

Seizing the Transnational – Ideology, Hegemony, and the Doubling of China-Taiwan Relations

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ABSTRACT

The condition of possibility of the recent rapprochement between China and Taiwan lies in the de-politicisation of economic relations, which in turn is facilitated by a doubling of Cross-Strait relations into apparently separate spheres of civil society and politics. What drives this increasing separation, in what terms can we describe this process, and what are its consequences? This Neo-Gramscian approach traces the bifurcation across the level of ideological production to the underlying social relations. Social forces emerging from transnational relations of production forge a hegemonic project, promoting the formal separation of China-Taiwan relations into seemingly independent social realms. To achieve a critical understanding of this dynamic, the article reconstructs the strategies pursued by these forces and the mechanisms through which they operate. This historical materialist re-conceptualisation of Cross-Strait integration as a contested project rather than a quasi-natural process allows unveiling the inner contradictions and the crisis-prone nature of the specific transnational arrangement that the hegemonic project has assumed. The major internal contradiction of the project lies in the fact that its success to promote the separation of both spheres ultimately rests on an ever closer co-operation of forces from these spheres, undermining the appearance of independent spheres.

Keywords: Hegemony, Cross-Strait relations, Transnational Historical Materialism, Gramsci, China-Taiwan relations

Introduction

Until less than a decade ago, the Taiwan Strait was regarded as one of the potential flashpoints in Asia. From the mid-1990s onwards, political and military tensions between the People's Republic of China (PRC) and Taiwan reached the highest point since the end of the Chinese Civil War in 1949. But while leading politicians engaged in sabre-rattling, both economies had attained a profound level of integration that appeared puzzling against the background of political relations. The China-Taiwan nexus had already become one of the important bottlenecks in the global economy, and the reaction to the political Taiwan Strait crisis was expressed in the stock markets: During the height of the crisis in 1995, the stock market in Taiwan fell 20 per cent, the New Taiwan Dollar depreciated by 10 per cent, and the capital flight amounted to US\$10 billion, even though the Taiwanese government pumped more than US\$20 billion into the markets to restore investment confidence.¹ In order to reduce what was

¹Chen-yuan Tung, *Cross-Strait Economic Relations in the Era of Globalization* (Morrisville: Lulu Enterprises, 2007), pp. 415-416; Qimao Chen, "The Taiwan Strait Crisis. Causes, Scenarios, and

perceived as economic leverage by China over Taiwan, Taiwan's first democratically elected President Lee Teng-hui announced a package of measures in late 1996 in order to politically restrict China-bound investment, a policy that became known as "No haste, be patient" (NHBP). In a political environment still characterised by Taiwan's history as a "developmental state", trade and capital flows were naturally understood to be a matter of national security. However, the legitimacy of the "state governing the market"² was already crumbling, and under the administration of Lee's successor Chen Shui-bian, the business sector was able to push for the replacement of NHBP with a less restrictive policy in 2001.

The picture in 2012 provides a stark contrast to the late 1990s. Since the beginning of party-to-party cooperation between the Kuomintang (KMT) and the Chinese Communist Party (CCP) in 2005 and the subsequent return to power of the KMT, public statements by both sides are packed with references to "scenarios of mutual benefit" or "win-win situations". Furthermore, China and Taiwan have negotiated a series of so-called functional agreements, including a preferential trade agreement called Economic Cooperation Framework Agreement (ECFA). At the same time, political differences persist, and rather than to erode these tensions, regulation seemingly takes place disconnected from politics. Providing a historical materialist account of the Cross-Strait détente, this article aims to substantiate the hypothesis that Cross-Strait integration depends on the a de-politicisation of economic relations. This de-politicisation in turn is best understood as an increasing bifurcation of Cross-Strait relations into a public sphere of political relations and a private sphere of civil society relations. Not only is this separation portrayed as natural, it also allows both sides to set political differences aside and pursue seemingly unpolitical economic goals. In order to assess the socio-political implications of this development, this article aims to find out what is driving the increasing separation of the economic and political spheres across the Taiwan Strait. Rather than taking the separation of the political and the economic for granted, a historical materialist approach allows us to de-naturalise it and reveal it as a historically contested project driven by coalitions of social forces. Putting the tension of the *internal* relation between both spheres on the one hand, and the apparent bifurcation over the past two decades on the other hand, into the centre of analysis, brings to the fore the contradictory core of the Cross-Strait rapprochement.

The argument will unfold as follows: the following section conceptualises the relation of economic and political relations across the Taiwan Strait in historical materialist terms. Section three then approaches the separation of the economic and the political from the level of ideological representations, before

Solutions", in Suisheng Zhao (ed.), *Across the Taiwan Strait: Mainland China, Taiwan and the 1995-1996 Crisis* (London: Routledge, 1999), pp. 127-160.

²Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990).

the fourth section relates these narratives to the material core of the social dynamics. Taken together, these sections relate ideas to their material condition in order to demonstrate how the separation of the political and economic is realised under a very specific set of historical and social conditions. Section five will then hint at a crisis theory of this specific transnational form, arguing that the separation is based on an increasing interlock of both spheres, which ultimately undermines the efficacy of the reproduction of this appearance. The conclusion will relate the findings to broader debates in Gramscian/Marxian International Political Economy and International Relations theory.

The contribution of this analysis is related to both the study of Cross-Strait relations as well as historical materialist approaches in general. First, this article challenges commonly accepted assumptions about China-Taiwan relations. This concerns the following interrelated dimensions: Against a “quasi-natural” framing of integration (especially in its neo-functionalist guise), this analysis aims to unmask the project’s social foundation, that is, the social forces, their coalitions and their strategies. By doing so, it reveals the contested nature of the project, and the social foundations of potential crises. This entails a de-idealisation of the debate: Cross-Strait relations are not primarily determined in the realm of discourse, identity and ideas, but in a terrain of social forces, the power relations of which are connected to transformations in the organisation of production. The second set of contributions is concerned with demonstrating the value of a historical materialist approach in an empirical study: As called for by van Apeldoorn, the empirical part of this article enlarges the geographical focus of the Neo-Gramscian research agenda to East Asia.³ By revealing actual social mechanisms and strategies of how the separation of social spheres is maintained by a transnational hegemonic project, the article also refutes the criticism that Neo-Gramscian approaches have yielded little empirical insight, and that they are unsuitable to cope with transnational environments.⁴

Outlines of a Historical Materialist Approach to Cross-Strait Relations

If historical materialism’s ambition is to de-reify “the apparently natural, universal, and politically neutral appearances of capitalist social reality, explicitly to re-situate those abstract appearances in relation to the processes and social power relations implicated in their production”⁵, the study of Cross-Strait relations requires concepts that can relate the separation of the political and the economic to social relations and practices. This section will discuss the main

³ Bastiaan van Apeldoorn, “Theorizing the transnational: a historical materialist approach”, *Journal of International Relations and Development* (Vol. 7, No. 2, 2004), pp. 142-176.

⁴ Randall D. Germain and Michael Kenny, “Engaging Gramsci: international relations theory and the new Gramscians” *Review of International Studies* (Vol. 24, No.1, 1998), pp. 3-21.

⁵ Mark Rupert and Hazel Smith, “Editor’s introduction” in Mark Rupert and Hazel Smith (eds.), *Historical Materialism and Globalization* (London: Routledge, 2002), p. 1.

theoretical tools for this task. This includes, first, a discussion of the relation of the economic and the political in capitalism in general and, second, how this in turn relates to transnational social processes.

As has been argued in the introduction, from a critical vantage point the apparent “doubling”⁶ of Cross-Strait relations into civil society relations (including business relations) on the one hand, and political relations on the other, has to be questioned. Not only have economic relations been successively freed from extra-economic influence, a characteristic unique to capitalist societies. More importantly, economic integration appears as a quasi-natural process that politics should not interfere with, as only its subjection to market forces can guarantee the most beneficial outcome. However, most recent treatments of Cross-Strait relations implicitly or explicitly take this separation for granted and make it their point of departure, consequently failing to question its problematic nature. Major questions in the analysis of Cross-Strait relations have been centred around the basic question “How does the economic affect the political?” Two major research agendas can be identified with regard to this relation: One perspective is concerned with the relation of trade and the probability of conflict.⁷ The second asks whether economic integration leads to political unification.⁸ The underlying assumption of externally related spheres is shared by both, and therefore the heart of the problematic relation across the Strait, namely the form of the political and its internal relation to the economic goes unquestioned.

The central question of this analysis is how “the *apparent* separation of politics and economics ... [is] promoted”⁹. In this sense, the aim of this article is to “explain ... how and in what sense essentially political issues ... have been cut off from the political arena and displaced to a separate ‘sphere’”¹⁰. From this perspective, “the economic and the political are distinct moments of the same totality”¹¹. This argument assumes that under capitalism surplus is extracted within the private sphere of the market. In contrast to, for instance, the feudal

⁶Albert Statz, *Grundelemente einer politökonomischen Theorie der westeuropäischen Integration: Das Verhältnis von Ökonomie und Politik im internationalen Kapitalismus und der widersprüchliche Charakter der EG* (Frankfurt am Main: Haag und Herchen, 1979), p.97.

⁷John Q. Tian, *Government, Business, and the Politics of Interdependence and Conflict across the Taiwan Strait* (New York: Palgrave Macmillan, 2006); Stephen Kastner, *Political Conflict and Economic Interdependence Across the Taiwan Strait and Beyond* (Stanford: Stanford University Press, 2009).

⁸Chin-min Chao, “Will Economic Integration Between Mainland China and Taiwan Lead to a Congenial Political Culture?”, *Asian Survey* (Vol. 43, No. 2, 2003), pp. 280-304; Naiteh Wu, “Will Economic Integration Lead to Political Assimilation?” in Peter C.Y. Chow (ed.), *National Identity and Economic Interest* (New York: Palgrave Macmillan, 2012), pp. 187-202.

⁹Andreas Bieler and Adam David Morton, “A Critical Theory Route to Hegemony, World Order and Historical Change: Neo-Gramscian Perspectives in International Relations”, in Andreas Bieler and Adam David Morton (eds.), *Global Restructuring, State, Capital and Labour: Contesting Neo-Gramscian Perspectives* (New York: Palgrave Macmillan, 2006), p. 24.

¹⁰Ellen Wood, “The Separation of the Economic and the Political in Capitalism” *New Left Review* (No. 128, 1981), p. 67.

¹¹William I. Robinson, “Capitalist globalization and the transnationalization of the state”, in Mark Rupert and Hazel Smith (eds.), op.cit in note 5, p. 214.

mode of production, the commodification of labour power means that no extra-economic compulsion is necessary to create surplus product. This makes possible the “abstraction”¹² of the political sphere from the market. However, rather than resulting in two independent social realms, political and civil society are internally linked by the fact that they are expressions of the same capital relation.¹³ They are “discrete but related forms.”¹⁴

This argument about the relation of the political and the economic under capitalism is the basis for the analysis of the de-politicisation of *economic* Cross-Strait relations. We can observe a bifurcation into an *internationally* organised political sphere, and a *transnationally* organised sphere of civil society relations.¹⁵ For the sake of this argument it is assumed that international relations are structured along state borders and are conducted by governments, international organisations or related agencies. What demands closer examination is the term “transnational”, a term central to many historical materialist approaches.¹⁶ This analysis will refer to an understanding of transnational, such as it has been employed by Robinson. His concept of transnational relations puts the social relation between *labour and capital* to the fore, making trans-nationalisation a transformation *of*, or to be more precise, *internal to* capitalist relations. Robinson introduces the distinction between the world economy and the global economy to make tangible the transition towards “a new, transnational phase in the development of the world capitalist system”¹⁷. *World economy* denotes an economic system in which “each country developed national circuits of accumulation that were linked externally to other such national circuits through commodity exchanges and capital flows”¹⁸. Robinson argues that recent capitalist dynamics are characterised by a transition towards transnational production, so that in the *global economy* “national production systems have become fragmented and integrated externally into new globalized circuits of accumulation”¹⁹. The focus on transformations *within* capitalist relations makes this concept of transnational relations crucial for the analysis of Cross-Strait relations.

¹²Hannes Lacher, “International transformation and the persistence of territoriality: toward a new political geography of capitalism”, *Review of International Political Economy* (Vol. 12, No. 1, 2005), p. 41.

¹³Andreas Bieler and Adam David Morton, “Globalisation, the state and class struggle: a “Critical Economy” engagement with Open Marxism”, *British Journal of Politics and International Relations* (Vol. 5, No. 4, 2003), p. 471.

¹⁴*Ibid.*, p. 472.

¹⁵Justin Rosenberg, *Empire of Civil Society: A Critique of the Realist Theory of International Relations* (London and New York: Verso, 1994), p. 141.

¹⁶Stephen Gill, *American Hegemony and the Trilateral Commission* (Cambridge: Cambridge University Press, 1992); Kees van der Pijl, *Transnational Classes and International Relations* (London: Routledge, 1998); William I. Robinson, *A Theory of Global Capitalism: Production, Class, and State in a Transnational World* (Baltimore and London: Johns Hopkins University Press, 2004); van Apeldoorn, *op.cit.* in note 3.

¹⁷Robinson, *op.cit.* in note 16, p.9.

¹⁸*Ibid.*, p.10.

¹⁹*Ibid.*

Taiwan is a case in point of the progressive trans-nationalisation of production. As a frequently cited example of a Newly Industrialised Economy (NIE), Taiwan's development was closely linked to the world market ever since it became a Japanese colony and an exporter of agricultural produce. Even though Taiwan's export economy underwent wide-reaching technological transformations after the Second World War, up until the 1980s production took place *in* Taiwan, and finished commodities were exported mainly to Japan and the US. Nowadays, Taiwanese firms are world leaders in the manufacture and design of electronics. For example, five of the world's six largest contract manufacturers in electronics are from Taiwan.²⁰ Other numbers also demonstrate the vast extent of transnational production: "Nearly three quarters of China's computer-related products are produced by Taiwanese companies, which are themselves dependent on OEM contracts with Japanese and US companies".²¹ It is further estimated that Taiwanese businesspeople employ 14 million Chinese.²² The way production is organised has changed tremendously since the late 1980s and early 1990s. Taiwan's role as a base for Original Equipment Manufacturing (OEM) means that Taiwanese multi-national corporations (MNCs) receive orders by overseas (mainly US) firms, which seek to outsource their production. The actual production is organised by Taiwanese firms and often takes place in China. Transnational capital acquires means of production, that is, parts and components as well as machinery, in Japan, South Korea, Thailand, Vietnam or Taiwan, and transfers these to mainland China where Chinese labour power is organised by Taiwanese firms to produce the finished product. This product is then shipped to the United States or Europe, where the surplus value is realised.

This new transnational quality in the process of capital circulation creates a specific set of demands for (de-)regulation, which differ from those that appeared in the market-centred world economy. These demands cannot be treated by a single authority anymore. First of all, the largest part of Cross-Strait commodity trade consists of intra-firm trade, that is, of the shipment of parts and components as well as machinery to the production location in China.²³ This has prompted calls to deregulate Cross-Strait transportation, a topic that was gradually addressed under the Chen and Ma governments.²⁴ The second important bottleneck of the trans-nationalisation of Cross-Strait production concerns Taiwan's role as a gateway for foreign capital. Multinational corporations provide capital in money form, and Taiwanese companies then

²⁰UNCTAD, *World Investment Report 2011* (New York and Geneva: United Nations Publication, 2011), p. 219.

²¹Shaun Breslin, "Power and production: rethinking China's global economic role", *Review of International Studies* (Vol. 31, 2005), p. 745.

²²Taipei Times, 26 September 2012.

²³Christopher M. Dent, *East Asian Regionalism* (London and New York: Routledge, 2008), pp. 60-63.

²⁴In July 2006 the Chen government allowed chartered cargo flights between China and Taiwan on a case-by-case basis, if the purpose of the flight was to ship machines or parts from Taiwan to a Chinese factory by the Taiwanese firm in China (Taipei Times, 20 July 2006). Direct flights were the top priority of SEF-ARATS talks after their resumption in 2008.

invest it in the Mainland to buy labour power and land and to build factories. This is the reason for an interest in issues such as investment protection, Cross-Strait banking, currency settlements, double-taxation, etc.

In other cases than Taiwan, these issues are often addressed through multi- or bilateral agreements between governments. The history of the Chinese Civil War, however, precludes this path. As the Communist Party's legitimization narrative depends partly on an indivisible China, the PRC wants to avoid any impression of a sovereign Taiwan on the international stage. It therefore successfully blocks Taiwan from participating in regional bodies that require statehood, such as ASEAN. To circumvent the question of statehood and sovereignty, the KMT and the CCP resort to transnational institutions to regulate the civil society space across the Taiwan Strait.²⁵ This can be described as step towards the privatisation of regulation. This form of regulation depends on a re-articulation of the relation of the political sphere and the economic sphere. The following section looks at this new configuration in detail.

Of bottles and wines: The role of ideology in Cross-Strait "normalisation"

How then is the relation of the economic and the political articulated today, and how has it changed since the 1990s? The ideological landscape of China-Taiwan relations is largely defined by the following interlocking concepts: The *1992 consensus*, the slogan "Economics first, Politics later", the notion of a Cross-Strait *Status Quo*, the economic key concept *competitiveness*, and a cluster of positive outcomes, such as *mutual benefits* (or alternatively negative outcomes such as *marginalisation*, *isolation* or *industrial hollowing-out* in case of "state obstruction" with the self-regulating economic sphere of Cross-Strait relations). Together, these make the "new" Cross-Strait relations possible by providing a specific framing of China-Taiwan relations. A paradigmatic statement by Zhuang Zong-Ming of Xiamen University's World Economic Research Center of the whole ensemble is worth to be quoted at full length:

[T]he development of cross-strait economic and trade relations is largely influenced by economic globalization. However, due to the *lack of systemic arrangements*, Taiwan at the moment cannot participate in the economic cooperation process of East Asia and the world effectively. As a result, Taiwan is facing the pressure of *marginalization* in globalization and regionalization. The *strengthening of cross-strait economic and trade cooperation is undoubtedly the best and most effective way to ease the pressure*. Cross-strait economic and trade cooperation can also

²⁵The DPP government attempted this route as well: in the so-called Macau model, negotiations about air links and tourism were conducted by private companies. The failure to produce results can be attributed to the fact that the CCP had successfully approached the KMT and wanted to deny the Chen government any success in Cross-Strait matters.

bring Taiwan back to the process of East Asian economic cooperation and elevate its *competitiveness* in the world economy. ... The solid economic cooperation foundation between mainland China and Taiwan, which can further strengthen the cross-strait economic cooperation, promise the status of Taiwan and mainland China in regional production networks in East Asia and motivate the participation in economic globalization, is the best method to create *win-win symbiosis*. The cross-strait economic trade cooperation is the *inevitable historical process* in the course of world economy development. Only the strengthening of cross-strait economic cooperation can achieve cross-strait *mutual benefits*.²⁶

Here we have most of the narrative's key nodes within a single statement. The bottom line is that Cross-Strait integration is understood as an *inevitable process*, which is the only way for Taiwan to avoid isolation, maintain competitiveness and enjoy economic prosperity (usually expressed as "win-win situation", "mutual benefits" or with reference to "employment"). How do these concepts reflect the re-articulation of the politics-economy relation? Figure 1 contains a graphical representation of this narrative.

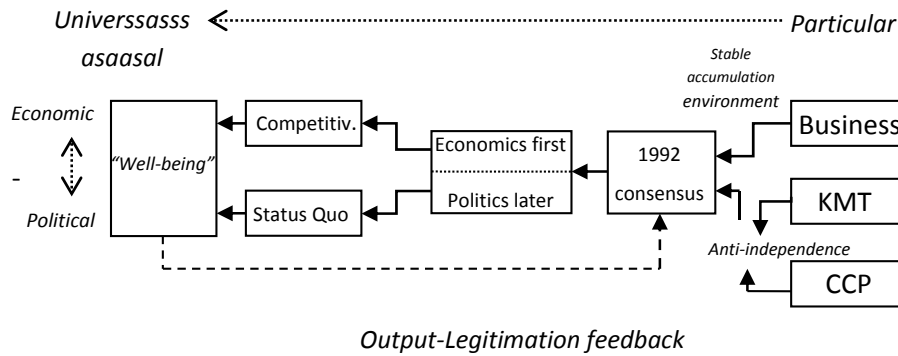


Figure 1: The ideological narrative of the Cross-Strait rapprochement.

²⁶Quoted by Business Wire, 20 July 2010, emphases added.

The common ground of the social forces that drive the China-Taiwan rapprochement is the *1992 consensus*. Although its status is highly contested, the meaning is usually summed up as “One China, different interpretations”, a formula that the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Strait (ARATS) supposedly agreed on in 1992. This represents a commitment by both sides to see both the PRC and Taiwan (the Republic of China) as being part of a single China, rather than two Chinas or one China and one Taiwan. As such, it is supposed to be a new label for the *One China principle*, that is, it is “a new bottle for old wine”²⁷, in the words of Su Chi, who coined the term 1992 consensus in the year 2000. But if the 1992 consensus and the One China principle are identical, where did the need for a new label stem from? Contrary to what Su Chi claims, it is much more than a simple semantic makeover. First, if compared to *One China*, the term 1992 consensus is more attractive in public discourse. It de-emphasises, both in label as in content, the Chinese aspects of the KMT’s rule on Taiwan, together with its implied references to the KMT’s history of the Civil War and as an émigré regime that repressed all that was Taiwanese. It therefore reflects the social and political developments since the 1970s and is more inclusive. Second, the new formula aims to increase its legitimacy by implying a social *consensus* – even though it originally and most crucially refers to a consensus between the two parties.

But the difference between the two notions goes deeper than the agents might be aware of, namely down to social relations: The original One China narrative is a product of *confrontation* between two rival regimes, the social formations of which were hermetically sealed off from each other during the Cold War. The social circumstances under which it developed is reflected in the strict mutual exclusiveness of One China, an exclusiveness that was central in the legitimacy narratives of both regimes and did not allow for any kind of recognition, even if it were as indirect as by the means of a trade agreement. In contrast to the old understanding of One China, the 1992 consensus is the product of quite a different social formation, as the trans-nationalisation has questioned the *One China*-narrative and transformed it profoundly. While the 1992 consensus *retains* its central meaning against political secession, the secession core underwent a subtle shift from ostracising a split into “two *Chinas*” to one “against *Taiwan* independence”, i.e., One China and One Taiwan. Furthermore it *accommodates* the new reality of integrated transnational production, giving space to cooperation instead of confrontation, thereby changing the game from One China’s *zero-sum* to *win-win*. The notion dialectically binds together both aspects, making a stance against independence the precondition for accumulation, and making accumulation the precondition against independence. By allowing the Taiwanese economy to prosper, the KMT’s policies are legitimised, whereas a pro-independence course is delegitimised, as it would disturb Taiwan’s accumulation regime and with it the society’s prosperity.

²⁷China Times, 26 August 2011.

The 1995/96 crisis has shown that the major threat to a stable investment environment are steps towards Taiwan independence, which is why the 1992 consensus is also the common ground between the transnational corporations and the political anti-independence forces (i.e., the KMT and the CCP). In public discourse, consequently, the pleading for a stable business environment has become synonymous with a position against independence, articulated as the support of the 1992 consensus.²⁸ The concept provides the mould for a seemingly natural coalition of business interests and anti-independence forces as it bears within itself the breeding ground for a de-politicisation of Cross-Strait civil society relations. It facilitates this de-politicisation *precisely because* – unlike the original strictly geopolitical meaning of the One China principle – the 1992 consensus can be expressed in a political *and* in an economic vocabulary. As then-Premier Wu Den-yih put it: “With the “1992 consensus” as the basis, we can set aside sensitive disputes over national sovereignty and focus efforts on cross-strait exchanges in economics, culture and tourism”²⁹.

By relating politics and the economy in this specific way, the 1992 consensus is the prerequisite of the narrative’s second node, the *Economics first, Politics later*-narrative.³⁰ The crucial difference to the times of Lee Teng-hui (and to a certain degree to the Chen Shui-bian era) is the fact that economic relations are not politicised to the same degree. Until the 1980s, trade and the transfer of capital from Taiwan to mainland China was seen as supplying communist traitors and was punishable by death. And even after a limited de-securitisation of Cross-Strait commerce in the late 1980s and early 1990s, investment from Taiwan to China was highly restricted and supervised by political authorities. Even tourism and education were restricted with reference to issues of national security. China, likewise, had openly announced in 1990 that it sought to pressure Taiwan’s political society by economic means.³¹ The economy was a natural tool for the state and therefore inseparable from it, something that has changed profoundly during the past 15 years. The apparent doubling into a political sphere, which is still highly contentious, and a pacified sphere of civil society, has been the key to discharge the latter sphere from political content. All “difficult” issues, such as sovereignty or Taiwan’s international relations are contained within the political sphere, while other matters such as trade, investment, education and tourism, among others, have been displaced into a sphere that is characterised by

²⁸Before the 2012 Presidential elections, many influential business leaders from Taiwan voiced their support for the “1992 consensus” as the cornerstone for Cross-Strait stability. These included, among others, HTC chairwoman Cher Wang, Hon Hai Precision Industry/Foxconn CEO Terry Gou, Evergreen founder Chang Yung-fa and Formosa Plastics president Wang Wen-yuan. UMC chairman John Hsuan claimed to represent 128 companies, all of which supported the 1992 consensus.

²⁹Taipei Times, 7 May 2011.

³⁰This slogan has been publicly announced repeatedly by leading figures of Cross-Strait relations, including Hu Jintao, Wang Yi and Jia Qinglin on the Chinese side, and Ma Ying-jeou, Chiang Ping-kun, Kao Koo-liang, Wu Poh-hsiung, Wu Den-yih and Vincent Siew on the Taiwanese side.

³¹Chinese President Yang Shangkun used the terms “exploit business to press politics” and “influence the government through the people”, seeTung, op.cit. in note 1, p. 2.

“mutual benefits” and “win-win situations”. While the 1992 consensus *fuses* business and political interests, this narrative *displaces* all non-political issues into the self-regulating and essentially unproblematic sphere of civil society. The insistence on the distinct nature of each sphere also contributes to the mystification of their internal relation.

In Ma Ying-jeou’s discourse the 1992 consensus is the basis for the maintenance of the *Status Quo*. As the political path of the bifurcation, the Status Quo can be understood as a counterweight to the increasing dynamism within the private sphere. Although Cross-Strait relations are in the most dynamic era since the end of the Civil War, the separation allows representing the political relations as static. It therefore functions as a stabiliser, providing ideological inertia by accommodating various legitimisation narratives within the same ideological form and under the same label. The term Status Quo stabilises the ideological environment of the Taiwan Strait by acting as an empty signifier or a container concept that can be charged with different meanings. While the 1992 consensus has been labelled old wine in new bottles, the concept of Status Quo could be said to be new wine in old bottles: For Lee Teng-hui, the Status Quo across the Taiwan Strait was that of “special state-to-state relations”, and had been so since amendments to Taiwan’s constitution in 1991 limited its applicability to Taiwan, abandoning the country’s formal claim on the Mainland. Under Chen Shui-bian, the Status Quo was defined in a way that made a formal declaration of independence redundant, with both China and Taiwan having been independent and sovereign states since the end of the Civil War. For the current Ma government, the meaning of the Status Quo is the three noes: no use of force, no independence and no change of names. It also legitimises the state of Cross-Strait relations internationally, especially with regard to the United States.³² The Status Quo’s overemphasis on the “unification vs. independence”-aspect of China-Taiwan relations helps to conceal the social dynamics within civil society. The political sphere is therefore dialectically related to the economic sphere, as only the “stability” of the former defuses the socio-economic dynamism. Conversely, only because the civil society sphere absorbs all dynamic elements of Cross-Strait relations, the political relations can be labelled to remain within the *Status Quo*.

The distinctive nature of the economic sphere is governed by the notion of *competitiveness*. This depicts the sphere as one being regulated by market forces. As Ma Ying-jeou stated recently, Taiwan’s economy depends on international competitiveness, which can only be maintained under one condition: “only by [seeking closer ties with China] we can push for closer cooperation with other countries”³³. This puts competitiveness into the role of the link between economic prosperity and integration with China. However, it establishes a hierarchy, which subordinates Taiwan’s economic relations to third countries

³²In 2007, the United States characterised Chen Shui-bian’s plans to rename Taiwan’s postal service “Chunghwa Post” to “Taiwan Post” as jeopardising the status quo. Ma Ying-jeou has changed the name back to “Chunghwa Post” in August 2008.

³³Taipei Times, 9 February 2012.

under Cross-Strait relations. The internal tension between both spheres persists despite the efforts to separate them. China, as the production base, is not only Taiwan's gateway to export markets; it also is the political gatekeeper to Taiwan's international relations. This means that Taiwan cannot question the Status Quo without jeopardising its economic relations. We have therefore seen how the particular interests of the business sector, i.e., the facilitation of capital and commodity flows, have been universalised into a matter that concerns the whole society.

The final link in the chain is therefore the "well-being" of the Taiwanese economy. The further we advance towards the universal side of the narrative, the less we can determine the specific content of the notions. The general formulations of *well-being*, *mutual benefit*, or *win-win situation* escape any attempt to define a precise meaning. While at its core it refers to economic growth and employment, it also includes other advantages, such as the freedom to travel to, work or study in China, marry a Chinese citizen, or even to live in peace, if seen against the background of the 1600 missiles that are currently pointed at Taiwan.

The outcome of this narrative as a whole is a very specific and generalised understanding of Cross-Strait *integration*: First, it is based on a separation between a political and a civil society sphere. The self-regulation of the economic sphere entails, second, a *naturalisation* of civil society relations, depriving the latter of its essentially contested core. This is expressed by Ma, who argued that opening up to China economically was not "pro-China" (i.e., a political decision), but an "economic necessity"³⁴, i.e., without alternative and as such not subject to deliberation. This results, third, in integration-sceptic forces being portrayed as obstacles to what is framed as a natural and inevitable integration process. Fourth, the narrative mystifies the particular nature of the integration-interests (as indicated by Figure 1), thereby enabling a generalisation of these interests. In the case of competitiveness, for example, this notion is not applied to single enterprises, but to whole industries or even Taiwan's economy as such. Fifth, by obscuring these private interests, Cross-Strait dynamics are legitimised as providing "well-being" to the whole society.

What becomes apparent is the distinctively capitalist and accumulation-centred narrative: central concerns are the removal of capital barriers to improve global competitiveness, regional integration and maintain access to the world market. In other words, the best outcome is only possible, if market forces are freed. The analysis has allowed understanding how the separation of the economic is articulated within this narrative. We have seen that it has been discursively supported by political and social forces, and that it is linked to legitimating functions. The findings singled out specific actors that participated in this articulation, and it also showed us where and when it took place. We can now turn to the social basis of this Cross-Strait narrative.

³⁴ Liangwei Hu, "The Basic Features and Challenges of Cross-Strait Relations in the New Era", *American Foreign Policy Interests* (Vol. 32, No. 1, 2010), p. 7.

The Social Foundations of the Cross-Strait Integration Narrative

The previous section has already indicated that ideologies do not develop in an independent realm of ideas. The claim that they stand in a close relation with the conditions of social reproduction will be pursued more systematically in this section. Ideas are not conceived out of thin air, but are always linked to a material core, and their implementation is not functionally guaranteed, but always at the centre of social struggles. Civil society is the terrain within which organic intellectuals organise the consent of the dominated by offering suitable concepts, which are supported by mechanisms of material co-optation or marginalisation. This section will relate the ideological map that has been elaborated above to organic intellectuals and their position in the transnational social formation. Contrasted with traditional intellectuals, Gramsci sees organic intellectuals, who are producers of concepts, as both the product of a specific class and at the same time as articulating this class's ideas.³⁵ Through channels such as media and education, they provide concepts and narratives that provide a rationale for the specific configuration of an era. Rather than being a passive thinker or a spokesman autonomous from social and political life, they are seen as taking an active role in organising the hegemonic project.³⁶ The organic intellectuals who emerge from the dominant groups take the social function of integrating the interests of subordinate groups into the ideological narrative to secure hegemony. Their role in the forging of a hegemonic project is therefore crucial. This section will argue that the accepted narrative of a "natural" integration stands in stark contrast to how it is actually organised by a coalition of social forces. The key notion to grasp this coalition is Gramsci's concept of the *historic bloc*, that is, "the configuration of economic and socio-political structures that maintain[s] and reproduce[s] the social" to create a state of hegemony, where power does not rest "on the control of the coercive apparatus of the state, but [is] diffused and situated in the myriad of institutions and relationships in civil society".³⁷ The notion *hegemonic project*, as an embryonic form of such a bloc, stresses the contingent outcome of its construction, that is, the state before it attains stable reproduction and consensus. In concrete terms, it urges us to look at processes linked to the creation of consensus, which includes both the production and dissemination of ideas as well as material concessions. Following Bieler and Morton, this makes the "material structure of ideology ... the principal emphasis"³⁸ of this analysis. How is the separation of the political and the economy produced and re-produced in practice? How are the universal promises of prosperity and well-being, which mystify the hegemonic project's particular

³⁵ Antonio Gramsci, *Selections from the Prison Notebooks* (London: Lawrence and Wishart, 1971), pp. 5-7.

³⁶ *Ibid.*, pp. 7- 10.

³⁷ Both: Henk Overbeek, "Transnational class formation and concepts of control: towards a genealogy of the Amsterdam Project in international political economy", *Journal of International Relations and Development* (Vol. 7, No. 2, 2004), p. 125.

³⁸ Bieler and Morton, *op.cit* in note 9, p.24.

interests, re-translated into tangible and particular concessions? In the classic formulation of Gramsci, this section examines the transnational political form, that is, "the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance, but manages to acquire the active consent of those over whom it rules"³⁹.

Before this section turns towards these mechanisms, it is important to understand the conditions of emergence of these practices. The hegemonic project of the CCP, the KMT and the transnational capital faction has assumed a *transnational political form*, the organisational centre of which is the *Cross-Strait Economic, Trade and Culture Forum*, or simply KMT-CCP Forum. Practices of regulation and practices to create consensus have been partly displaced into the sphere.⁴⁰

This transnational form of the hegemonic project is the outcome of a series of crises. After the Taiwan Strait crisis in 1995/96 exposed the vulnerability of Taiwan's economy to political tensions, Lee Teng-hui's course to politicise the economy with the NHBP-policy turned the business sector away from the KMT. The DPP reacted to China's violent response to Lee's actions as well: fearing that a hard-line independence stance might prove unpopular to the electorate as it might risk open war, it gradually softened its position. Against the background of economic consequences of a major crisis over Taiwan independence, a faction within the party argued that the DPP had to move towards a more business-friendly position.⁴¹ In February 1998, the DPP decided on the new party line "strengthen the base and go west [to China]". The core of the line was the aim to replace NHBP with a policy that allowed for investment to China in order to strengthen Taiwan's domestic economy.⁴² The business sector began to organise itself against Lee, and during the "special-state-to-state" crisis in 1999 the American Chamber of Commerce, representing interests of transnational capital from the US, described the Lee-government as an obstacle, demanding liberalisation.⁴³ Both Lee's course, that could mean economic disruption, as well as the DPP's growing awareness for economic stability, made DPP candidate Chen more attractive to the business. Before he won the election in early 2000, Chen had been officially endorsed by Evergreen's Chang Yung-fa, Acer's Stan Shih and Chi-mei's Hsu Wen-lung.⁴⁴

Soon after the election, the economic crisis of 2000/2001 provided the next opportunity to renegotiate state-business relations. Within six months of

³⁹Gramsci, op.cit. in note 35, p. 244.

⁴⁰Author, forthcoming.

⁴¹Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait* (Washington D.C.: The Brookings Institution, 2005), pp. 161-162.

⁴²Shelley Rigger, *From Opposition to Power: Taiwan's Democratic Progressive Party* (Boulder and London: Lynne Rienner Publishers, 2001), pp. 130-131; Yu-Shan Wu, "Taiwan's Domestic Politics and Cross-Strait Relations" *The China Journal* (No.53, 2005), pp. 43-44.

⁴³Taipei Times, 2 September 1999.

⁴⁴Rigger, op.cit. in note 31, p. 140.

Chen Shui-bian's election, Taiwan's stock market fell 40 per cent. Major business groups publicly promoted the One China principle, framing a rapprochement with the mainland as the only way out of the crisis and to "turn this crisis into an opportunity"⁴⁵. Businessman Wang Yung-ching was a major driving force behind mobilizing transnational capital: In November 2000 he hosted a dinner together with ten other Taiwanese tycoons, including TSMC's Morris Chang and Quanta Computer's Barry Lam. At the occasion, he pleaded the government to give priority to the economy and not to politics. A few weeks later Wang announced plans to invest US\$ 300 million in China and to open a branch office in Shanghai.

The economic crisis entailed an institutional accommodation of the business interests: In August 2000 Chen Shui-bian established the *Chen Advisory Group* (or "inter-party task force on cross-strait relations") to include opposition parties and the private sector in the making of Cross-Strait policy.⁴⁶ But although most members agreed on the proposition that Taiwan could not avoid re-establishing direct links with China, Chen's unwillingness to subscribe to the 1992 consensus precluded any policy change. But already a few months later, in August 2001, Chen convened another body, this time named the *Economic Development Advisory Conference*, the motto of which was "Taiwan first, economy first, and investment first". Not only were business representatives well represented among the 120 members; six business groups, among them the Chinese National Federation of Industries (CNFI) and the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), set up pressure groups before the conference convened. Their organised pressure to open Cross-Strait trade combined with threats to move their headquarters to other countries resulted in the conference *unanimously* passing the recommendation to scrap NHBP and open direct links with China. The business sector had successfully channelled its structural power and set the foundation for a broader hegemonic project.

These respective outcomes of these crises contributed to the specific *transnational* form. The form of these processes of regulation is not functionally predetermined, but depends on historical conditions of accumulation and the relations between social forces.⁴⁷ From the capital side, its mobilization against the NHBP policy conditioned the form of its politicisation and the form through which it organised its political agency. But why did the KMT become part of this transnational project? Unlike integration projects as the EU, the project across the Taiwan Strait was driven by the KMT being in the position of an *opposition party*, and not the government. It could not draw on the state apparatus to materially ground its project. After two lost presidential elections and given the

⁴⁵In this case: Wang Yung-ching of Formosa Plastics (*Taipei Times*, 20 June 2001).

⁴⁶Taipei Times, 3 September 2000.

⁴⁷Ulrich Brand, Christoph Görg and Markus Wissen, "Second-Order Condensations of Societal Power Relations: Environmental Politics and the Internationalization of the State from a Neo-Poulantzian Perspective", *Antipode* (Vol. 43, No. 1, 2011), p. 162.

threat of steps towards Taiwan independence by the DPP government, the KMT stood on common ground with the other two forces of the project, that is, the prevention of Taiwan independence.

Let us now turn to the material and ideological cores of the project's attempt to create consent. The *material core* is concerned with the project's capacity to provide material concessions to subaltern forces. Over the past seven years, the project has developed a wide array of mechanisms to achieve this. Central to this undertaking is the KMT-CCP Forum. During the Chen-presidency, the KMT-CCP cooperation in this forum could successfully marginalise the government. First of all, the CCP could stall negotiations with the Chen-government and thereby discredit his government. On the other hand, the CCP could *unilaterally* implement decisions from the KMT-CCP Forum to the same effect, and furthermore directly negotiate tangible outcomes for Taiwanese citizens. The early focus was on Taiwan's farmers, who constitute a social group that is concerned about the sheer offer of Chinese agricultural products and therefore is generally said to be structurally positioned against Cross-Strait integration and in favour of the DPP. The KMT-CCP Forum, consequently, promoted the export of Taiwanese surplus produce to China, and implemented measures to consolidate the demand.⁴⁸ Furthermore, the PRC gradually opened its labour market for Taiwanese citizens, opening job and education opportunities in times of the financial crisis. Another important mechanism of co-optation is that of Cross-Strait procurement missions. These consist of hundreds of representatives of Chinese provinces and corporations travelling throughout Taiwan and placing large orders with local supplier firms. In 2009, these orders are said to have amounted to 7.6 per cent of Taiwan's total exports, and therefore represent a crucial mechanism to enlarge the support for the integration narrative.⁴⁹ Since 2008 the KMT, as a government party, can draw on state institutions as well. This is why recently the material concessions were broadened to further social groups with the help of programs that aim to intensify Cross-Strait cooperation in the sectors of tourism, education, culture and media, all of which have the double function of being an important economic factor, and of spreading the common ideological narrative.

The *ideological core* is concerned with the organic intellectuals' success to disseminate the narrative of Cross-Strait integration. These intellectuals encompass both individuals (often from the political, business or media nexus) and corporate organic intellectuals (e.g., think tanks or media groups). Often, both of these hang together: Winston Wong, the son of Wang Yung-ching, has co-founded Grace Semiconductor with the son of Jiang Zemin in the year 2000. He has articulated his economic and political visions in a book titled "Taiwan – The Lost Country", and he promotes these visions through his role as founder respectively funder of two think tanks. The Taiwan Competitiveness Forum, co-

⁴⁸Author, op.cit. in note 40.

⁴⁹Ibid., p. 17.

founded by Wong in 2007, is co-organiser of the Cross-Strait Competitiveness Forum and other pro-integration conferences. The statement quoted at the beginning of the previous section had been articulated at one of these occasions. Several other important think tanks are also affiliated with business groups, such as Evergreen or Chi Mei. Wong's sister Cher Wang is not only known for leading the companies HTC and VIA Technologies. She also owns the Taiwanese television network TVBS, and is Taiwan's representative at the APEC Business Advisory Council. All of these business groups and their connected think tanks or media draw their resources from Cross-Strait capital relations. Vincent Siew draws his influence from his position between politics and business. During his political career he was Minister of Economic Affairs, chairman of the Council for Economic Planning and Development, Prime Minister, APEC representative, and Vice President between 2008 and 2012. His Cross Strait Common Market Foundation not only articulates public pressure in favour of economic integration with China; it also organises Taiwan's delegation to the Boao Forum, the Asian version of the World Economic Forum. His close connections to Chinese decision-makers date back to his first visit to China in 2001, which makes him a cornerstone of the business-KMT-CCP triangle. Common to all these examples is their close connection to the transnational Cross-Strait capital. The political (Siew and to a certain degree Cher Wang at APEC) and economic aspects of these organic intellectuals are intertwined with each other and the political economy of public opinion to a degree that the boundary becomes blurred. If the ideological separation is sustained by the amalgamation of forces from both spheres, what does this mean for the internal dynamics of the transnational social form?

Status Quo Vadis? Internal Contradictions of Transnational Regulation across the Taiwan Strait

Has the organic link between political and civil society and structures of accumulation been achieved? The current set of ideological parameters not only generalises the need for integration, it also springs out of very specific demands of transnational capital circulation. The main channels of ideological production and co-optation are transnational, be they think tanks, political forums, the business sector or other civil society institutions. Paradoxically, the ideological separation of the economic and the political is driven forward by social forces, which depend on an amalgamation of civil society and political processes and institutions. The consolidation of the hegemonic project's narrative of a separation between economic exchange and political co-operation is impossible to sustain without these networks not only increasing their interlock, but actually merging into each other.

The hegemonic project across the Taiwan Strait is doubly instable: First, it is instable on the *conjunctural* level of social forces: the common ground of the KMT and the CCP was to prevent Taiwan independence, which corresponds to the business need for a stable investment environment. Their long-term

interests, however, diverge. The Communist Party clings to its ultimate goal of unification. It is therefore assumed that the party might push Ma Ying-jeou towards political talks before his second term ends in 2016. One possible route could be talks about a peace accord, a point that Ma himself raised during the recent election campaign. However, this comes at the risk of Ma being perceived as being pro-unification, thereby de-legitimising the KMT's role in the transnational project, as the party is democratically mandated to preserve the Status Quo. The business sector as well draws its power from the discords between the CCP and the KMT. In case of unification with the PRC, Taiwan might lose its unique role as a gateway for transnational capital. Even though it is conceivable that Taiwan might retain more substantial institutional liberties than Hong Kong, the relative structural power that capital gains due to the political fragmentation across the Strait and the KMT's dependence on transnational structures would decline.

Second, and more importantly, the hegemonic project is unstable on the structural level of the *social form*. The consolidation of the hegemonic project depends on its success to reinforce and consolidate the appearance of separate and independent spheres of markets and states, of the economic and the political. Paradoxically, the strong appearance of separation can only be maintained through a close co-operation of political and civil society agents. What are the ramifications of this configuration in concrete terms?

The analysis of the hegemonic projects narrative in section three showed that a strict separation of the political and the economic cannot be maintained. The 1992 consensus is articulated in a way that stable investment environment is the economic expression of the political stance against independence and vice-versa. This is the ideological expression of the *internal* relation of both spheres in capitalism. Section four added to this structural tension the organisational interlock in practice. Is this transnational political form contradictory? The following tendencies undermine the successful portraying of the separation of spheres:

As argued above, we can observe an *increasing interlock* between political and economic forces, as is for example the case in the KMT-CCP Forum or the Boao Forum for Asia. To increase the capacity of the project to make material concessions, the KMT-CCP Forum, for example, organises huge procurement missions, where economic influence is directly organised by the CCP and the KMT. The same is true for the production and organisation of ideas. But especially the close connection of Cross-Strait corporations and media can provoke controversial debates, such as the recent public mobilization in the "Media Monopoly" debate concerning Tsai Eng-Meng's WantWant Group and more recently the attempt by a group of Taiwanese entrepreneurs around Tsai and Wong to acquire NextMedia. Tsai is a prime example of transnational Cross-Strait business extending into media. His rice cracker company WantWant makes over 90 per cent of its revenue by conducting business in China, which allowed him to buy the China Times Group in 2008. This gives him control not only over

one of the high-circulation daily newspaper in Taiwan, but also over two television channels. But the attempt to reach further into Taiwan's media landscape put this development into the public spotlight. Rather than improving the project's capacity to disseminate its narrative, the enlargement of its material base sparked resistance. Students and journalists organised public protest against the alliance of pro-China forces.⁵⁰ The concentration of means of ideological production lays bare the strategies and the hegemonic forces and stakes of the struggle, exposing the contested nature of the project, and thereby opening up potential for counter-hegemonic agency. While the increasing integration of all elements of the hegemonic project might increase its capacity to articulate its narrative, this clustering also makes it vulnerable to protest and resistance from subordinate social forces. In other words, the more the bloc aims to be perceived as being detached from the self-regulated civil society, the more it has to permeate and organise this sphere.

The obvious way to counter this development would be to re-politicise the regulation, that is, to put it back into the hands of a formal intergovernmental process. However, China does not want to recognise Taiwan as a legitimate government, which excludes negotiations on the basis of equal sovereignty. Second, the hegemonic project wants to retain the transnational structures: In case of a DPP election victory, the hegemonic project could rely on its transnational form in order to isolate a DPP government, as was the case between 2005 and 2008. Since then, the Forum has been able to marginalise the DPP even further. After the lost presidential election in January 2012, the party prepares to enter the transnational field itself. It has re-opened its China Affairs Department to broaden its options, and several of its members have undertaken trips to China in a private capacity. However, substantial transnational contacts to the CCP depend on the DPP subscribing to one form or another of the 1992 consensus.⁵¹ The DPP therefore is presented with the choice to either stay in a subaltern position, or to subscribe to the integration narrative and thereby be incorporated into the hegemonic project. This would complete the hegemonic project and provide a stable foundation for a hegemonic bloc.

The Achilles' heel of the project is the issue of legitimacy. This transnational political form is more vulnerable to economic crises, because it depends entirely on *output* legitimation, mainly material concessions in the form of investment, job and education opportunities, etc. In addition, the hegemonic project seeks to enlarge its input legitimation. This includes efforts to include other social forces in the project: The KMT-CCP Forum's plenary session, for example, is said to be composed by a large variety of civil society representatives from business, culture and education sectors. However, these are handpicked by

⁵⁰Ming-Yeh T. Rawnsley, "Anti-media monopoly explained", *Taipei Times* (4 February 2013), p.8.

⁵¹In August 2012, DPP member and former SEF chairman Hong Chi-chang proposed the formula "2012 consensus" as a basis for DPP-CCP contacts.

the parties and therefore do not conform to a "pluralist" vision of input legitimation. Due to its transnational form, there is no institutional input element, such as a democratic procedure, which could compensate for a lack of legitimating output in times of crisis.

These elements of uncertainty bring with them the implication that the internal link between both spheres is increasingly difficult to mystify, undermining the socially constructed separation and the legitimation narratives of the quasi-natural integration being in the general interests. On the contrary, the particular interests might move to the centre of attention, as in the case of the Media-Monopoly controversy. On a transnational level without formal institutions, the separation between politics, economics and the production of knowledge about these spheres become blurred.⁵²

Conclusion

In the case of China-Taiwan relations, globalising capital has led to a trans-nationalisation of state forms, even though it was shaped by unique historical and socio-economic circumstances – primarily by the outcome of the Chinese Civil War and its international fall-out in the form of a zero-sum game for international recognition. Integration is not a natural outcome, but the result of a social struggle that took place around a succession of social, political and economic crises from the early 1980s up to today. The amalgamation of political and civil society forces unveils a crisis tendency. How do these findings relate to the theoretical debates concerning historical materialist approaches to the transnational?

Bieler and Morton claim that the only place where a historical bloc can be founded is the national context.⁵³ This analysis has shown that transnational forces emerging out of a trans-nationalisation of the capital relation can forge a genuinely transnational bloc. This bloc formed in a transnational space against the national context of the democratically legitimated DPP government. This demonstrates, with regard to the criticism of Germain and Kenny, that not only it is *possible* to think Gramsci in transnational terms.⁵⁴ It could be argued that we *have* to enlarge our scope: if the capital relation trans-nationalises across and beyond national borders, clinging conceptually to national social formations is likely to result in distorted analyses. If we assume that our society is profoundly structured by capitalism, and if we regard the relation between capital and labour as the building block of our approach, the expansion of this relation across national borders is likely to have ramifications on how the social formation is reproduced. During the times of both Marx and Gramsci, world markets were

⁵² Jens Wissel, *Die Transnationalisierung von Herrschaftsverhältnissen: Zur Aktualität von Nicos Poulantzas' Staatstheorie* (Baden-Baden: Nomos, 2007), p. 118.

⁵³ Bieler and Morton, op.cit. in note 9, p. 25.

⁵⁴ Germain and Kenny, op.cit. in note 4.

largely a matter of commodity trade. Only recently production has been transnationalised to such a degree that we cannot ignore it. The specific historical conditions of the Taiwan Strait provide an interesting environment to study the consequences of this trans-nationalisation.

Furthermore, this analysis has demonstrated that bringing the capital relation back into the analysis of China-Taiwan relations profoundly broadens the analytical scope for future research: the asymmetry of the relation between China and Taiwan is not (only) founded on imbalances in the military capacities, population or identity. Rather, it is crucially structured by a social asymmetry along class lines. How is the (re-)production of Taiwan's sovereignty conditioned by the fact that the relation between capital and labour crosses national boundaries? Is the transnational political form a unique arrangement to pool, however unequally, the sovereignty within Greater China?

For the time being, the "United Front", as the hegemonic project is called by its critics, seems stable. It has already distorted Taiwan's domestic politics and social structure. But the social form it has assumed carries within itself the tendency to undermine its own foundation, sparking social awareness and protest. And if the history of modern China has taught us one lesson, it is that united fronts have a history of falling apart.

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