

# The China Factor in Taiwanese Politics

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## Abstract

In the 2000 and 2004 Taiwan presidential elections, China attempted to deter Taiwanese voters from supporting the pro-independence candidates by issuing stern warning. The China factor in Taiwan's electoral politics is not limited to its military threat. In the last two decades, Taiwan's economy has been integrated into China's economy at an ever increasing rate. By the end of 2010, Taiwan's exports to China (including Hong Kong) constituted 41.8 percent of Taiwan's total exports. In addition, thousands of Taiwanese are residing in China for reasons of employment. The pro-independence political parties are concerned about the strong economic tie between China and Taiwan because it might influence voters' preferences on the independence-unification issue and, in turn, on their vote choice. In this paper I study whether China's threat to Taiwan and Taiwan's economic integration with China will have any significant effects on vote choice in the forthcoming 2012 presidential election in Taiwan.

**Key words:** Public Opinion and Foreign Policy, Security Stability in the Taiwan Strait, Taiwanese Independence, Trade and Peace, The China Threat

Ever since the Chinese Nationalist Government retreated to Taiwan in 1949, the threat from the Chinese communist regime has been a grave and constant concern for people in Taiwan. At the time, the fall of Taiwan to the Chinese communist force appeared imminent and unavoidable. However, fortunately for Taiwan, immediately after the Korean War broke out in June 1950, President Harry Truman sent the 7th fleet to the Taiwan Strait to guard against military confrontation in that region. And in 1954 the United States signed a defense treaty with the Republic of China, the Sino-American Mutual Defense Treaty, to safeguard Taiwan's security and survival.

The treaty, however, was terminated in January 1980, one year after the United States and the People's Republic of China established diplomatic relations in order for the two countries to form a strategic partnership against the Soviet threat. In an effort to provide Taiwan with some level of security commitment, the United States Congress passed the Taiwan Relations Act (TRA) in 1979, stipulating that the United States will "consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States". Although the TRA is not a clear and firm security commitment to defend

Taiwan, a policy often referred to as “strategic ambiguity”, it has been successful thus far in deterring China from attacking Taiwan using military options.<sup>1)</sup>

The precarious security balance was shaken by a new political force, the Taiwan independence movement, as a result of Taiwan’s democratization in the 1980s. In 1986 the Democratic Progressive Party (DPP) was established in Taiwan, whose goals are primarily to create a Taiwanese national identity, reject unification with the People’s Republic of China (PRC), obtain international recognition as a sovereign state, and, at least for some, establish the Republic of Taiwan. The independence movement has consequences beyond Taiwan’s domestic politics because China has consistently vowed to use military force against Taiwan if it declares formal independence.

The shift in political power in Taiwan’s domestic politics after the 2000 presidential election, with the DPP candidate displacing the KMT for the first time in Taiwan’s history, created greater uncertainties for China over Taiwan’s official policy on the “one-China” issue. During 2000-2008, President Chen Shui-bian took a number of bold steps in the direction of independence. For example, in July 2002 he declared that there is “one country on each side of the Taiwan Strait.”<sup>2)</sup> And, on February 27, 2006, he formally announced that the National Unification Council would “cease to function” and its guidelines would “cease to apply”, a deviation from the “Four No’s and One Without” policy that he stipulated in his 2000 and 2004 inauguration speeches.

In 2008 the Kuomintang (KMT) regained political power by defeating the DPP in both the legislative and presidential elections. In his inaugural address, President Ma laid out his promise in dealing with the cross-strait relations that there would be “no reunification, no independence and no war” during his tenure as President. However, his policies have been viewed by critics as largely pro-PRC and part of a long-run scheme to steer Taiwan to “eventual unification.”<sup>3)</sup>

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1) For more on US strategic ambiguity policy see, Brett V. Benson and Emerson M. S. Niou, “Comprehending Strategic Ambiguity: US Policy Toward Taiwan Security,” unpublished manuscript, Duke University, 2000, downloadable from <http://taiwansecurity.org/IS/IS-Niou-0400.htm>. See also, Dennis V. Hickey, *US-Taiwan Security Ties: From Cold War to Beyond Containment* (Westport, Connecticut: Praeger Publishers, 1994).

2) Chen’s statement was made on August 3, 2002 at the 29th annual meeting of the World Taiwan Fellow Townsman Federation” held in Tokyo, Japan.

3) For example, during a media interview on March 16, 2011, DPP chairwoman Tsai Ing-wen questioned President Ma Ying-jeou’s national identity by mentioning the inscription on the urn containing his late father’s ashes. The inscription reads, “Dissolving Taiwan Independence Movement, Supporting Gradual Unification.” For more background information on Taiwan’s domestic politics, see John Fuh-sheng Hsieh and Emerson M. S. Niou, “Salient Issues in Taiwan’s Electoral Politics”, in *Electoral Studies* 15:2 (1996), pp. 219-30; Tse-min Lin, Yun-han Chu, and Melvin J. Hinich, “A Spatial Analysis of Political Competition in Taiwan”, *World Politics* 48:4 (1996), pp. 453-81; Shelley Rigger, *Politics in Taiwan: Voting for Democracy* (Routledge, 1999); Emerson M. S. Niou and Philip Paolino, “The Rise of the Opposition Party in Taiwan: Explaining Chen Shui-bian’s Victory in the 2000 Presidential Election”, *Electoral Studies* 22:4 (2003), pp. 721-40; Emerson M. S. Niou, “Understanding Taiwan Independence and Its Policy Implications,” *Asian*

In addition to the Taiwan independence movement, the tensions in the Taiwan Strait in recent decades have been further confounded by steadily increasing economic integration between China and Taiwan. Trade between China and Taiwan has increased at an impressive rate. Since 2003, China has become Taiwan's largest trading partner. Taiwan's exports to China (including Hong Kong) grew 37.1 percent in 2010 to US\$114.78 billion, which constitutes 41.8 percent of Taiwan's total exports.<sup>4)</sup> In addition to raw trade volume, estimates of Taiwan investment on the mainland, both officially approved by Taiwan authorities and investment made by Taiwan firms through third parties, range from \$150 billion to over \$300 billion, making Taiwan the largest investor in China.<sup>5)</sup>

To further integrate the two economies China and Taiwan signed a historic trade pact, the Economic Cooperation Framework Agreement (ECFA), on June 29, 2010, which cuts tariffs on 539 Taiwanese exports to China and 267 Chinese products entering Taiwan. The ECFA aims to bring about liberalization of cross-Strait trade in products and services, avoiding Taiwan's regional economic marginalization and paving the way for expanded trade relations with the Association of Southeast Asian Nations (ASEAN) and other major trading partners.

The booming economic relationship between China and Taiwan makes economic sense. The two trade partners are in close geographical proximity to one another, have complementary comparative advantages, and share a common language and socio-cultural roots. However, does it make political sense? Many scholars argue that economic interdependence could help ameliorate tension and promote interstate peace.<sup>6)</sup> The proponents of this view argue that interdependence results from trade partners' mutual emphasis on maximization of gains from trade, which will be lost if conflict interrupts the trade relationship. Less interdependent countries will derive greater utility from conflict because their opportunity costs are lower due to lower import and export levels. However, as countries boost trade levels and become increasingly interdependent, more is at stake in terms of welfare gains lost when conflict increases the cost of trade and ultimately threatens the cessation of trade altogether. In short, according to the liberal argument, economic interdependence between China and Taiwan should help ameliorate tension and potential conflicts in the Taiwan Strait.

A contrary position claims that the economic relationship between China and Taiwan places Taiwan in a politically vulnerable position with respect to China and may threaten Taiwan's national security. Dependence scholarship has long cautioned that asymmetries in

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*Survey*, 44:4 (2004), pp:555-67, July/August.

4) Source: the Taiwan External Trade Development Council (TAITRA)

5) Source: U.S. Department of State, <http://www.state.gov/r/pa/ei/bgn/35855.htm>

6) For reviews of this literature, see Mansfield, Edward D. and Jon C. Pevehouse, "Trade Blocs, Trade Flows, and International Conflict," *International Organization* 54 (2000): 775-808; Barbieri, Katherine and Gerald Schneider, "Globalization and Peace: Assessing New Directions in the Study of Trade and Conflict," *Journal of Peace Research* 36 (1999): 387-404; and McMillan, Susan M., "Interdependence and Conflict," *Mershon International Studies Review* 41 (1997): 33-58.

economically integrated dyads are likely to create incentives for the less dependent actors to exploit their bargaining leverage to manipulate the more dependent party.<sup>7)</sup> Proponents of the economic dependence position point to cross-strait trade and investment asymmetries to support their concern that Taiwan is becoming too economically dependent upon China in a way that will give China crucial leverage on politically important issues.<sup>8)</sup> Indeed, as early as 1985, a Chinese Communist Party United Front Department document made the following statement: “we can definitely, step by step, lead Taiwan’s industries to rely on our market as long as we adopt well-organized and well-guided measures. Continuing to develop these efforts would effectively lead us to control the operation of Taiwan’s economy that would speed up the reunification of the motherland.”<sup>9)</sup> And, according to Qian Qichen, former foreign minister of China, Beijing’s strategy has been “to blockade Taiwan diplomatically, to check Taiwan militarily, and to drag along Taiwan economically.”<sup>10)</sup>

During former President Lee Teng-hui’s administration, 1988-2000, Taiwan restricted trade with China to try to prevent becoming too economically dependent and politically vulnerable. In 1996, President Lee introduced the “patience-over-haste” (jie-ji-yong-ren) investment policy. The policy prohibits some forms of mainland investment altogether, bans major infrastructure projects, limits Taiwanese investment in the mainland to 20-30 percent of total investments, and requires that Taiwan businesses not make single project investments in excess of \$50 million. Taiwan does not import mainland goods, which contributes to Taiwan’s substantial trade surplus, and it forbids direct shipping and communication links with the mainland, so Taiwanese investors and traders must operate through third party outlets. Also, under President Lee’s administration, Taiwan initiated the “go south” strategy to stall the mass exodus of Taiwan businesses to the mainland by offering incentives for Taiwan businesses to invest in Southeast Asia instead.

During President Chen’s administration, despite the political tension between China and

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7) Most notably, Hirschman 1945 and Gilpin 1977. See also related arguments by realists who argue that states, which are concerned also by the mutual threat posed to each other, will be wary of any increase of the relative capabilities of any other state including relative gains from trade (Grieco, 1988; Gowa, 1994; and Waltz, 1979).

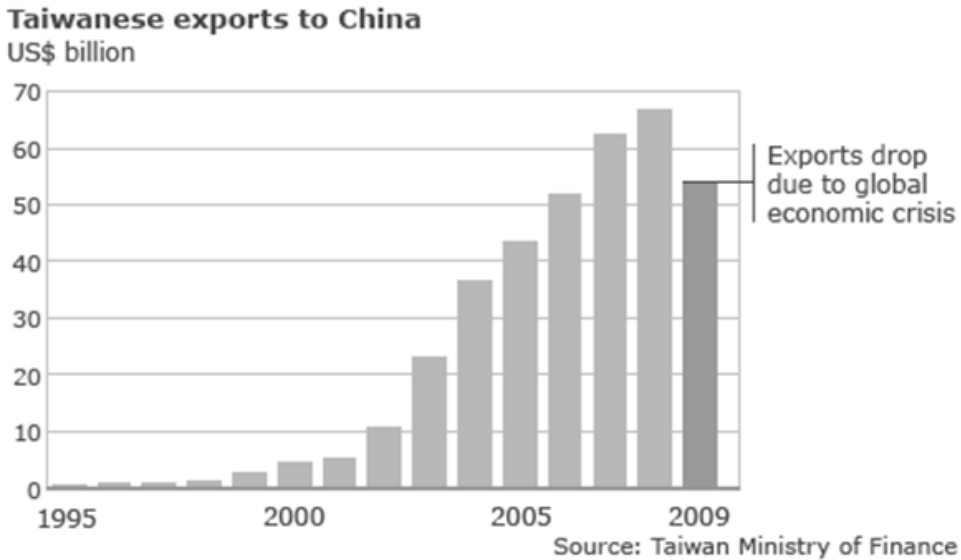
8) See, for example, Dent, Christopher, “Navigating Taiwan’s Foreign Economic Policy,” *Issues and Studies* 37 (2001): 1-34; Jefferson, Gary H., “Like Lips and Teeth: Economic Scenarios of Cross-strait Relations,” *Taiwan Strait Dilemmas: China-Taiwan-US Policies in the New Century*, ed. by Gerrit W. Gong, (CSIS Press, 2000), pp. 97-116; Deng, Ping, “Taiwan’s Restriction of Investment in China in the 1990s,” *Asian Survey* 40 (2000): 958-981.

9) Hsin-hsing Wu, *Bridging the Strait: Taiwan, China, and the Prospects for Reunification* (Hong Kong: Oxford University Press, 1994), 171, quoted in Bolt, Paul J., “Economic Ties Across the Taiwan Strait: Buying Time for Compromise,” *Issues and Studies* 37 (2001): 80-105.

10) This is allegedly a direct quote taken by the Hong Kong media from Qian’s speech at an undisclosed national working meeting among Taiwan affairs officials held in Fuchian (December 1993), quoted in Chu, Yunhan, “The Political Economy of Taiwan’s Mainland Policy,” *Journal of Contemporary China* 6 (1997): 229-258.

Taiwan on the “one-China” question, trade between the two sides continued to grow at an impressive rate. Taiwan’s exports to China increased more than 10 times between 2000 and 2008 (see Figure 1). Given Chen’s political background, supporters of Taiwanese independence believed that Chen would not concede to China’s coercion if China decided to use its economic leverage for political purpose. Thus, the economic liberation toward China during his tenure was not seen as politically motivated. But it is a different story for President Ma Ying-jeou’s government.

Figure 1



President Ma, a mainlander, often faces the charges by the Taiwan independence supporters that his eventual goal is to unite Taiwan with China and that he has the intention to “sell out” Taiwan to China. Consequently, any policy adopted by his administration toward improving Taiwan’s trade relations with China is interpreted by the Taiwan independence supporters as an instrument to weaken Taiwan’s political resolve, regardless of whether it makes economic sense. In fact, the more economic benefits Taiwan receives, the more suspicious the policy becomes in the eyes of the Taiwanese independence supporters because it means that China must have some malign political motives. Otherwise, why would China be willing to give such favorable terms of trade to Taiwan? Not surprisingly, the Ma government is very defensive of its economic policy toward China. For example, in a policy paper issued by the Ma government to garner popular support for the ECFA, in addition to arguing that the ECFA would be vital for Taiwan’s economy in anticipation of political attacks from the DPP, it also had to argue that: “This is not a question of leaning toward Mainland China, nor does it constitute a selling out of Taiwan. This is a necessary economic strategy in competing with

other countries.”<sup>11)</sup>

Based on our discussion thus far, the China factor in Taiwanese politics can be characterized by two types of threat: first, the threat of China using military force to attack Taiwan if Taiwan declares formal independence, and second, the threat of China using its economic leverage to compel Taiwan to concede politically. In this paper I study the effects of these two types of threat on Taiwanese politics, with a focus on the forthcoming 2012 presidential election. The paper is presented according to the following outline. In Section 1, I use survey data to measure public opinion in Taiwan on the independence and the unification issues and show that many people's preferences are susceptible to manipulation by China. In Section 2, I explore people's perception of the China threat in Taiwan and their confidence in the US security commitment. In Section 3, I study people's attitude toward trade with China. In Section 4, I conduct a systematic analysis of the effects of these two types of threats from China, the deterrence and compulsion effects, on people's intended vote choice in the forthcoming 2012 Presidential election. The data used in this paper is based on the 2011 Taiwan National Security Survey.<sup>12)</sup>

## 1. Preferences on the Taiwan Independence Issue

Given the importance of the independence issue on both Taiwan's domestic politics and the security balance in the Taiwan Strait, it is understandable that surveys have been conducted regularly to track shifts in public sentiment on this issue in Taiwan.<sup>13)</sup> The standard approach has generally been to represent respondents' preferences on a 6-point scale. The wording of the question and the distribution of preferences are thus:

*Regarding the relations between Taiwan and Mainland China, there are a number of different views presented on this card. Which position best represents your view on this issue?*

*1. to seek independence from China quickly (4.4%)*

*2. to maintain the status quo now and seek independence later (18.5%)*

*3. to maintain the status quo indefinitely (28.1%)*

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11) "Background Information on ECFA: Helping People Do Business to Improve Taiwan's Competitiveness." Mainland Affairs Council, Executive Yuan, March, 2010.

12) The 2011 Taiwan National Security Survey was conducted by the Election Study Center of the National Chengchi University, Taipei, Taiwan, from Feb 24-27, 2011 with a total sample size of 1,104. The principal investigator of the survey is Emerson Niou, Professor of Political Science, Duke University.

13) For an overview of the evolution of survey questions on the Taiwan independence issue, see Shelley Rigger. "Social Science and National Identity: A Critique", *Pacific Affairs* 72: 4 (1999-2000), pp. 537-52; Shelley Rigger., "Maintaining the Status Quo: What It Means, and Why the Taiwanese Prefer it", *Cambridge Review of International Affairs*, 14, 2 (2001): pp. 115-23.

4. *to maintain the status quo now while deciding what to do later (37.3%)*
5. *to maintain the status quo now and seek unification later (8.0%)*
6. *to seek unification with China quickly (1.4%)*
7. *no answer (2.3%)*

The design of this question attempts to separate those in the status quo category who in fact have a first preference either for independence or unification but have, for some unspecified reason, reservations about the timing. This measure of preferences is based on the assumption that preferences on the independence-unification issue can be represented on a uni-dimensional space. Why do people in Taiwan have difficulty deciding between independence and unification? What factors might influence respondents to move away from the status quo and toward either independence or unification? The common sense answer is that since Taiwan and Mainland China have been divided by civil war, the division is only temporary and the two sides will reunite when Mainland China becomes more compatible with Taiwan economically, socially, and politically. But after more than six decades of separation, unification with Mainland China looks to be an ever more challenging, if not impossible, task. Given the contrast between life in Taiwan and life in the mainland, people in Taiwan have no positive incentive to unite with the PRC. As a result many people are attracted to the idea of Taiwan becoming an independent country, but only if China not use force to stop that from happening.<sup>14)</sup>

To arrive at a complete understanding of the conditionality of preferences, we should abandon the assumption that respondents' positions can be located somewhere along a one-dimensional policy space between independence and unification. Instead we should ask respondents to state the conditions under which they would move away from the status quo and toward either independence or unification, and vice versa. That is, we should incorporate a multidimensional approach.

The 2011 Taiwan National Security Survey includes four questions to explore precisely this form of conditionality of preferences on independence versus unification:

*Q1. If the act of declaring independence will cause Mainland China to attack Taiwan, do you favor or not favor Taiwan independence?*

Not Favor: 60.8%    Favor: 30.5%    NA: 8.7%

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14) An earlier attempt to explore the conditions under which respondents would move away from the status quo toward either independence or unification can be found in the following papers: Naiteh Wu, "National Identity and Party Support: The Social Basis of Party Competition in Taiwan", *Bulletin of the Institute of Ethnology*, Academia Sinica, 74 (1993), pp.33-61; Naiteh Wu. "Liberalism and Ethnic Identity: Searching for the Ideological Foundation of Taiwanese Nationalism", *Taiwanese Political Science Review* 1:1 (1996), pp. 5-40. Alternative methods to measure respondents' preferences on the independence-unification issue can be found in John F. Hsieh and Emerson M. S. Niou. "Measuring Taiwanese Public Opinion on the Taiwan Independence Issue: A Methodological Note," *China Quarterly*, 181:1 (2005), pp.158-168, March; and Emerson M. S. Niou. "A New Measure of the Preferences on the Independence-Unification Issue in Taiwan", *Journal of Asian and African Studies*, 40:(1-2) (2005), pp.91-104.

Q2. *If the act of declaring independence will not cause Mainland China to attack Taiwan, do you favor or not favor Taiwan independence?*

Not Favor: 18.4% Favor: 74.1% NA: 7.5%

Q3. *If great political, economic, and social disparity exists between Mainland China and Taiwan, do you favor or not favor Taiwan unifying with China?*

Not Favor: 76.5% Favor: 16.4% NA: 7.1%

Q4. *If only small political, economic, and social disparity exists between Mainland China and Taiwan, do you favor or not favor Taiwan unifying with China?*

Not Favor: 56.4% Favor: 36.4% NA: 7.2%

Based on responses from Q1 and Q2, respondents can be classified into three categories (see Table 1): (1) supporting independence even if it will provoke China to attack (33.9 percent),<sup>15)</sup> (2) supporting independence only if China will not attack (45.8 percent), and (3) not supporting independence regardless (19.7 percent).<sup>16)</sup>

Table 1 Preferences on Independence

Independence Even If War with China	Independence If No War		
	Not Favor	Favor	Total
Not Favor	19.7%	45.8%	65.5%
Favor	0.6%	33.9%	34.5%
Total	20.3%	79.7%	100.0%

Number of observations: 966

Data Source: The 2011 Taiwan National Security Survey

Second, on the questions of unification, Q3 and Q4, respondents can be classified into the following three categories (see Table 2): (1) supporting unification even under unfavorable conditions (11.9 percent), (2) supporting unification only under favorable conditions (26.8 percent), and (3) not supporting unification under any circumstances (55.3 percent).

Table 2 Preferences on Unification

Unification Even If the Two Sides Are Not Compatible	Unification If the Two Sides Are Compatible		
	Favor	Not Favor	Total
Favor	11.9%	6.0%	17.9%
Not Favor	26.8%	55.3%	82.1%
Total	38.7%	61.3%	100.0%

Number of observations: 960

Data Source: The 2011 Taiwan National Security Survey

15) Not included are those who supported independence even if war might break out between China and Taiwan but did not support independence if no war were to break out.

16) To simplify presentation, we eliminate respondents who failed to indicate a clear preference on either Q1 or Q2.



An interesting finding from these empirical results is that for many people, a preference for uniting with Mainland China or becoming an independent country is largely dependent on the costs of achieving one goal or the other. If the costs of uniting with Mainland China or becoming an independent country are perceived to be low, then these goals are preferred, while if they are perceived to be too high then the status quo becomes the more attractive option.

People’s attitudes on independence and unification clearly correlate with their intended vote choice in the forthcoming 2012 presidential election in Taiwan. The respective supporters of the incumbent President, Ma Ying-jeou, and the candidate nominated by the DPP also diverge their views on the independence and unification issues.<sup>17)</sup> Table 3a shows that only 14.7 percent of Ma’s DPP supporters support Taiwan independence even if it means war with China, but 63.4% of the DPP candidate supporters share this view.

**Table 3a Preferences on Taiwan Independence and Intended Vote Choice in the 2012 Presidential Election**

Vote Choice in 2012	Attitude on Taiwan Independence			Row Total
	No Independence	Independence Only If No War	Independence Even If War	
Ma Ying-jeou	30.3%	55.0%	14.7%	40.6%
DPP Candidate	7.2%	29.4%	63.4%	29.1%
NA	17.9%	50.2%	32.0%	30.3%
Column	19.8%	46.1%	34.1%	100% (959)

Table 3b shows that 19.8% of Ma’s supporters support unification with China even if the two systems are not compatible, but only 6.3% of the DPP supporters share this view.

**Table 3b Preferences on Unification and Intended Vote Choice in the 2012 Presidential Election**

Vote Choice in 2012	Attitude on Unification with China			Row Total
	No Unification	Unification Only If Similar	Unification Even If Different	
Ma Ying-jeou	42.9%	37.2%	19.8%	39.6%
DPP Candidate	76.8%	16.9%	6.3%	29.3%
NA	62.3%	28.4%	9.3%	31.1%
Column	58.9%	28.5%	12.6%	100% (929)

17) When the survey was conducted in February 2011, the DPP had not nominated its presidential candidate.

## 2. Perceptions of China's Military Threat to Taiwan and the credibility of the U.S. Security Commitment

With almost one half (45.8%) of the people in Taiwan willing to support independence if it will not provoke China to attack, it is not surprising that China refuses to renounce the use of force against Taiwan. In February 2000, Beijing released a white paper on the Taiwan issue. Underscoring China's threat to retain a coercive option to achieve its goals with respect to Taiwan, the white paper spells out China's position on the "one-China" principle and threatens the use of force if Taiwan becomes independent or resists negotiations for unification indefinitely.<sup>18)</sup> On March 14, 2005, the PRC 10th National People's Congress passed the Anti-Secession Law, which, according to PRC officials, provides legal justification for China's use of force to prevent Taiwan's secession and compel unification after all avenues for peaceful unification have been exhausted.<sup>19)</sup>

To improve its chances of achieving successful coercion of Taiwan, China has been actively increasing its military strength. China's military build-up is occurring on two levels. First, by amassing conventional weaponry designed to combat Taiwanese military forces, the PRC compels Taiwan to engage in a costly arms race that threatens to break Taiwan financially, which can be demonstrated by the build-up of its short-range surface-to-surface missile force in China's Fujian province. Second, the PRC is building up its nuclear arsenal to counter the US. If the PRC can make it too costly for the US to intervene in the conflicts in the Taiwan Strait, then China can resort to forceful means to compel Taiwan to unify with China.

The credibility of China's threat, however, might be affected by the United States' security commitment to Taiwan. The United States agrees that the Taiwan Strait dispute is a Chinese domestic issue to be resolved by Chinese on both sides of the Strait. Regardless of how the dispute is resolved, the United States insists that it must be done so peacefully.<sup>20)</sup> This policy allows the United States mobility to intervene in the conflict but resists specifying the conditions under which United States will become involved.

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18) Taiwan Affairs Office of the State Council website, "The One-China Principle and the Taiwan Issue," Taiwan Affairs Office and the Information Office of the State Council, People's Republic of China, 21 February 2000, [http://www.gwytb.gov.cn:8088/detail.asp?table=WhitePaper&title=White%20Papers%20On%20Taiwan%20Issue&m\\_id=4](http://www.gwytb.gov.cn:8088/detail.asp?table=WhitePaper&title=White%20Papers%20On%20Taiwan%20Issue&m_id=4).

19) For an explanation of China's draft Anti-Secession Law authorized by the Standing Committee of the *National People's Congress*, see *Zhaoguo Wang, Vice Chairman of the Standing Committee of the National People's Congress* "Explanations on Draft Anti-Secession Law," Third Session 10th National People's Congress and Chinese People's Political Consultative Conference, 8 March 2005, <http://www.china.org.cn/english/2005lh/122118.htm>.

20) Dennis V. Hickey, "America's Two-Point Policy and the Future of Taiwan," *Asian Survey* 28, no. 8 (1988): 881-896, explains in detail the background and implications of the U.S. policy that insists that the Taiwan Strait dispute be settled peacefully and domestically.

In the 2011 Taiwan National Security Survey, respondents were asked whether they think Mainland China will or will not attack Taiwan if Taiwan declares independence: 58.4 percent expressed that they believed China would resort to force if Taiwan declared independence, 32.5 percent did not believe so, and 9.1 percent did not respond. The survey also asked respondents if they think the United States will help defend Taiwan if China attacks: 59.8 percent of the respondents responded positively, 28.2 percent negatively, 12 percent had no opinion.

We find several interesting correlations when we cross-tabulate respondents' level of worry about China's threat with their positions on the Taiwan independence issue and control for the respondents' level of confidence in U.S. support. First, the survey data clearly indicate that Taiwanese concerns about China's threat vary as they grow more or less concerned about the U.S. commitment to defend Taiwan: 60.1 percent of the respondents who have confidence in U.S. support think that China will attack Taiwan if Taiwan declares independence (see Table 4a), while 76.6 percent of the respondents who do not have confidence in U.S. think China will attack (see Table 4b). Second, among those who have confidence in the US security commitment, 40.6 percent prefer independence (Table 4a), but among those who have no confidence in the US security commitment, only 20.1 percent prefer independence (Table 4b).

**Table 4a Perception of China Threat and Preferences on Taiwan Independence if *Confident* of U.S. Support**

Preferences on Taiwan Independence	Perception of China Threat		
	No Worry	Worry	Row Total
No Independence	35 44.9%	43 55.1%	78 13.8%
Conditional	80 31.0%	178 69.0%	258 45.6%
Independence	111 48.3%	119 51.7%	<b>230</b> <b>40.6%</b>
Column Total	226 39.9%	<b>340</b> <b>60.1%</b>	566 100%

**Table 4b Perception of China Threat and Preferences on Taiwan Independence if *Not Confident* of U.S. Support**

Preferences on Taiwan Independence	Perception of China Threat		
	No Worry	Worry	Row Total
No Independence	24 27.9%	62 72.1%	86 31.4%
Conditional	23 17.3%	110 82.7%	133 48.5%
Independence	17 30.9%	38 69.1%	<b>55</b> <b>20.1%</b>
Column Total	64 23.4%	<b>210</b> <b>76.6%</b>	274 100%

Tables 4a and 4b reveal that perceptions of China's threat are to some degree a function of what people in Taiwan perceive the level of U.S. commitment to be, and that Taiwanese support for independence varies according to the degree of worry about China's threat. Those who perceive the U.S. commitment level as high are more likely to be less concerned about China's threat and more likely to support independence. Conversely, those who worry about U.S. commitment to Taiwan tend to fear China's threat more and are less willing to support independence.

### 3. Who Favors Trade with China?

People in Taiwan have different views on Taiwan's trade relations with China. Some believe that Taiwan should bravely go westward to take advantage of the Chinese economy as long as Taiwan is resolute on defending its national sovereignty. However many people are worried that Taiwan's economic dependence on China renders it vulnerable to coercion from the PRC, especially when the KMT is in power. That is, the asymmetrical nature of cross-strait trade might endanger Taiwan security because China will become more willing to use its economic leverage against Taiwan to extract political concessions, and because Taiwan becomes more risk averse as its economic dependence increases.

To understand the distribution of people's attitudes toward trade with China, we asked respondents the following question.

*Question: Some people believe that to improve Taiwan's economic growth and to help Taiwanese make more money, Taiwan should strengthen its trade and economic relations with Mainland China; however, some people believe that to protect Taiwan's national security, Taiwan should not have a strong trade and economic relations with China. Which position on this issue do you support?*

Among the 1104 respondents, 45.2 percent favors increasing trade with China, while 41.8 percent holds the opposite view, and 13 percent has no response. The survey also shows a strong correlation between attitude on the trade issue and one's intended vote choice in the 2012 presidential election. Table 5a shows an overwhelming majority, 78.7%, of those who would vote for Ma Ying-jeou in 2012 favors strengthening trade and economic relations with Mainland China; but 79.7% of those who would support the DPP candidate deems national security as more important than economic growth.

If we examine the relationship between attitude on trade and some of the demographic variables such as education and age, we find that respondents' attitudes on trade do not vary with age (see Table 5b) and that those who are better educated actually are more likely to support trade with China than less educated respondents see Table 5c.

**Table 5a Intended Vote Choice in the 2012 Presidential Election and Attitudes on Trade**

Vote Choice in 2012	Attitude on Trade		
	Security	Trade	Row Total
Ma Ying-jeou	21.3%	78.7%	41.0%
DPP Candidate	79.9%	20.1%	29.0%
NA	53.8%	46.2%	30.0%
Column	48.0%	52.0%	100% (960)

**Table 5b Age and Attitudes on Trade**

Vote Choice in 2012	Attitude on Trade and Security		
	Security	Trade	Row Total
>= 25	46.9%	53.1%	10.1%
26-35	47.3%	52.7%	21.0%
36-45	50.9%	49.1%	28.0%
46-55	43.8%	56.2%	24.4%
>= 56	50.6%	49.4%	16.5%
Column	48.0%	52.0%	100% (955)

**Table 5c Education Level and Attitudes on Trade**

Education Level	Attitude on Trade and Security		
	Security	Trade	Row Total
Elementary or Lower	52.9%	47.1%	5.3%
Junior/High School	54.2%	45.8%	43.7%
College or higher	42.0%	58.0%	50.9%
Column	47.9%	52.1%	100% (954)

**4. The Effects of China’s Deterrence and Compellence Threats on Taiwan’s 2012 Presidential Election**

From the analysis presented in the previous sections, we learn that many respondents’ positions on the issues of Taiwan independence and the cross-strait trade are influenced by their perceptions of China’s threat to Taiwan. For example, a respondent might favor the status quo on the independence issue because she is afraid that the act of declaring independence would provoke China to attack Taiwan. On the cross-strait trade issue, a respondent might not be in favor of expanding trade with China because she is worried that China might exploit Taiwan’s economic dependence on China’s economy for political purposes. In this section, I develop a multinomial logit model to estimate more systematically the effects of these two types of China threat on respondents’ vote choice in the forthcoming 2012 presidential election.

The dependent variable in the model is a ternary variable, where 0 indicates a vote for KMT candidate Ma Ying-jeou, 1 indicates a vote for the candidate nominated by the DPP, and 2 indicates none of the above. The independent variables include respondent's preferences on independence and unification issues, cross-strait trade, perceptions of China's military threat, confidence in the United States' security commitment, as well as party identification, ethnic identity, age, and education as control variables. To represent respondent's preferences on the cross-strait trade issue, we code a dummy variable "Trade" for those who favor trade, versus those who favor security as the baseline category. We also code a dummy variable "Attack" for those who believe that China would attack Taiwan if Taiwan declared independence, and a dummy variable "Defend" for those who believe that the United States would defend Taiwan if attacked by China after declaring independence, versus those who do not believe China would attack and those who have no confidence in the U.S. security commitment as the baseline category, respectively. To represent respondent's preferences on the independence issue, we code a dummy variable distinguishing the unconditional and the conditional independence supporters, with non-independence supporters as the baseline category. And to represent respondent's preferences on the unification issue, we code a dummy variable for the unconditional and conditional unification supporters with non-unification supporters as the baseline category.

The control variables include age, education, and a set of dummy variables representing a voter's party affiliation and ethnicity. We derive a measure of party identification from the question, "Among the main political parties in our country, including the KMT, DPP, NP, PFP, and TSU, do you think of yourself as leaning toward any particular party?" We code a dummy variable for KMT and DPP, with no party affiliation as the baseline category. To capture ethnicity, we define dummy variables for Mainlander and Hakka, based on the ethnic group of a respondent's father. The baseline category includes Min-nan and aboriginal groups. Coefficients for Ma Ying-jeou's supporters are normalized at zero. All other coefficients from the model are interpreted as the impact of that variable on the respondent's vote choice relative to that of Ma's supporters.

The multinomial logit regression results of the above model are shown in Table 6. Several results are clear from the table. As for the supporters of the KMT candidate Ma Ying-jeou and the DPP candidate, party identification is, as we expect, statistically and substantively significant as a predictor of vote choice. DPP identifiers are more likely to vote for the DPP candidate, and KMT partisans are more likely to vote for KMT candidate Ma Ying-jeou. Ethnicity is also an important predictor of vote choice, as respondents from Mainland China are more likely to vote for Ma Ying-jeou.

As for the effects of the independence and the unification issues, only the unconditional independence supporters, but not the conditional supporters, are more likely to vote for the DPP candidate. And, both the conditional and unconditional unification supporters are more likely to vote for MA Ying-jeou.

Controlling for ethnic identity, age, education, and preferences on the independence and unification issues, respondents who believe that China will attack Taiwan if Taiwan declares independence are more likely to vote for Ma Ying-jeou. Respondent's preferences on the cross-strait trade issue are also statistically and substantively significant as a predictor on vote choice. Those who would not trade national security for economic growth are more likely to vote for the DPP candidate.

Between those respondents who intend to vote for Ma Ying-jeou and those who did not express a vote choice, the following variables are significant: the KMT identifiers, the unification supporters, those who believe that China would attack and the US would not help defend if Taiwan declares independence, and those who are willing to trade national security for economic growth. None of the other variables are statistically significant.

**Table 6 Multinomial Logit Model of Factors Explaining Intended Vote Choice in the 2012 Presidential Election in Taiwan**

	DPP Candidate	Neither
<b>Mainlander</b>	-1.36** (.49)	-.15 (.28)
Hakka	-.42 (.36)	-.07 (.29)
Age	-.11 (.10)	.01 (.09)
Education	.02 (.22)	.05 (.19)
KMT	-3.92** (1.04)	-3.25** (.60)
DPP	3.77** (1.03)	.69 (1.17)
<b>Unconditional Independence</b>	1.67** (.35)	.21 (.29)
Conditional Independence	.42 (.33)	-.17 (.23)
<b>Unconditional Unification</b>	-.65* (.39)	-.57* (.31)
<b>Conditional Unification</b>	-.63** (.27)	-.43* (.22)
<b>Attack</b>	-0.61** (.24)	-.40* (.22)
<b>Defend</b>	.32 (.26)	.39* (.21)
<b>Trade</b>	-1.61** (.25)	-.99** (.21)
Constant	.70 (.77)	.62 (.66)
Percentage of Cases	30.0%	26.3%
Number of Cases	821	

Entries are maximum likelihood coefficients with standard errors in parentheses.  
\* indicates p<.10, \*\* indicates p<.05, two-tailed

## 5. Conclusion

Much of the research on the relationship between public opinion and foreign policy study whether a nation's foreign policy reflects its public opinions. In this paper I study this relationship from a different perspective. The research question that I address is whether China's foreign policies toward Taiwan affect Taiwanese public opinions on the independence and trade issues, and in turn, affect Taiwan's domestic politics. The emergence of a democratic government on Taiwan has made the Taiwan independence issue one of the most critical factors in relations between China and Taiwan. To prevent Taiwanese independence, Beijing refuses to renounce the use of force against Taiwan. Meanwhile, China continues to open its markets to Taiwanese businessmen and to promote other cross-strait exchanges. The simultaneous presence of a perilous political rivalry and a healthy trade relationship between China and Taiwan must have profound impact on Taiwan's domestic politics. In this paper I focus upon and analyze the effects of China's deterrence and compulsion threats on Taiwan's forthcoming 2012 presidential election.

Several interesting points become apparent from the analysis. First, in the complex overlay of politics, economics and military affairs, public opinions regarding charged topics of independence and unification require some unpacking. An interesting discovery here is the conditionality of preferences. Voters do not decide their stance on unification or independence in isolation from other factors. On the one hand, China's constant threats to use force restrain Taiwan from advancing toward independence. Many likely supporters of Taiwan independence actually prefer the status quo to a declaration of independence. On the other hand, if China could persuade people in Taiwan that China has a promising prospect of becoming more prosperous, open, and democratic, then more of them might find unification an acceptable choice.

Second, perception matters when it comes to the intersection of politics and economics. Ma and the KMT, even while espousing a relatively pro-status-quo policy, are viewed with suspicion regarding their economic stance. Even the smallest increase in economic integration between Taiwan and the mainland is deemed favorable to the long-term interests of China. The DPP politicians, on the other hand, procure increased interdependence with fewer scruples from their supporters.

Third, identifying the "conditional" and "unconditional" supporters has discernible implications for the upcoming elections. Only the unconditional, not the conditional independence supporters are more likely to support the DPP presidential candidate in 2012, which might be because the conditional supporters are more worried that a pro-independence president could provoke China to use force. This result supports the claim that China's deterrence threat helps the KMT electorally.

Fourth, China could stand to gain considerably by gleaning lessons in leverage from the



political landscape of Taiwan. A majority of the respondents are in favor of increasing trade with China and they are more likely to vote for Ma Ying-jeou in 2012. This implies that the compellence threat argument is not widely believed and the cross-strait trade issue helps the KMT electorally. Thus, for the DPP, its strategies ought to try to lesson voters' fear of China's military threat and heighten the fear of Taiwan's economic dependence on China.