze yu Taiwan wenti* (The Principal of One China and Taiwan Issues) in February 2000. It clearly mentioned that the re-unification process should wait no more and cannot be postponed indefinitely.<sup>88</sup>

Although the economic relations, as mentioned before, between the PRC and Taiwan did reflect a constant development, especially after the Asian financial crisis, however, the political deadlock between the PRC and Taiwan has changed very little since the missile crisis. As argued by Taifa Yu, 'China will have limited options short

of war to persuade Taiwan to start negotiations over national unification. Convinced of the dire consequences of democracy, China cannot coax Taiwan into negotiation by meeting its demand to democratize.’<sup>89</sup> Nor did the political deadlock relax in the early 2000 when Chen Shui-bian replaced Lee as the new President. Steven Goldstein contended ‘What remains unchanged is the overall assessment that, given the full range of objectives on all sides, there is little likelihood that the status quo of deadlock will move in the direction of stable resolution.’<sup>90</sup>

Although Taiwan issue has always become part of the antagonisms of the Sino-American relations, the most tangible outcome was always resorted by selling more military weapons to Taiwan in the name of self-defence. Diplomatically, for instance, President Bush mentioned very strongly in December 2003 when having a meeting with Wen Jiabao, the Chinese premier, in the White House that ‘We oppose any unilateral decision by either China or Taiwan to change the status quo. And the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose.’<sup>91</sup> The international discourse, in addition, also questioned the trouble-making style of Taiwan and the calling for the cautious U.S.’s involvement in the cross strait relations.<sup>92</sup> At some point, the question of military confrontation between Taiwan and the PRC is no longer of ‘whether’ but ‘how’-big scale, middle scale or small scale war.<sup>93</sup> Taiwan’s democratisation is in its ‘transitional’ period where a consolidation process will need time to be nurtured.<sup>94</sup> On the contrary, as argued by Andrew Nathan, ‘... the Chinese people must be profoundly transformed before they will be qualified for democracy.’<sup>95</sup> Yet, given the PRC’s re-unification motive and determination, the time to generate a mature democratic political system in Taiwan or an initiation of democratic government in the PRC seem to be very remote, if not totally

unobtainable. After the Legislative Yuan election in December 2004, the Pan-Green (independent) force was weakened due to the losing of the seats in the Legislative Yuan, meaning that the general public did not feel the same way as Chen's government did. That mode of social and political demand was further substantiated by the direct flight between the PRC and Taiwan during the Chinese New Year in the early 2005. The indictment of the misconduct of Ma Ying-Jeou (the most hopeful president-to-be from the largest opposition party [Kuomintang KMT]) was finally quashed in the summer of 2007. More importantly, the legal fiasco revealed that there was a huge learning gap over the understanding of the rules of law and legal impartiality in the current political system of Taiwan.<sup>96</sup>

Before Taiwan's Legislative Yuan election on 12 January 2008, I interviewed some key members of the DPP in December 2007. One of the members mentioned that election was a way to allow voters to express their grievances. 'Through a vote', he added, 'years of grievances can be released.'<sup>97</sup> Yet, I suspected the question was that sentimental and emotional behaviour could not necessarily be translated into long-term economic growth, nor being able to consolidate the democratic values. The Legislative Yuan election resulted in a landslide victory of the KMT's winning of 81 seats, while the DPP barely securing 27 seats, out of the 113 seats in total. Such result partially reflected the incompetence of the incumbent government to iron out the economic downturn of Taiwan during Chen's eight years of presidency, not to mention the corruption scandals of the family of Chen Shui-bian and other DPP members. The outcome of the election also proved that the kind of 'sentimental brinkmanship' did not work. In addition, according to Arthur Ding, 'KMT's victory totally discredited DPP's strategy in this regard and will help mend the decade-long



divide. The DPP has to amend its policy and move toward moderation to effectively conduct the coming presidential campaign.<sup>98</sup>

On 22 March 2008, KMT's candidate Ma Ying-jeou won a landslide victory of the presidential election of Taiwan, gaining 7.65 millions (58.45 percent) of the votes, and his DPP counterpart, Frank Hsieh secured 5.45 millions (41.55 percent). On the one hand, although the result spelt a further disapproval of the incumbent DPP's leadership, there were still a significant amount of diehard DPP supporters who were very much pro Taiwanese identity. On the other hand, the election of Ma Ying-jeou, other than his popularity among the Taiwanese, quickly galvanised a catalyst of changes to the political stalemate in cross strait relations because of his 'one China' idea.

In his opening speech of the 17th National Congress of the Communist Party of China on 15 October 2007, Hu Jintao, General Secretary of the Central Committee of the Communist Party of China (CPC) came up with a new resolution on cross strait relations. He pointed out 'Here we would like to make a solemn appeal: On the basis of the one-China principle, let us discuss a formal end to the state of hostility between the two sides, reach a peace agreement, construct a framework for peaceful development of cross-Straits relations, and thus usher in a new phase of peaceful development.<sup>100</sup> There are several meanings behind this suggestion. First, the ball is now on the Taiwan's side and a response is needed from the Taiwanese government. Secondly, although there was no mentioning of the use of force to resort reunification in his speech, peaceful agreement can be interpreted as an ultimatum, if not accepted. Moreover, such policy can be interpreted as a policy to buy time, first for the smooth running of the Olympic in 2008 and to gather enough strength if further confrontation

does happen. Therefore, Ma's election certainly helped relax cross strait tension to an extent that further trust perhaps could be re-built. One immediate result was the meeting between Vincent Siew, Vice-President elect of Taiwan and Hu Jintao, China's president, in a Boao Forum in Hainan island on 12 April 2008.<sup>101</sup> The meeting echoed some strong cooperative voices over the course of cross strait relations. Back to the model, Ma's future effort can be interpreted as a testing ground to arrest the tide and to ameliorate further escalation of the demands for independence.

In other words, between integration and independence, there should be lots of lessons to be learnt. The democratic development in Taiwan will be scrutinised by the PRC's government closely in trying to examine the ways in which cross strait relations should be developed. These are learning and knowledge diffusion exercise between two governments. This is also a long enduring exercise that can be used to assess the wisdom of both governments.

## **Conclusion**

Greater China, like many regions in East Asia, constitutes political, social and economic interactions that facilitate a nexus of co-relations. People, who live in the vast context of this geographical region, experience the change. Through daily interaction, they help write the context of change through business activities, investment, migration, trade, culture, and academic exchange. As Sir Ernest Barker contended 'You must give your own blood to make the spirits of history and theory speak.'<sup>102</sup> That is applicable in Greater China. People, the general public and the statesmen, experience and continue to help conjuring up the empirical outcomes. I have tried to use four Is (integration, interdependence, identity and independence) to demonstrate the catalyst of changes.

Integration is constructed by the blending of economic resources and social activities. The integration process is being formulated through a continuous effort. The case of Hong Kong being integrated into the PRC was more or less historically determined. Yet, Taiwan's economic integration with the PRC is based on social interaction, economic calculation and social development. Interdependence indicates that there is actually a mutual reliance among the PRC, Taiwan and Hong Kong in terms of interaction. The Asian financial crisis illustrated that financial aspect is a good platform to enable some mutual respects of the expert knowledge among one another, for instance in the case of many Chinese businesses Initial Public Offerings (IPO) launched through Hong Kong's financial market. The interaction and development with the international organisations also provides some recognition of individual's identity in East Asia international relations.

Identity refers to the state of social/political affairs of some general public in Hong Kong and Taiwan when confronting with political demands and social and economic changes. Their identity was an indication of social and individual's reactions. Finally, independence appeared to be a political choice under Chen's presidency, which concerned mostly the decision makers between the PRC and Taiwan. If independence has been chosen by Taiwan, the PRC will wage war to reunite Taiwan by force. Taiwan's Legislative Yuan election on 12 January 2008 and the presidential election on 22 March 2008 gradually shifted the course of political development away from independence because both are under KMT's control. These four perspectives are not exclusive. There should be many unnoticed relations to be further developed within Greater China. What I hope to do is to outline the most plausible approaches that may help shed light on the study of Greater China from their theoretical as well as practical notions of development.

**Notes:**

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<sup>1</sup> *Mingpao*, (Hong Kong), 11 May 2004.

<sup>2</sup> Reuters UK. [<http://uk.reuters.com/article/bankingfinancial-SP/idUKSHA3335320070528>] (assessed 19 October 2007)

<sup>3</sup> Margaret M. Pearson, *Joint Ventures in the People's Republic of China* (Princeton: Princeton University Press, 1991).

<sup>4</sup> See *Hong Kong, xing xing, 2<sup>nd</sup> edition* (Wake Up, Hong Kong) (Hong Kong: Hong Kong Economic Times Press, 2007).

<sup>5</sup> Please see the special issue on Greater China in *East Asia: An International Quarterly*, Vol. 21, no. 1 (Spring 2004) for some framework and different ideas on the studies of Greater China.

<sup>6</sup> Harry Harding, 'The Concept of "Greater China": Themes, Variations and Reservations' in *Greater China: The Next Superpower?* Edited by David Shambaugh (Oxford: Oxford University Press, 1995), 31-32. See also Gordon C. K. Cheung, 'Chinese Diaspora as Virtual-Nation: Interactive Roles between Economic and Social Capital' *Political Studies*, Vol. 52, no. 4 (December 2004), 664-684.

<sup>7</sup> David Shambaugh, ed., *Greater China: The Next Superpower?* (Oxford: Oxford University Press, 1995).

<sup>8</sup> Barry Naughton, ed., *The China Circle: Economic and Electronics in the PRC, Taiwan and Hong Kong* (Washington DC: Brookings Institution Press, 1997).

<sup>9</sup> Zhilian Huang, *Taiwan weilai fazhan qingjing lun* (Taiwan's Future Development and Circumstances) (New York: Global Publishing Co., 2000) and M. K. Nyaw and S. M. Li, *Jingji Zhonghua* (Economic China) (Hong Kong: The Chinese University Press, 1998).

<sup>10</sup> Peng, Dajin. 'Subregional Economic Zones and Integration in East Asia.' *Political Science Quarterly*, Vol. 117, No. 4 (2002-2003): 613-641.

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<sup>11</sup> Recently, the PRD has been incorporated into a bigger project named Pan Pearl River Delta (PPRD) initiated by the Central government. Together with Hong Kong, the PPRD will include nine more provinces in China. See [<http://hknews.yahoo.com/040608/12/10v7a.html>] (assessed 15 June 2004).

<sup>12</sup> Gary Cheung, 'HK to Host Nine-Province Summit on Delta Economy.' *South China Morning Post*, 10 May 2004.

<sup>13</sup> *Xinbao* (Hong Kong Economic Journal), 4 January 2003, 3.

<sup>14</sup> *Xinbao yuekan* (Hong Kong Economic Journal Monthly), no. 312 (March 2003): 4-10.

<sup>15</sup> Harry Harding, 'The Concept of "Greater China": Themes, Variations and Reservations.' In *Greater China: The Next Superpower?* Edited by David Shambaugh (Oxford: Oxford University Press, 1995), 31.

<sup>16</sup> Macau is certainly part of the Greater China. However, the economic structure, political relations and inter-connections are less complicated than that of Taiwan and Hong Kong.

<sup>17</sup> Kenichi Ohmae, *The End of the Nation State: the Rise of Regional Economies* (New York: The Free Press, 1995), 2-5.

<sup>18</sup> Kenichi Ohmae, *The Invisible Continent: Four Strategic Imperatives of the New Economy* (London: Nicholas Brealey, 2000).

<sup>19</sup> *Ibid.*, 221-223.

<sup>20</sup> Richard Rosecrance, *The Rise of the Virtual State: Wealth and Power in the Coming Century* (New York: Basic Books, 1999). A shorter version can be found in Richard Rosecrance, 'International Security and the Virtual State: States and Firms in World Politics.' *Review of International Studies*, Vol. 28, no. 3 (July 2002): 443-455. See also Susan Strange, *The Retreat of the State: The Diffusion of Power in the World*

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*Economy* (Cambridge: Cambridge University Press, 1996) for more arguments on the decline of the authority of the nation-states.

<sup>21</sup> Thomas M. Wilson and Hastings Donnan, *Border Identities: Nation and State at International Frontiers* (Cambridge: Cambridge University Press, 1998), 13.

<sup>22</sup> Saskia Sassen, *Globalization and Its Discontents* (New York: The New Press, 1998), 34.

<sup>23</sup> Saskia Sassen, *The Global City: New York, London Tokyo* (Princeton: Princeton University Press, 2001), 329.

<sup>24</sup> Ngai-Ling Sum, 'Rethinking Globalisation: Re-articulating the Spatial Scale and Temporal Horizons of Trans-border Spaces,' in *Globalisation and the Asia-Pacific: Contested Territories*, edited by Kris Olds, Peter Dicken, Philip R. Kelly and Henry Wai-chung Yeung (London: Routledge 1999), 138-139.

<sup>25</sup> Henry Wai-chung Yeung, 'Under Siege? Economic Globalization and Chinese Business in Southeast Asia.' *Economy and Society*, vol. 28, no. 1 (February 1999): 12.

<sup>26</sup> Leroi Henry, Giles Mohan & Helen Yanacopulos, 'Networks as Transnational Agents of Development,' *Third World Quarterly*, Vol. 25, no. 5 (2004): 840.

<sup>27</sup> *Ibid.*, 845.

<sup>28</sup> Danny Unger, *Building Social Capital in Thailand: Fibers, Finance, and Infrastructure* (Cambridge: Cambridge University Press, 1998), 14.

<sup>29</sup> Michael C. Carroll and James Ronald Stanfield, 'Social Capital, Karl Polanyi, and American Social and Institutional Economics,' *Journal of Economic Issues*, Vol. 37, no. 2 (June 2003): 402. For other analysis of social capital, see Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993); Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000); Francis

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Fukuyama, *The Great Disruption: Human Nature and the Reconstitution of Social Order* (London: Profile Book, 1999).

<sup>30</sup> Jean-Joseph Boillot and Nicolas Michelon, 'The New Economic Geography of Greater China,' *China Perspectives*, No. 30 (July-August 2000): 18-30.

<sup>31</sup> Samuel P. Huntington, 'The Hispanic Challenge,' *Foreign Policy*, no. 141 (March/April 2004): 30-45.

<sup>32</sup> In the case of Hong Kong, where everyday many commuters are going back home to the neighbouring city in Shenzhen by train and other forms of transportation. According to the 2003 household statistics by Hong Kong government, there were 61,800 Hong Kong people living in the PRC, an increase of 50 percent from 2001. In the same year in 2003, there were 193,100 Hong Kong people bought their property in the PRC. Their properties, used mainly as holiday resort before, are now being used as home because they work in the PRC. [<http://hk.news.yahoo.com/040927/12/1546o.html>] (assessed 28 September 2004).

<sup>33</sup> Alex Callinicos, *Making History: Agency, Structure and Change in Social Theory* (Ithaca, New York: Cornell University Press, 1988).

<sup>34</sup> *Ibid.*, 39.

<sup>35</sup> William A. Callahan, *Contingent States: Greater China and Transnational Relations* (Minneapolis: University of Minnesota Press, 2004), xix.

<sup>36</sup> Tu Wei-Ming, 'Multiple Modernities: A Preliminary Inquiry into the Implications of East Asian Modernity,' in *Culture Matters: How Values Shape Human Progress*, edited by Lawrence E. Harrison and Samuel P. Huntington (New York: Basic books, 2000), 257.

<sup>37</sup> *Yazhou Zhoukan*, 21 October 2007, 38.

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<sup>38</sup> In many international statistics, you cannot find individual statistics on Hong Kong and Taiwan. They have already been grouped into China. For Hong Kong, which is more obvious, the international mailing has changed to Hong Kong SAR, China.

<sup>39</sup> *Commonwealth Magazine* (Taiwan), 15 May 2004, 103.

<sup>40</sup> See Bonnie S. Glaser and Evan S. Medeiros, 'The Changing Ecology of Foreign Policy-Making in China: The Ascension and Demise of the Theory of "Peaceful Rise"', *The China Quarterly*, Vol. 190 (June 2007): 291-310, Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven: Yale University Press, 2007): 35-36 and Gordon C. K. Cheung, *China Factors: Political Perspectives and Economic Interactions* (New Brunswick: Transaction Publishers, 2007): chapter 2.

<sup>41</sup> The analysis reminisces some findings by Kenichi Ohmae. See Kenichi Ohmae, *The End of Nation State*. Yet, the four Is here in my analysis represent the micro governance of the Greater China.

<sup>42</sup> Hong Kong government economic indicators  
[<http://www.info.gov.hk/hkecon/release/index.htm>] (assessed on 20 September 2004.)

<sup>43</sup> *Zhusanjiao*, (Hong Kong) October 2003, 6-9.

<sup>44</sup> Some may consider that the economic boosting measures from the mainland were actually a token of the central government to divert the people's political demand (the Legislative Council election in September 2004) to the appreciation of the economic development. By whatever means, such economic measures engender the integration process.

<sup>45</sup> Karen M. Sutter, 'Business Dynamism Across the Taiwan Strait: The Implications for Cross-Strait Relations,' *Asian Survey*, Vol. 42, no. 3 (May/June 2002): 538.

<sup>46</sup> Chak Yan Chang and Gordon C. K. Cheung, eds. *Tai xiang yu liang an guanxi yan tao hui lunwenji*. (Conference Proceeding of Taiwan Business and Cross-Strait Relations) (Hong Kong: Research Programme on Ethnicity and Overseas Chinese Economies, 2000): 43-45.



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<sup>47</sup> Xinzhi Ke, 'Chanye fenggong dui liangan zhengjing guanxi ji yingxiang' (Industrial Division of Labour and Cross Strait Political and Economic Impact) (master's thesis, National Taiwan University, 1996), 94-95.

<sup>48</sup> *Yazhou Zhoukan* (Hong Kong) 19 September 2004, 48-49.

<sup>49</sup> *Cross-Strait Economic Statistics Monthly*, Mainland Affairs Council, Taiwan, 14-15. [<http://www.chinabiz.org.tw/maz/econmonth/home.htm>] (assessed 20 September 2004)

<sup>50</sup> *ibid.*

<sup>51</sup> *ibid.*

<sup>52</sup> Steven Vertovec, 'Cheap Calls: the Social Glue of Migrant Transnationalism,' *Global Networks*, Vol. 4, no. 2 (2004): 220.

<sup>53</sup> Donald M. Nonini and Aihwa Ong, 'Chinese Transnationalism as an Alternative Modernity,' in *The Cultural Politics of Modern Chinese Transnationalism*, edited by Aihwa Ong and Donald Nonini (New York: Routledge 1997): 4 (3-33).

<sup>54</sup> Michel Enright and Edith Scott, 'Why a Bridge to Zhuhai and Macau would Benefit All,' *South China Morning Post*, 30 November 2002.

<sup>55</sup> *Yazhou Zhoukan* (Hong Kong), 19 September 2004, 48-49.

<sup>56</sup> Benjamin J. Cohen, *The Geography of Money* (Ithaca and London: Cornell University Press, 1998).

<sup>57</sup> Lowell Dittmer, 'Globalization and the Asian Financial Crisis.' *Asian Perspective*, Vol. 23, no. 4 (1999): 57.

<sup>58</sup> *Hong Kong Macro Monthly*, Mainland Affairs Council, No. 84 (1999): 39.

<sup>59</sup> Albery Keidel, 'China's Currency: Not the Problem,' *Policy Brief 39* (June) (Washington D. C.: Carnegie Endowment for International Peace, 2005).

<sup>60</sup> The importance of Hong Kong was that the financial centre provides a certain level of trust for many banking and financial activities to take place between China and

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Hong Kong. In other words, it also reflects the fact that the financial infrastructure in China is not up to the standard. See *Yazhou Zhoukan*, (Hong Kong), 5 September 2004, 28-33.

<sup>61</sup> *International Herald Tribune*, 16 November 2004.

<sup>62</sup> Greg Mastel, 'China, Taiwan, and the World Trade Organization,' *The Washington Quarterly*, Vol. 24, no. 3 (Summer 2001): 51.

<sup>63</sup> Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984).

<sup>64</sup> Gerald Chan, 'Three Chinas' and International Organizations after 1997,' *Journal of Contemporary China*, Vol. 6, no. 16 (1997): 437.

<sup>65</sup> Stephen D. Krasner, 'Structural Causes and Regime Consequences: Regime as Intervening Variables,' in Stephen D. Krasner, ed., *International Regime* (Ithaca and London: Cornell University Press, 1983), 2.

<sup>66</sup> Gerald Segal, 'Does China Matter?' *Foreign Affairs*, Vol. 78, no. 5 (September/October 1999): 24-36.

<sup>67</sup> Yeung Au Lai Kit, 'New Thinking in Living,' *Xinbao* (Hong Kong Economic Journal), 28 July 2004, 12.

<sup>68</sup> See Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000) for detail discussion on the losing of social capital in the United States.

<sup>69</sup> I was benefited from my former colleague, T. Lephung, of introducing this concept to me.

<sup>70</sup> See *Mingpao*, (Hong Kong), 11 July 2004, D19.

<sup>71</sup> Victor Turner, *The Ritual Process: Structure and Anti-Structure* (Ithaca: Cornell University Press, 1969), 95.

<sup>72</sup> *Yazhou Zhoukan* (Hong Kong), 12 August 2007, 10-12.

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<sup>73</sup> Anthony Cheung, 'The Political Climate,' *South China Morning Post*, 26 November 2007, A15.

<sup>74</sup> Interview with scholars in Taipei, Taiwan, 4 May 2004.

<sup>75</sup> Interview with Taiwan scholars in Brussels, 11 October 2004.

<sup>76</sup> Interview with scholars in Chiayi, Taiwan, 1 May 2004.

<sup>77</sup> 'Peaceful Rise' *The Economist*, 24 June 2004 and Yasheng Huang, 'China is not Racing Ahead, Just Catching Up,' *Financial Times*, 8 June 2004, 19.

<sup>78</sup> [<http://hk.news.yahoo.com/040520/12/109g3.html>] (assessed 20 May 2004).

<sup>79</sup> *Mingpao*, (Hong Kong) [<http://www.mingpaones.com>] (assessed 19 May 2004).

<sup>80</sup> 'A Conversation with Chen Shui-bian,' *Orbis*, Vol. 47, Issue 2 (Spring 2003): 329-330.

<sup>81</sup> E. Niou and P. Paolino, 'The Rise of the Opposition Party in Taiwan: Explaining Chen Shui-bian's Victory in the 2000 Presidential Election,' *Electoral Studies*, Vol. 22 (2003): 735.

<sup>82</sup> Barton Gellman, 'Face-Off Over Taiwan Led to a U.S.-China Strategic Partnership,' *Intellectual Herald Tribune*, 22 June 1998, 2.

<sup>83</sup> *Mingpao*, (Hong Kong), 21 May 1996, B11.

<sup>84</sup> Lee Teng-hui, *Taiwan di Zhuzheng* (With the People Always in My Heart) (Taiwan: Yuan-Liou Publishing Co. Ltd., 1999).

<sup>85</sup> *Ibid.*, 63 and 161.

<sup>86</sup> 'Interview with Lien Chan,' *Asiaweek*, 15 December 1995, 31.

<sup>87</sup> Ichiro Ozawa, *Blueprint for a New Japan: The Rethinking of a Nation* (Tokyo: Kodansha International, 1994).

<sup>88</sup> *Yige Zhongguo di yuanze yu Taiwan wenti* (The Principle of One China and Taiwan Issues) (State Department: The PRC, 2000), 24.

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<sup>89</sup> Taifa Yu, 'Relations between Taiwan and China after the Missile Crisis: Toward Reconciliation?' *Pacific Affairs*, Vol. 72, no. 1 (Spring 1999): 54.

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