

LIBERAL PEACE IN EAST ASIA? A STUDY OF CHINA-TAIWAN RELATIONS

by

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To my family

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by

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According to the concept of democratic peace, the more democracies emerge, the less conflict will occur. However, a mature democracy is not built and can not be consolidated in one day. In fact, an immature democratic state may increase the risk of conflict with other states. To be specific, the probability of conflict between states may increase or could actually occur when a state is in the process of consolidating its democracy. In a word, for a young democratic state such as Taiwan, the peace may not come along with democracy. As a result, democracy may not necessarily produce the pacifying effect on China-Taiwan relations. The conventional wisdom claims that trade generally reduces conflict. In fact, the pacifying trade effect on conflict is conditional. In a nutshell, the claim that trade generally reduces conflict is unclear; that is, it implies that the pacifying trade effect on conflict may not be suitable to China-Taiwan relations. Finally, domestic factors in Taiwan, such as national identity and party ID, play crucial roles to influence people's attitudes toward China and to affect people's voting behavior. Therefore, leaders need to take domestic factors into their considerations while making China policies. All in all, does democracy produce the pacifying effect on conflict? Does more trade lead to less conflict? Could domestic factors affect the cross-Strait (China-Taiwan) relations? Build upon

studying those million-dollar questions, a wider picture of understanding about whether or not the concept of liberal peace is suitable to East Asia could become more clear and vivid. Hence, this dissertation aims to shed some lights on those research agendas. To conclude, my contribution is to test the conventional liberal peace wisdom to see if it is a useful policy to deal with a rising China. Hopefully, this dissertation can shed some lights on forthcoming scholars who are interested in an ascending China.

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CHAPTER 1

INTRODUCTION

The conventional wisdom shows that the more democracies emerge, the more peace can be produced because democracies are less likely to fight against one another, and democracies are more likely to win the wars they engage with autocracies. Furthermore, the conventional wisdom also shows that trade can generally reduce conflict. Therefore, does democracy produce peace? Does more trade lead to less conflict? Could domestic factors affect the cross-Strait (China-Taiwan) relations? Build upon studying these million-dollar questions, a wider picture of understanding about whether or not the concept of liberal peace is suitable to East Asia could become more clear and vivid. As a result, this dissertation aims to shed some lights on these research agenda.

In Chapter 2, the relationship between democracy and conflict will be discussed. The method that I will use is the panel data-set which can also be seeing as the cross-sectional time series data-set. By utilizing the panel data-set, it will capture the dynamics between China and Taiwan. Moreover, it will capture the dynamics of variables across time. The dependent variables are events of verbal and material conflict. Events data are taken from the GDELT project which is a new CAMEO-coded dataset from 1989 to 2017. The major independent variable is the measure of democracy. And democracy data are mainly taken from Polity IV, Worldwide Governance Indicators (WGI), and the Freedom House.

In Chapter 3, the relationship between trade and conflict will be examined. The method that I will use is also the panel data-set which can also be seeing as the cross-sectional time series data-set. By utilizing the panel data-set, it will capture the dynamics between China and Taiwan.

Moreover, it will also capture the dynamics of variables across time. The unit of analysis will be the country-year. The countries are China and Taiwan (2 countries), and the years are from 1989 to 2017 (29 years). The dependent variables are still events of verbal and material conflict. Events data are taken from the GDELT project which is a new CAMEO-coded dataset from 1989 to 2017. The key independent variable is trade data. And trade data are mainly taken from the Correlates of War Project [Bilateral Trade, 1870-2009 (v3.0)] and OECD statistic database (OECD.Stat).

In Chapter 4, Taiwan people's attitudes toward China will be analyzed. The method that I will use is the survey data. By doing the survey analysis, it will show which explanatory variables provide more compelling effects. The survey data that I will use come from Taiwan's Election and Democratization Study (TEDS). TEDS is a large-scale survey project which is funded by the Department of Humanities and Social Science of the Ministry of Science and Technology in Taiwan.

All in all, this dissertation is divided into five chapters. Chapter 1 provides an overall introduction. Chapter 2 discusses the relationship between democracy and conflict. Chapter 3 illustrates the relationship between trade and conflict. Chapter 4 investigates how people's attitudes toward China in Taiwan could affect the cross-Straits relations. Finally, Chapter 5 presents concluding thoughts.

CHAPTER 2

HIGHER DEMOCRACY PRODUCES LOWER CONFLICT?

INTRODUCTION

According to the concept of democratic peace, “democracy, economic interdependence, and involvement in international organizations reduce the incidence of militarized interstate disputes;” that is, the international system will become more peaceful and stable if there are more democratic states emergence and if more trade occurs between states (Oneal and Russett 1999b, 34). Moreover, democratic states, which are constrained by their societies from collecting rents, will tend to “create fewer economic distortions, possess greater national wealth, and enjoy greater societal support” (Lake 1992, 32). As a result, democracies are more likely to win the wars they engage with autocracies (Lake 1992; Reiter and Stam 1998). In addition, democracies tend to mobilize as many resources as possible such as democracies ally with each other, and “democratic leaders tend to choose to fight when they expect to win;” therefore and again, democracies are more likely to win the wars they engage with autocracies (Bueno de Mesquita et al. 1999, 804). All in all, the more democracies emerge, the more peace can be produced.

However, a mature democracy is not built and can not be consolidated in one day. In other words, an immature democratic state may increase the risk of conflicts with other states. As a result, democracy does not necessarily make a state become more peaceful and secure. Thus, the probability of conflicts between states may increase or could actually occur when a state is in the process of consolidating its democracy.

LITERATURE REVIEW AND HYPOTHESIS

Democracy makes leadership change in Taiwan become more peaceful. However, does democratization bring more peace upon the Taiwan Strait? Does the leadership change in democratic system in Taiwan put an end to the rival-ship between China and Taiwan or reenergize the rival-ship across the Taiwan Strait every four years?

Immanuel Kant believes that the conflict and violence between states are inherent in the international system because the international system is an anarchic world; therefore, the Kantian suggests that democracy, interdependence, and international organizations are three foundations to create a long-lived peace in the international system (Oneal and Russett 1999b). Scholars (e.g., Wang 1996; Gleditsch and Hegre 1997) believe the Kantian peace concept as well. Oneal and Russett (1999b) further confirm and agree with the Kantian peace concept which is that “democracy, economic interdependence, and involvement in international organizations reduce the incidence of militarized interstate disputes” (34). In other words, the international system will become more peaceful and stable if there are more democratic states emergence and if more trade occurs between states.

Other scholar like Lake (1992) also supports the concept of democratic peace and further states that “democracies are more likely to prevail in wars with autocratic states” (24). Lake (1992) uses the microeconomic theory of the state which treats that the state is a firm that provides services for revenues in order to seek maximum profit. Protection is the most important service which is provided by the state. Obviously, consumers (citizens) prefer to purchase protection at the lowest price, and the state (the firm) prefers to sell protection at the highest price. Therefore, the demand and supply of protection is what Lake (1992) calls as state rent

seeking. In addition, compared to autocratic states, democratic states are more constrained by their societies from collecting rents; nevertheless, if the external threat is severe, citizens are more willing to purchase protection at a high price such as “pay higher taxes” (Lake 1992, 30). In other words, democratic states tend to receive more support from their societies. In short, democratic states, which are constrained by their societies from collecting rents, will tend to “create fewer economic distortions, possess greater national wealth, and enjoy greater societal support” (Lake 1992, 32). As a result, democracies are more likely to win the wars they engage with autocracies (Lake 1992; Reiter and Stam 1998).

From the political perspective, Gartzke (2007) states that leaders in both autocracies and democracies have one thing in common; that is, they intend to stay in power. In order to stay in power, leaders need to maintain their winning coalitions. Leaders in autocracies have a relatively small size of winning coalition so that they can easily satisfy with their upholders or simply buy off their supporters. However, leaders in democracies have a relatively large size of winning coalition so that it will be difficult for democratic leaders to maintain their winning coalitions. Therefore, if democratic leaders lose the wars they are engaged, they can be easily replaced, meaning that voters may not vote for them in the next election. As a result of that, democracies carefully select their targets, and democracies mobilize all resources they can gather in order to win the wars they are engaged. This is one of the reasons to explain that democracies are more likely to win the wars they are engaged. And it also explains that two democracies tend to solve their disputes through negotiations instead of via the use of force. Therefore, democracies are less prone to wars.

However, some scholars such as Mansfield and Snyder (1995) argue that “incipient or partial democratization can be an occasion for the rise of war” (6). This is because a mature democracy is not built and can not be consolidated in one day. In other words, it does not mean that conflicts between states will be gone overnight once all states become democratic regimes. Moreover, when investigating the correlation between democracy and conflict, Gibler and Miller (2013) use the concept of territorial peace to study this research topic. However, when the concept of territorial peace is accounted for the correlation between democracy and conflict, the democratic peace concept is in danger. In a nutshell, Gibler and Miller (2013) argue that when taking contiguity into consideration, democracies are not more likely to win the wars they are engaged, and “democracies do not fight shorter disputes” because when facing contiguous conflicts, democracies do not necessarily fight shorter wars against their adjoining neighbors (277). In a word, democracy does not necessarily make a state become more peaceful and secure.

For example, if the concept of democratic peace holds, the United States and its democratic allies such as Australia and the government of South Vietnam should defeat the Vietnam People's Army (North Vietnamese Army), and Vietnam should be a well-developed democratic regime like Japan today because “democracies are more likely to win their wars” (Oneal and Russett 1999b, 8). Nevertheless, the reality is opposite. The United States retreated from South Vietnam in 1973, and Vietnam is a communist state today. The Vietnam War is a great case which shows that when the government of South Vietnam was in the process of transition to a democratic regime and in the process of consolidating its democracy, the military conflicts between two sides (North and South Vietnam) were actually occurred. And the corrupted government of South Vietnam under democracy did not provide a fruitful peace to

South Vietnam. Thus, the probability of conflicts between states may increase or could actually occur when a state is in the process of transition to a democratic regime and when a state is in the process of consolidating its democracy.

Taiwan has been one of the remarkable young democracies in East Asia since 1996, but the peaceful environment between China and Taiwan does not come along with democracy. Instead, conflicts between two sides have escalated since Taiwan has become a democratic regime. According to the concept of democratic peace, democracies tend to mobilize as many resources as possible such as democracies ally with each other, and “democratic leaders tend to choose to fight when they expect to win;” therefore, democracies are more likely to win wars they engage with autocracies (Bueno de Mesquita et al. 1999, 804). However, Taiwan does not have formal relationships with major democratic powers such as the United States, the United Kingdom, France, Japan etc. Consequently, if China invades Taiwan, will those major democratic powers consider Taiwan as one of their democratic partners and decide to defend Taiwan in accordance with the concept of democratic peace? What if those major democratic powers just sit by and wait to see what will happen because China is a very powerful autocracy today? Apparently, democracy does not necessarily bestow peace upon a state.

From 1959 to 1994, Taiwan was an authoritarian regime which was under the pro-reunification Kuomintang (KMT)’s control. Interestingly, not many conflicts such as any bluffing or maneuver against Taiwan from China occurred during Taiwan’s authoritarian era. Furthermore, based on this relatively peaceful authoritarian era and combined with the appropriate economic policies which made by the KMT, Taiwan’s export-oriented economy took off, and Taiwan earned the reputation of Four Asian Dragons along with Hong Kong, South

Korea, and Singapore in the 1980s. Nevertheless, conflicts between China and Taiwan have escalated ever since 1995.

The first direct presidential election in Taiwan was occurred on March 23, 1996, and this was the very first time that Chinese/Taiwanese people were allowed to directly choose their leader. As a result, the 1996 presidential election was marked as an important step in which Taiwan transferred from an authoritarian to a democratic regime. Nonetheless, conflicts between China and Taiwan have started to escalate as well. During the 1995-1996 Taiwan Strait Missile Crisis, which was from March 1995 to Taiwan's first presidential election in March 1996, China launched strategic missiles which were capable of carrying nuclear warheads from Fujian to just outside Taiwan's coastline. Even though regular military maneuvers were the stated reason given by Beijing, it was clear that the missiles were meant to intimidate Taiwan's voters. One missile hit outside of Taiwan's north coast which was near the capital city of Taipei, and the other one hit outside of Taiwan's south coast which was near Kaohsiung, an industrial and transportation center. In the United States, President Clinton dispatched the Nimitz and Independence aircraft carriers into the Taiwan Strait to patrol Taiwan's coastline. Apparently, the United States sent a clear message to China that the two American aircraft carriers in the Taiwan Strait were meant not only to prevent the two sides from fighting each other but also to protect Taiwan's democracy.

Many scholars (e.g., Lake 1992; Russett 1993; Oneal et al. 1996; Wang 1996; Gleditsch and Hegre 1997; Oneal and Russett 1997; Reiter and Stam 1998; Russett et al. 1998; Bueno de Mesquita et al. 1999; Oneal and Russett 1999a; Oneal and Russett 1999b; Oneal et al. 2003; Dafoe et al. 2013) study and suggest the concept of democratic peace in which the more

democracies emerge, the more peace will exist in the international system, and democracies are more likely to win the wars they engage with autocracies. However, my concern is that conflicts between states will not just disappear because a state becomes a democratic regime. Actually, an immature democratic state may produce more conflict than peace. In order to test my assumption, here is my hypothesis:

H1: In a young democratic state such as Taiwan, the peace may not come along with democracy. Therefore, conflict between China and Taiwan is more likely to occur when Taiwan is in the process of consolidating its democracy.

METHODOLOGY

The method that I will use is the panel data-set which can also be seeing as the cross-sectional time series data-set. By utilizing the panel data-set, it will capture the dynamics between China and Taiwan. Moreover, it will capture the dynamics of variables across time. The unit of analysis will be the country-year. The countries are China and Taiwan (2 countries), and the years are from 1989 to 2017 (29 years). Consequently, the observations in my panel data-set are 58 observations; that is, $2 \text{ countries} \times 29 \text{ years} = 58 \text{ observations}$. Since Worldwide Governance Indicators (WGI) data are from 1996 to 2017 (22 years) and WGI does not have the data in 1997, 1999, and 2001, the observations in Model 2 are 38 observations; that is, $\{[2 \text{ countries} \times 22 \text{ years}] - [2 \text{ countries} \times 3 \text{ years (no data in 1997, 1999, and 2001)}]\} = 38 \text{ observations}$. If the time periods in the panel data-set are less than 20 years, this panel data-set can be treated as the micro-panel data-set. And researchers may not need to worry about the problem of serial correlation if they have the micro-panel data-set. Conversely, if the time periods in the panel data-set are 20 to 30 years or even more than 30 years, this panel data-set

will be treated as the macro-panel data-set. And the problem of serial correlation is highly likely to occur in the macro-panel data-set. Therefore, if researchers ignore the problem of serial correlation, the results of pooled regression will be biased. Since my panel data-set covers 29 years, it implies that I need to deal with the problem of serial correlation. As a result, I use the method of panel generalized least squares (xtgls in Stata) to solve the problem of serial correlation; moreover, the method I use will provide me optimistic and robust standard error estimates.

The dependent variables are events of verbal and material conflict. That is, events of verbal conflict (evc) and events of material conflict (emc) are two separate dependent variables. Events of verbal conflict are low-level conflict such as words' exchanges or verbal threats in military actions etc. Events of material conflict are high-level conflict such as military exercises or missile tests etc. I will recode events of verbal conflict (evc) as 1 if the low-level conflict occurs; recode as 0 otherwise. And I will recode events of material conflict (emc) as 1 if the high-level conflict happens; recode as 0 otherwise. Then I will add 30 days events data together which will give me a monthly events data. And then I will add 12 months events data together which will give me a yearly events data. Events data are taken from the GDELT project which is a new CAMEO-coded dataset from 1989 to 2017. Therefore, the analysis in Model 1 and Model 3 is between 1989 and 2017. However, the analysis in Model 2 is between 1996 and 2017 because of Worldwide Governance Indicators data availability.

The major independent variable is the measure of democracy such as Polity IV scores. Except for Polity IV; furthermore, I will use the other two democratic indicators. One of the democratic indicators is the Worldwide Governance Indicators (WGI); that is, WGI breaks

democracy (one variable) into six democratic indicators such as voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. The other one of the democratic indicators is the Freedom House; that is, it divides democracy (one variable) into two democratic indicators such as political rights and civil liberties. In addition, bilateral trade, travelers, and FDI flows are the other three independent variables. Bilateral trade data are mainly taken from the Correlates of War Project [Bilateral Trade, 1870-2009 (v3.0)] and OECD statistic database (OECD.Stat). Travelers data are taken from Taiwan's Ministry of Transportation and Communications and are taken from China's National Bureau of Statistics. In order to assess the effect of travelers on events of verbal and material conflict, the effect of travelers is measured as: $\text{Travelers}_{\text{Taiwan}} = \text{Total Chinese travelers travel to Taiwan} \div \text{Total World travelers travel to Taiwan}$, and $\text{Travelers}_{\text{China}} = \text{Total Taiwanese travelers travel to China} \div \text{Total World travelers travel to China}$. Finally, FDI flows data are taken from Taiwan's Investment Commission, MOEA, Ministry of Economic Affairs and are taken from China's National Bureau of Statistics.

ANALYSIS

According to Table 1, in Model 1, the explanatory variable of democracy (-0.0244) is negatively but statistically insignificant. That is, the more democracy the Taiwan has become, the less likely the events of verbal conflict between China and Taiwan will occur. It seems like that the empirical result coincides with the concept of democratic peace. Since Taiwan is a democracy, the other democratic states, such as the United States, Japan, and South Korea, might potentially be Taiwan's friends and allies. As a result, China may need to think twice before it tries to escalate tensions against Taiwan. And this is one of the reasons that China tells the whole

Table 1: The effect of democracy on verbal and material conflict

	Model 1		Model 2		Model 3	
	Verbal Conflict	Material Conflict	Verbal Conflict	Material Conflict	Verbal Conflict	Material Conflict
Democracy (Polity IV)	-0.0244	0.00157				
Voice and Accountability			-0.910*	-0.817		
Political Stability and Absence of Violence			0.253	0.164		
Government Effectiveness			-0.452	-0.355		
Regulatory Quality			0.335	0.963*		
Rule of Law			0.439	0.509		
Control of Corruption			0.592	-0.195		
Political Rights					0.480**	0.365**
Civil Liberties					-0.489**	-0.437**
Bilateral Trade	0.646***	0.558***	0.183	0.0201	0.571***	0.499***
Travelers	-2.052	-1.311	-2.537***	-1.365	-0.961	-0.472
FDI flows	0.0172	-0.0264	0.163***	0.207***	0.00921	-0.0156
Constant	12.53***	11.75***	11.08***	9.795***	12.11***	11.70***
Observations	58	58	38	38	58	58

*** p<0.01, ** p<0.05, * p<0.1

world that the Taiwan issue is a Chinese domestic issue instead of an international issue. Nonetheless, the empirical result of democracy is not statistically significant because its p-value is bigger than the traditional significance level (0.05). That is, democracy does not have the statistically significant effect on events of verbal conflict between China and Taiwan. Therefore, when facing China-Taiwan relations, the concept of democratic peace does not hold because the empirical result does not back up its claim.

According to Table 1, in Model 1, the explanatory variable of bilateral trade (0.646) is positively and statistically significant. That is, events of verbal conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. In other words, bilateral trade has the statistically significant effect on events of verbal conflict between China and Taiwan. Hence, it seems like that trade does not provide the pacifying effect on China-Taiwan relations. Moreover, in Model 1, the explanatory variable of travelers (-2.052) is negatively but statistically insignificant according to Table 1. That is, the more the people travel between both sides, the less likely the events of verbal conflict between China and Taiwan will occur. However, the empirical result of travelers is not statistically significant. Consequently, the explanatory variable of travelers does not have the statistically significant effect on events of verbal conflict between China and Taiwan. In addition, in Model 1, the explanatory variable of FDI flows (0.0172) is positively but statistically insignificant according to Table 1. That is, events of verbal conflict between China and Taiwan tend to increase when foreign direct investments between both sides increase. However, the empirical result of FDI flows is not statistically significant. Thus, the explanatory variable of FDI flows does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

Furthermore, in Model 1, the explanatory variable of democracy (0.00157) is positively but statistically insignificant according to Table 1. That is, the more democracy the Taiwan has become, the more likely the events of material conflict between China and Taiwan tend to occur. Taiwan is a de facto democracy now, and Taiwan may be moving toward a de jure independent democratic country in the future when Taiwan keeps consolidating its democracy. This is what China worries the most. From a de facto democracy to a de jure independent democratic country, it will exceed China's tolerable limit. From China's perspective, it sees Taiwan as one of its provinces. Therefore, from a Taiwan province to an independent democratic Taiwan country, China will not allow this situation to happen. As a result, events of material conflict between China and Taiwan are more likely to occur when Taiwan continues consolidating its democracy. Nevertheless, the empirical result of democracy is not statistically significant. Consequently, democracy does not have the statistically significant effect on events of material conflict between China and Taiwan.

According to Table 1, in Model 1, the explanatory variable of bilateral trade (0.558) is positively and statistically significant. That is, when bilateral trade between both sides increases, events of material conflict between China and Taiwan are more likely to occur. In other words, bilateral trade has the statistically significant effect on events of material conflict between China and Taiwan. Again, it seems like that trade does not provide the pacifying effect on China-Taiwan relations. Furthermore, in Model 1, the explanatory variable of travelers (-1.311) is negatively but statistically insignificant according to Table 1. That is, the more the people travel between both sides, the less likely the events of material conflict between China and Taiwan will occur. Nonetheless, the empirical result of travelers is not statistically significant. Thus, the

explanatory variable of travelers does not have the statistically significant effect on events of material conflict between China and Taiwan. Lastly, in Model 1, the explanatory variable of FDI flows (-0.0264) is negatively but statistically insignificant according to Table 1. That is, events of material conflict between China and Taiwan tend to decrease when foreign direct investments between both sides increase. Nevertheless, the empirical result of FDI flows is not statistically significant. Hence, the explanatory variable of FDI flows does not have the statistically significant effect on events of material conflict between China and Taiwan.

Instead of treating the variable of democracy as one factor, the variable of democracy has been divided into six democratic indicators in order to further examine whether or not those democratic indicators could affect the conflict dynamics between China and Taiwan. Those six democratic indicators are voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. According to Table 1, in Model 2, the explanatory variable of voice and accountability (-0.910) is negatively and statistically significant. That is, events of verbal conflict between China and Taiwan are less likely to occur when people have more freedom to express their opinions, more freedom to join any associations, and more freedom to select their government officials. In other words, voice and accountability has the statistically significant effect on events of verbal conflict between China and Taiwan.

According to Table 1, in Model 2, the explanatory variable of political stability and absence of violence (0.253) is positively but statistically insignificant. That is, events of verbal conflict between China and Taiwan are more likely to occur when a political system in a country is more stable. However, the empirical result of political stability and absence of violence is not

statistically significant. Therefore, political stability and absence of violence does not have the statistically significant effect on events of verbal conflict between China and Taiwan. Moreover, in Model 2, the explanatory variable of government effectiveness (-0.452) is negatively but statistically insignificant according to Table 1. That is, events of verbal conflict between China and Taiwan are less likely to occur when a country's government can provide a better quality of services and can provide a better credibility to implement its policies. Nonetheless, the empirical result of government effectiveness is not statistically significant. Consequently, government effectiveness does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

In Model 2, the explanatory variable of regulatory quality (0.335) is positively but statistically insignificant according to Table 1. That is, events of verbal conflict between China and Taiwan are more likely to occur when a country's government has a better ability to implement its policies and regulations. However, the empirical result of regulatory quality is not statistically significant. As a result, regulatory quality does not have the statistically significant effect on events of verbal conflict between China and Taiwan. According to Table 1, in Model 2, the explanatory variable of rule of law (0.439) is positively but statistically insignificant. That is, events of verbal conflict between China and Taiwan are more likely to occur when people have high confidences to trust their countries' judicial systems. Nevertheless, the empirical result of rule of law is not statistically significant. Therefore, rule of law does not have the statistically significant effect on events of verbal conflict between China and Taiwan. In addition, in Model 2, the explanatory variable of control of corruption (0.592) is positively but statistically insignificant according to Table 1. That is, events of verbal conflict between China and Taiwan

are more likely to occur when a country's government can perform a better ability to prevent officials' corruptions from happening. However, the empirical result of control of corruption is not statistically significant. Thus, control of corruption does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

Moreover, in Model 2, the explanatory variable of bilateral trade (0.183) is positively but statistically insignificant according to Table 1. That is, events of verbal conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. Nonetheless, the empirical result of bilateral trade is not statistically significant. Hence, bilateral trade does not have the statistically significant effect on events of verbal conflict between China and Taiwan. According to Table 1, in Model 2, the explanatory variable of travelers (-2.537) is negatively and statistically significant. That is, the more the people travel between both sides, the less likely the events of verbal conflict between China and Taiwan will occur. In other words, the explanatory variable of travelers has the statistically significant effect on events of verbal conflict between China and Taiwan. Furthermore, in Model 2, the explanatory variable of FDI flows (0.163) is positively and statistically significant according to Table 1. That is, events of verbal conflict between China and Taiwan tend to increase when foreign direct investments between both sides increase. In other words, the explanatory variable of FDI flows has the statistically significant effect on events of verbal conflict between China and Taiwan.

According to Table 1, in Model 2, the explanatory variable of voice and accountability (-0.817) is negatively but statistically insignificant. That is, events of material conflict between China and Taiwan are less likely to occur when people have more freedom to express their opinions, more freedom to join any associations, and more freedom to select their government

officials. However, the empirical result of voice and accountability is not statistically significant. Therefore, voice and accountability does not have the statistically significant effect on events of material conflict between China and Taiwan. Moreover, in Model 2, the explanatory variable of political stability and absence of violence (0.164) is positively but statistically insignificant according to Table 1. That is, events of material conflict between China and Taiwan are more likely to occur when a political system in a country is more stable. However, the empirical result of political stability and absence of violence is not statistically significant. Therefore, political stability and absence of violence does not have the statistically significant effect on events of material conflict between China and Taiwan.

According to Table 1, in Model 2, the explanatory variable of government effectiveness (-0.355) is negatively but statistically insignificant. That is, events of material conflict between China and Taiwan are less likely to occur when a country's government can provide a better quality of services and can provide a better credibility to implement its policies. However, the empirical result of government effectiveness is not statistically significant. As a result, government effectiveness does not have the statistically significant effect on events of material conflict between China and Taiwan. According to Table 1, in Model 2, the explanatory variable of regulatory quality (0.963) is positively and statistically significant. That is, events of material conflict between China and Taiwan are more likely to occur when a country's government has a better ability to implement its policies and regulations. In other words, regulatory quality has the statistically significant effect on events of material conflict between China and Taiwan.

Furthermore, in Model 2, the explanatory variable of rule of law (0.509) is positively but statistically insignificant according to Table 1. That is, events of material conflict between China

and Taiwan are more likely to occur when people have high confidences to trust their countries' judicial systems. Nonetheless, the empirical result of rule of law is not statistically significant. Therefore, rule of law does not have the statistically significant effect on events of material conflict between China and Taiwan. According to Table 1, in Model 2, the explanatory variable of control of corruption (-0.195) is negatively but statistically insignificant. That is, events of material conflict between China and Taiwan are less likely to occur when a country's government can perform a better ability to prevent officials' corruptions from happening. However, the empirical result of control of corruption is not statistically significant. Therefore, control of corruption does not have the statistically significant effect on events of material conflict between China and Taiwan.

According to Table 1, in Model 2, the explanatory variable of bilateral trade (0.0201) is positively but statistically insignificant. That is, events of material conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. Nevertheless, the empirical result of bilateral trade is not statistically significant. Consequently, bilateral trade does not have the statistically significant effect on events of material conflict between China and Taiwan. Moreover, in Model 2, the explanatory variable of travelers (-1.365) is negatively but statistically insignificant according to Table 1. That is, the more the people travel between both sides, the less likely the events of material conflict between China and Taiwan will occur. Nonetheless, the empirical result of travelers is not statistically significant. Therefore, the explanatory variable of travelers does not have the statistically significant effect on events of material conflict between China and Taiwan. Furthermore, in Model 2, the explanatory variable of FDI flows (0.207) is positively and statistically significant according to Table 1. That is,

events of material conflict between China and Taiwan tend to increase when foreign direct investments between both sides increase. In other words, the explanatory variable of FDI flows has the statistically significant effect on events of material conflict between China and Taiwan.

According to Table 1, in Model 3, the variable of democracy has been divided into two democratic indicators which are political rights and civil liberties. In Model 3, the explanatory variable of political rights (0.480) is positively and statistically significant according to Table 1. That is, events of verbal conflict between China and Taiwan are more likely to occur when people enjoy higher political rights. In other words, the explanatory variable of political rights has the statistically significant effect on events of verbal conflict between China and Taiwan. In a democracy, people have the rights to freely express their opinions but people also need to take responsibilities for what they have said. Therefore, in a democracy, when attending a political activity, political extremists or politically extreme officials may express their opinions that could irritate China's sensitive nerves. As a result, it could lead to words' exchanges between China and Taiwan. Furthermore, in Model 3, the explanatory variable of civil liberties (-0.489) is negatively and statistically significant according to Table 1. That is, events of verbal conflict between China and Taiwan are less likely to occur when people enjoy higher civil liberties. In other words, the explanatory variable of civil liberties has the statistically significant effect on events of verbal conflict between China and Taiwan.

According to Table 1, in Model 3, the explanatory variable of bilateral trade (0.571) is positively and statistically significant. That is, events of verbal conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. In other words, bilateral trade has the statistically significant effect on events of verbal conflict between

China and Taiwan. Apparently, it seems like that trade does not provide the pacifying effect on China-Taiwan relations. Moreover, in Model 3, the explanatory variable of travelers (-0.961) is negatively but statistically insignificant according to Table 1. That is, the more the people travel between both sides, the less likely the events of verbal conflict between China and Taiwan will occur. However, the empirical result of travelers is not statistically significant. Therefore, the explanatory variable of travelers does not have the statistically significant effect on events of verbal conflict between China and Taiwan. In addition, in Model 3, the explanatory variable of FDI flows (0.00921) is positively but statistically insignificant according to Table 1. That is, events of verbal conflict between China and Taiwan tend to increase when foreign direct investments between both sides increase. Nonetheless, the empirical result of FDI flows is not statistically significant. Consequently, the explanatory variable of FDI flows does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

In Model 3, the explanatory variable of political rights (0.365) is positively and statistically significant according to Table 1. That is, events of material conflict between China and Taiwan are more likely to occur when people enjoy higher political rights. In other words, the explanatory variable of political rights has the statistically significant effect on events of material conflict between China and Taiwan. Technically speaking, any lawful citizens can run for public offices in a democracy. As a result, a political extremist can run for the presidential election and may have a chance to win the election in a democracy. Once a political extremist does become the new elected-president, the likelihood of both verbal and material conflict tends to increase. Therefore, even though Taiwan's people enjoy higher political rights, it does not lower the likelihood of having events of material conflict with China.

According to Table 1, in Model 3, the explanatory variable of civil liberties (-0.437) is negatively and statistically significant. That is, events of material conflict between China and Taiwan are less likely to occur when people enjoy higher civil liberties. In other words, the explanatory variable of civil liberties has the statistically significant effect on events of material conflict between China and Taiwan. Moreover, in Model 3, the explanatory variable of bilateral trade (0.499) is positively and statistically significant according to Table 1. That is, events of material conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. In other words, bilateral trade has the statistically significant effect on events of material conflict between China and Taiwan. Obviously and again, it seems like that trade does not provide the pacifying effect on China-Taiwan relations. Furthermore, in Model 3, the explanatory variable of travelers (-0.472) is negatively but statistically insignificant according to Table 1. That is, the more the people travel between both sides, the less likely the events of material conflict between China and Taiwan will occur. Nonetheless, the empirical result of travelers is not statistically significant. Consequently, the explanatory variable of travelers does not have the statistically significant effect on events of material conflict between China and Taiwan. Finally, in Model 3, the explanatory variable of FDI flows (-0.0156) is negatively but statistically insignificant according to Table 1. That is, events of material conflict between China and Taiwan tend to decrease when foreign direct investments between both sides increase. However, the empirical result of FDI flows is not statistically significant. As a result, the explanatory variable of FDI flows does not have the statistically significant effect on events of material conflict between China and Taiwan.

CONCLUSION

To sum up, in Model 1, democracy (Polity IV) does not have the statistically significant effect on events of verbal and material conflict between China and Taiwan according to Table 1. Therefore, the hypothesis 1 is indeterminate because it does not receive empirical results/evidences to support its claim. However, the results could be different if the variable of democracy has been divided into six democratic indicators such as voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. According to Table 1, in Model 2, voice and accountability has the statistically significant effect on events of verbal conflict between China and Taiwan. That is, events of verbal conflict between China and Taiwan are less likely to occur when people have more freedom to express their opinions, more freedom to join any associations, and more freedom to select their government officials. However, in Model 2, regulatory quality has the statistically significant effect on events of material conflict between China and Taiwan according to Table 1. That is, events of material conflict between China and Taiwan are more likely to occur when a country's government has a better ability to implement its policies and regulations. Thus, it seems like that the hypothesis 1 receives a partial support from the empirical result of regulatory quality to back up its claim.

Furthermore, the results could also be different if the variable of democracy has been divided into two democratic indicators such as political rights and civil liberties. That is, the higher the people enjoy civil liberties, the less likely the events of verbal and material conflict between China and Taiwan will occur. Conversely, the higher the people enjoy political rights, the more likely the events of verbal and material conflict between China and Taiwan tend to

occur. Apparently and again, it seems like that the hypothesis 1 receives another partial support from the empirical result of political rights to uphold its claim. As a result, the effect of democracy on conflict is mixed according to Table 1. Consequently, it seems like that democracy may not necessarily produces the pacifying effect. All in all, for a young democracy such as Taiwan, the peace may not come along with democracy.

CHAPTER 3

MORE TRADE LEADS TO LESS CONFLICT?

INTRODUCTION

Can international institutions really produce peace? Ruggie (1992) claims that after the Cold War, “institutions such as EC and NATO have helped stabilize the international consequences” (561). That is, international institutions do play a major role to stabilize and maintain the world order.

However, Mearsheimer (1994-95) argues that liberal institutionalism divides international politics into security and political economic issues, and mainly focusing on economic issues has become liberal institutionalists’ limitation. In addition, liberal institutionalists claim that cooperation can be achieved through institutions because institutions provide rules. And rules can first “increase the number of transactions between particular states over time” (Mearsheimer 1994-95, 18). Second, rules can tie issues together so that rules create issue-linkage effect. Third, since rules create the flow of information between states that are within same cooperative agreements, close monitoring has become available. Finally, “rules can reduce the transaction costs of individual agreements” (Mearsheimer 1994-95, 18). Because rules provide those functions, the cheating problem can be minimized. In other words, international institutions can produce cooperation, and cooperation leads to peace. Nevertheless, solely focusing on how to prevent the threat of cheating has become another limitation to liberal institutionalism. As a result, Mearsheimer (1994-95) argues that institutionalists only focus on absolute gains, but relative gains, that should not be ignored, is another major obstacle to cooperation. Consequently, cooperation between states is not as easy as what liberal institutionalists claim

which is that less cooperation leads to less peace. In a nutshell, overlooking the relative-gains problems and mainly focusing on economic issues have limited the theory of liberal institutionalism. In other words, the implicitly claim that international institutions can produce peace is questionable.

LITERATURE REVIEW AND HYPOTHESIS

From the economic perspective, Gartzke (2007) states that because of economic developments, goods and resources can be easily obtained via trade which is less costly. Conversely, if goods and resources are obtained via the use of force, it will be very expensive. Therefore, unless a victory could bring massive profits, why bother to initiate a war. Because of globalization, international institutions have been formed such as the World Trade Organization (WTO). And these international institutions have provided a mechanism for their members to solve their disputes. Additionally, because of free markets, countries are less likely to choose the option of use of force to deal with their disputes with other countries. One reason is because countries do not want to lose their existing economic profits. Another reason is because countries do not want to scare off any potential individual investors. Therefore, countries are less likely to select the option of use of force to solve their disputes with other countries by looking through the lens of economic perspective.

There is a long debate about the relationship between trade and conflict. Some scholars question the claim that trade reduces conflict (Barbieri 1996; Morrow 1999). Morrow (1999) argues that the relationship between trade and conflict is indeterminate. A state wants to initiate a dispute because the state (the initiator) hopes the other state (the target) who receives the threat will make concessions so that the state (the initiator) can gain what it wants from those

concessions. However, once a dispute (crisis) has been initiated, both sides (the initiator and the target) must decide whether they prefer making concessions to avoid war, or they prefer escalating the crisis and going to war. If a state (the initiator) has more resolve, it will prefer continuing the crisis to making concessions. Nonetheless, if the target state also has a strong resolve, it will be less likely to make concessions when facing the threat. As a result, the state (the initiator) will find that continuing the crisis has become less attractive and making concessions has become more attractive.

Morrow (1999) suggests that “which side concedes first is a question of relative resolve” (482). Less resolute states tend to make concessions in order to end the crisis and avoid war. Since more resolute states tend to continue the crisis, both sides have to think that the other state has a strong resolve if the crisis continues to exist. That is, if a state thinks that the other state has a strong resolve and is less likely to make concessions, it will have to rethink ending the crisis by making concessions. In short, “crises are contests of relative resolve” (Morrow 1999, 482). Since a state’s resolve is hardly to be observed, political actors are uncertain about each other’s intentions and actions. And because of uncertainty regarding each other’s resolve, international conflict occurs. Hence, trade flows are being used to understand a state’s resolve. Trade flows may reduce a state’s resolve to fight with each other because of the fear of losing trade. Nevertheless, like Morrow (1999) contends, if a state (the target) has a weak resolve, it is more likely to make concessions to the state (the initiator) in order to end the crisis, but the target’s action also increases “the chance that the initiator begins a dispute” (481). Consequently, the fear of losing trade may deter both sides (the initiator and the target), but it may encourage the

initiator as well. Therefore, Morrow (1999) argues that the idea that trade reduces conflict is indeterminate.

However, many scholars believe that trade generally reduces conflict (Oneal, Russett, and Berbaum 2003; Hegre, Oneal, and Russett 2010). Hegre, Oneal, and Russett (2010) argue that trade produces peace because conflict has considerable costs. Moreover, trade creates benefits and the flow of information, so if conflict occurs, all benefits and the flow of information will disappear. Trade also creates economic interdependence, and economic interdependence creates beneficial economic ties between trading partners; thus, trade produces peace because conflict will make beneficial economic ties become fruitless. Additionally, costly signals can be conveyed when trade flourishes between states (Gartzke 1999). States' sizes and their proximity can also influence the relationship between trade and conflict because larger states have more neighbors, and larger states have more ability to deal with several states at once as well (Bearce and Fisher 2002; Xiang, Xu, and Keteku 2007). As a result, when studying trade and conflict, we need to take the "effects of geography and size" into consideration (Hegre, Oneal, and Russett 2010, 764). Eventually, Hegre, Oneal, and Russett (2010) conclude that once we consider all possible variables which include size and proximity, trade indeed reduces conflict because conflict is too costly to engage.

Another scholar like Crescenzi (2003) argues that exit costs play a key role in determining the relationship between trade and conflict. Exit costs mean that the costs of switching from the current best situation to other best alternatives when a state is already in a beneficial trade relationship with other states. In other words, Crescenzi (2003) defines that "the opportunity costs associated with these alternatives as exit costs" (811). If exit costs exceed a

states' endurance threshold, low-level conflict is more likely to occur. And the threshold "is a function of the value the target places on the issue at stake, as well as the costs of high-level conflict and the likelihood of winning such a conflict" (Crescenzi 2003, 817). Furthermore, low-level conflict involves nonmilitary actions such as verbal threats. Inversely, high-level conflict involves actual military threats such as the use of force. When taking exit costs into consideration, Crescenzi (2003) contends that if exit costs exceed a states' endurance threshold, low-level conflict is more likely to occur because states tend to use diplomatic tools to solve their disputes. On the other hand, if exit costs exceed a states' endurance threshold, high-level conflict is less likely to occur because "states take advantage of more efficient means of dispute resolution" (Crescenzi 2003, 809). Consequently, Crescenzi (2003) concludes that the relationship between trade and conflict is conditional even though the author believes the concept that trade generally reduces conflict.

Dorussen (2006) claims that the relationship between trade and conflict depends on what kinds of products you trade. Trade reduces conflict because conflict is costly. The terms of trade are an appropriate metaphor for "the economic costs of conflict" (Dorussen 2006, 90). For instance, price will go up when demand exceeds supply. However, if alternative resources (supply) can be found, price will slightly be affected by the interruption of trade. Thus, "the impact of trade on the costs of conflict should vary across goods since the expectations about costs depend on the difficulties of substituting lost trade" (Dorussen 2006, 88). That is, trade is less likely to reduce conflict if goods that are traded can easily be replaced. All in all, trade is more likely to reduce conflict if states trade in manufactured products; conversely, trade has weak effect on preventing conflict if states trade in non-manufactured products. Therefore,

Dorussen (2006) argues that trade generally reduces the probability of conflict, but the pacifying effect mainly depends on what kinds of products you trade.

Another scholar like Maoz (2009) argues that the liberal concepts that strategic and economic interdependence can reduce conflict are supported by the empirical study. In a liberal paradigm, strategic interdependence can reduce conflict because “alliances are institutions that reduce uncertainty and manage distributional issues” (Maoz 2009, 225). In addition, liberal institutionalists believe that economic interdependence can reduce conflict as well. States are less likely to initiate conflict because conflict creates instability and uncertainty which “may cause their trading partners to look for other markets, thus adding an indirect cost to the direct cost of conflict” (Maoz 2009, 226). Since both strategic and economic interdependence can reduce conflict, integrated interdependence that combines both strategic and economic ties can also reduce conflict. After conducting the empirical study, Maoz (2009) confirms the expectations of liberal paradigm; that is, trade generally reduces conflict.

In summary, many scholars (e.g., Oneal, Russett, and Berbaum 2003; Hegre, Oneal and Russett 2010; Gartzke 1999; Bearce and Fisher 2002; Xiang, Xu, and Keteku 2007; Crescenzi 2003; Dorussen 2006; Maoz 2009) study and support for the concept that trade generally reduces conflict. However, scholars also realize that the pacifying trade effect on conflict is conditional. As a result, is this conditional but general pacifying trade effect on conflict applicable to the region of East Asia? To be specific, the key research question is to study that does trade reduce the probability of conflict by examining China-Taiwan relations? In order to further figure out the research question, here comes the hypothesis:

H2: Since trade has a general pacifying effect on conflict, when trade between China and Taiwan increases, the likelihood of conflict tends to decrease.

Some scholars do believe that international trade institutions encourage trade (e.g., Goldstein, Rivers, and Tomz 2007; Liu 2009). Many international trade agreements contain precaution clauses, such as the World Trade Organization (WTO) agreements include antidumping laws. Precaution clauses can be seen as escape clauses that permit “a country to suspend the concessions it previously negotiated without violating or abrogating the terms of the agreement” (Rosendorff and Milner 2001, 830). In fact, escape clauses are like a coin with two sides. On the positive side, escape clauses increase the flexibility of the trade agreements so that they make it easy for politicians (decision-makers) to accept the trade agreements. Conversely, on the negative side, escape clauses may disintegrate the trade agreements’ credibility and their liberalizing effects. However, Rosendorff and Milner (2001) argue that cooperation in trade may increase when the trade agreements include escape clauses.

According to Rosendorff and Milner (2001), escape clauses are the equilibrium when facing domestic uncertainty. When political leaders are unable to predict future domestic demands (whether demand for more open market or demand for more protection), escape clauses provide flexibility for political leaders to accept a more liberalizing trade agreement. In a word, escape clauses are more likely to appear in a trade agreement when political leaders have a great uncertainty about what future domestic public really wants. Moreover, escape clauses should involve some costs on their use. In other words, if states want to invoke escape clauses, they have to pay some costs for using escape clauses; otherwise, states will invoke escape clauses all the time if there are no costs involved. In short, paying costs imply that states are willing to

comply in the future. Most importantly, a trade agreement will be easier to reach between states if including escape clauses in the agreement. That is, escape clauses provide flexibility, and flexibility can diminish the problems of bargaining so that a trade agreement can be reached quickly. According to Fearon (1998), states may delay the bargaining phase in order to get a better deal; nonetheless, by adding escape clauses in a trade agreement, the agreement can be reached faster and easier because escape clauses provide flexibility, and flexibility relaxes the problems of bargaining. As a result, by adding escape clauses in trade agreements may resolve the problems of bargaining which Fearon (1998) identifies. Consequently, cooperation in trade may increase as well because of adding escape clauses. In sum, international trade institutions will become “more durable and stable cooperative regimes” if the institutions contain escape clauses according to Rosendorff and Milner (2001, 852). Therefore, durable and stable international trade institutions can keep promoting trade liberalization and essentially leading to trade increase.

The traditional thinking of international trade institutions is that we create an international trade institution, and the aim of this trade institution is to reduce trade barriers. Then after reducing trade barriers via the trade institution, more trade between states should occur. This is the direct effect of international trade institutions on trade (International trade institutions → Reduce trade barriers → Increase trade). Besides the direct effect, Mansfield and Reinhardt (2008) propose the indirect effect; that is, international trade institutions can reduce trade volatility; then by doing so, more trade between states will occur (International trade institutions → Reduce trade volatility → Increase trade). There are three major ways that international trade institutions can reduce the volatility of trade flows. First, international trade

institutions help make sure that existing accesses to markets stays open, and they further deter the creation of new trade barriers from being offered by protectionists. “As long as members view the costs of violating the agreement as fairly high, locking in trade policies through this sort of external mechanism can help governments to tie their hands and resist protectionist pressures from domestic groups” (2008, 626). Thus, international trade institutions can restrict their members to propose new trade barriers policies. Second, international trade institutions can reduce trade volatility by nourishing transparency. By clearly stating what obligations and rights that each member should follow, the transparency of the trade agreements is increased by the international trade institutions. In the meantime, they also create “clearinghouses for members’ notifications about policy developments, and they specify procedures for addressing disputes” (2008, 627-628). Lastly, international trade institutions can reduce trade volatility by reconstructing investment and trading patterns. For example, a trade agreement can draw substantial foreign direct investments (FDIs) to trade institutions’ members because the trade agreement “bolsters investors’ confidence that member-governments will not engage in predatory activities that jeopardize their assets” (2008, 629). As a result, international trade institutions reduce trade volatility by creating a long-term predictability and stability of trade. In a nutshell, low trade volatility means that trade are more stable, and market actors (e.g. firms) prefer stable (e.g. price stability). Consequently, when taking trade volatility into consideration, international trade institutions do have positive effects on trade.

Goldstein, Rivers, and Tomz (2007) argue that the WTO creates rights and obligations not only for its formal members but also for its nonmember participants (e.g. Afghanistan, Iran, Iraq, Libya, Serbia etc.) Therefore, when incorporating all participants (formal members as well

as nonmember participants) into analysis, the WTO substantially increases trade. Subramanian and Wei (2007) claim that according to their empirical estimates, “world imports are higher by about 120% or about US\$8 trillion in 2000 alone, relative to the counterfactual of a world without the WTO” (153). However, the WTO positive effects on trade involve several asymmetric phenomena. First, when comparing to passive countries, a country in the WTO has a higher chance to enjoy bilateral trade increase with other countries if the country is actively and continually to negotiate reciprocal tariff reductions with other countries. This is because the WTO, “by design, focuses on mutually-agreed reductions of trade barriers (the reciprocity principle) and non-discriminatory treatment between countries (the most-favored nation or MFN principle)” (2007, 152). Accordingly, the more a country negotiates; the greater trade the country will enjoy. Since developed countries in the WTO are more actively and continually to negotiate reciprocal tariff reductions with other WTO members than developing countries do, the WTO positive effects on trade are more effective and obvious in developed countries; that is, the WTO greatly encourages trade in developed countries rather than in developing countries. Second, since developing countries are less actively to negotiate reciprocal trade liberalization than developed countries do, “trade liberalization should occur on products of export interest to developed countries but should not occur on products that are primarily of export interest to developing country members and non-members” (2007, 155). That is, the WTO greatly encourages trade in more open sectors; nonetheless, it does not promote trade in relatively heavily protected sectors such as agriculture, textiles, and clothing etc. Finally, new WTO members (those who joined the WTO after the Uruguay Round negotiations) enjoy more trade than those old members; in other words, the WTO greatly encourages trade for new members but

not for old members because countries that joined the WTO after 1995 “have been required to engage in serious trade liberalization” (2007, 152). In a word, the WTO does promote trade; nonetheless, its positive effects on trade are uneven.

Many studies on whether international trade institutions encourage trade focus on positive trade observations and use those positive trade observations in the traditional gravity regressions. But what about zero trade observations? Zero trade observations mean that countries do not trade with each other in the beginning; however, once they join the WTO, they start to trade with each other. Liu (2009) contends that zero trade observations are important when examining the WTO effects on trade. After incorporating zero trade observations, the WTO plays an important role to strongly encourage trade. To sum up, from the perspective of intensive margins, the WTO makes existing members trade more with each other; from the perspective of extensive margins, the WTO creates new trading partners.

Follow through the discussion above, it leads to my third hypothesis:

H3: After joined the WTO, trade increase between China and Taiwan has become a trend; therefore, conflict is less likely to occur.

METHODOLOGY

The method that I will use is also the panel data-set which can also be seeing as the cross-sectional time series data-set. By utilizing the panel data-set, it will capture the dynamics between China and Taiwan. Moreover, it will also capture the dynamics of variables across time. The unit of analysis will be the country-year. The countries are China and Taiwan (2 countries), and the years are from 1989 to 2017 (29 years). Consequently, the observations in my panel data-set are 58 observations; that is, 2 countries \times 29 years = 58 observations. If the time periods in

the panel data-set are less than 20 years, this panel data-set can be treated as the micro-panel data-set. And researchers may not need to worry about the problem of serial correlation if they have the micro-panel data-set. Conversely, if the time periods in the panel data-set are 20 to 30 years or even more than 30 years, this panel data-set will be treated as the macro-panel data-set. And the problem of serial correlation is highly likely to occur in the macro-panel data-set. Therefore, if researchers ignore the problem of serial correlation, the results of pooled regression will be biased. Since my panel data-set covers 29 years, it implies that I need to deal with the problem of serial correlation. As a result, I use the method of panel generalized least squares (xtgls in Stata) to solve the problem of serial correlation; moreover, the method I use will provide me optimistic and robust standard error estimates.

The dependent variables are also events of verbal and material conflict. That is, events of verbal conflict (evc) and events of material conflict (emc) are two separate dependent variables. Events of verbal conflict are low-level conflict such as words' exchanges or verbal threats in military actions etc. Events of material conflict are high-level conflict such as military exercises or missile tests etc. I will recode events of verbal conflict (evc) as 1 if the low-level conflict occurs; recode as 0 otherwise. And I will recode events of material conflict (emc) as 1 if the high-level conflict happens; recode as 0 otherwise. Then I will add 30 days events data together which will give me a monthly events data. And then I will add 12 months events data together which will give me a yearly events data. Events data are taken from the GDELT project which is a new CAMEO-coded dataset from 1989 to 2017. Therefore, the analysis in Model 1 and Model 2 is between 1989 and 2017.

Major independent variables are bilateral trade, nonmanufacturing (such as agriculture or fishing products), and manufacturing is divided into apparel (such as clothes), chemicals (such as industrial chemical products), and machinery (such as construction or transportation equipment), and electronics is also divided into computers (such as computer-related products) and electronic and optical products (such as air conditioners or digital cameras), travelers, FDI flows, democracy, and the WTO membership. Bilateral trade data are mainly taken from the Correlates of War Project [Bilateral Trade, 1870-2009 (v3.0)] and OECD statistic database (OECD.Stat). Nonmanufacturing, manufacturing (apparel, chemicals, and machinery), and electronics (computers and electronic and optical products) data are all taken from OECD statistic database (OECD.Stat). Travelers data are taken from Taiwan's Ministry of Transportation and Communications and are taken from China's National Bureau of Statistics. In order to assess the effect of travelers on events of verbal and material conflict, the effect of travelers is measured as: $\text{Travelers}_{\text{Taiwan}} = \text{Total Chinese travelers travel to Taiwan} / \text{Total World travelers travel to Taiwan}$, and $\text{Travelers}_{\text{China}} = \text{Total Taiwanese travelers travel to China} / \text{Total World travelers travel to China}$. FDI flows data are taken from Taiwan's Investment Commission, MOEA, Ministry of Economic Affairs and are taken from China's National Bureau of Statistics. Democracy data are taken from Polity IV. Finally, the WTO membership is a dummy variable which is coded 1 as the WTO members and 0 as not the WTO members.

ANALYSIS

According to Table 2, in Model 1, the explanatory variable of bilateral trade (0.578) is positively and statistically significant. That is, events of verbal conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. In other

Table 2: The effect of bilateral trade and the WTO membership on verbal and material conflict

	Model 1	Model 2
	Verbal Conflict	Material Conflict
Democracy	-0.0237	-0.00655
Bilateral Trade	0.578***	0.618***
Nonmanufacturing	0.141	0.238
Manufacturing		
Apparel	-0.461	-0.755*
Chemicals	0.761	0.958
Machinery	0.0700	0.415
Electronics		
Computers	0.376**	0.143
Electronic and Optical Products	0.101	0.00156
Travelers	-2.759**	-1.483
FDI flows	-0.0146	-0.0925
WTO Membership	0.103	-0.0799
Constant	13.63***	12.04***
Observations	58	58

*** p<0.01, ** p<0.05, * p<0.1

words, bilateral trade has the statistically significant effect on events of verbal conflict between China and Taiwan. Therefore, it seems like that trade does not provide the pacifying effect on China-Taiwan relations. Moreover, in Model 1, the explanatory variable of nonmanufacturing (0.141) is positively but statistically insignificant according to Table 2. That is, the more nonmanufacturing products (such as agriculture or fishing products) are being traded between China and Taiwan, the more likely the events of verbal conflict between China and Taiwan will occur. However, nonmanufacturing is not statistically significant because its p-value is bigger than the traditional significance level (0.05). Thus, nonmanufacturing does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

According to Table 2, in Model 1, the explanatory variable of apparel (-0.461) is negatively but statistically insignificant. That is, the more apparel (such as clothing products) is being traded between China and Taiwan, the less likely the events of verbal conflict between China and Taiwan will occur. Nevertheless, apparel is not statistically significant. Consequently, apparel does not have the statistically significant effect on events of verbal conflict between China and Taiwan. Moreover, in Model 1, the explanatory variable of chemicals (0.761) is positively but statistically insignificant according to Table 2. That is, the more chemical products are being traded between China and Taiwan, the more likely the events of verbal conflict between China and Taiwan tend to occur. Nonetheless, the empirical result of chemicals is not statistically significant. Hence, the explanatory variable of chemicals does not have the statistically significant effect on events of verbal conflict between China and Taiwan. Furthermore, in Model 1, the explanatory variable of machinery (0.0700) is positively but statistically insignificant according to Table 2. That is, the more machinery equipment is being

traded between China and Taiwan, the more likely the events of verbal conflict between China and Taiwan tend to occur. Nonetheless, machinery is not statistically significant. Therefore, machinery does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

In Model 1, the explanatory variable of computers (0.376) is positively and statistically significant according to Table 2. That is, the more computer-related products are being traded between China and Taiwan, the more likely the events of verbal conflict between China and Taiwan will occur. In other words, the explanatory variable of computers has the statistically significant effect on events of verbal conflict between China and Taiwan. In addition, in Model 1, the explanatory variable of electronic and optical products (0.101) is positively but statistically insignificant according to Table 2. That is, the more electronic and optical products are being traded between China and Taiwan, the more likely the events of verbal conflict between China and Taiwan will occur. However, the empirical result of electronic and optical products is not statistically significant. Consequently, the explanatory variable of electronic and optical products does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

According to Table 2, in Model 1, the explanatory variable of travelers (-2.759) is negatively and statistically significant. That is, the more the people travel between both sides, the less likely the events of verbal conflict between China and Taiwan will occur. In other words, the explanatory variable of travelers has the statistically significant effect on events of verbal conflict between China and Taiwan. Furthermore, in Model 1, the explanatory variable of FDI flows (-0.0146) is negatively but statistically insignificant according to Table 2. That is, events

of verbal conflict between China and Taiwan tend to decrease when foreign direct investments between both sides increase. However, the empirical result of FDI flows is not statistically significant. As a result, the explanatory variable of FDI flows does not have the statistically significant effect on events of verbal conflict between China and Taiwan. In Model 1, the explanatory variable of democracy (-0.0237) is negatively but statistically insignificant according to Table 2. That is, the more democracy the Taiwan has become, the less likely the events of verbal conflict between China and Taiwan will occur. However, democracy is not statistically significant. Hence, democracy does not have the statistically significant effect on events of verbal conflict between China and Taiwan. In addition, in Model 1, the explanatory variable of WTO membership (0.103) is positively but statistically insignificant according to Table 2. That is, the WTO membership could raise the likelihood of events of verbal conflict between China and Taiwan to occur. Nonetheless, the empirical result of WTO membership is not statistically significant. Hence, the WTO membership does not have the statistically significant effect on events of verbal conflict between China and Taiwan.

According to Table 2, in Model 2, the explanatory variable of bilateral trade (0.618) is positively and statistically significant. That is, events of material conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. In other words, bilateral trade has the statistically significant effect on events of material conflict between China and Taiwan. Therefore and again, it seems like that trade does not provide the pacifying effect on China-Taiwan relations. Furthermore, in Model 2, the explanatory variable of nonmanufacturing (0.238) is positively but statistically insignificant according to Table 2. That is, the more nonmanufacturing products (such as agriculture or fishing products) are being traded

between China and Taiwan, the more likely the events of material conflict between China and Taiwan will occur. Nevertheless, nonmanufacturing is not statistically significant. Hence, nonmanufacturing does not have the statistically significant effect on events of material conflict between China and Taiwan.

In Model 2, the explanatory variable of apparel (-0.755) is negatively and statistically significant according to Table 2. That is, apparel (such as clothing products) has the negatively and statistically significant effect on events of material conflict between China and Taiwan. In other words, the more apparel products are being traded, the less likely the events of material conflict between China and Taiwan will occur. Moreover, in Model 2, the explanatory variable of chemicals (0.958) is positively but statistically insignificant according to Table 2. That is, the more chemical products are being traded between China and Taiwan, the more likely the events of material conflict between China and Taiwan tend to occur. Nonetheless, the empirical result of chemicals is not statistically significant. Therefore, the explanatory variable of chemicals does not have the statistically significant effect on events of material conflict between China and Taiwan. Furthermore, in Model 2, the explanatory variable of machinery (0.415) is positively but statistically insignificant according to Table 2. That is, the more machinery equipment is being traded between China and Taiwan, the more likely the events of material conflict between China and Taiwan tend to occur. Nevertheless, machinery is not statistically significant. Therefore, machinery does not have the statistically significant effect on events of material conflict between China and Taiwan.

In Model 2, the explanatory variable of computers (0.143) is positively but statistically insignificant according to Table 2. That is, the more computer-related products are being traded

between China and Taiwan, the more likely the events of material conflict between China and Taiwan will occur. However, the empirical result of computers is not statistically significant. As a result, the explanatory variable of computers does not have the statistically significant effect on events of material conflict between China and Taiwan. In addition, in Model 2, the explanatory variable of electronic and optical products (0.00156) is positively but statistically insignificant according to Table 2. That is, the more electronic and optical products are being traded between China and Taiwan, the more likely the events of material conflict between China and Taiwan will occur. However, the empirical result of electronic and optical products is not statistically significant. Consequently, the explanatory variable of electronic and optical products does not have the statistically significant effect on events of material conflict between China and Taiwan.

According to Table 2, in Model 2, the explanatory variable of travelers (-1.483) is negatively but statistically insignificant. That is, the more the people travel between both sides, the less likely the events of material conflict between China and Taiwan will occur. However, the empirical result of travelers is not statistically significant. Consequently, the explanatory variable of travelers does not have the statistically significant effect on events of material conflict between China and Taiwan. Furthermore, in Model 2, the explanatory variable of FDI flows (-0.0925) is negatively but statistically insignificant according to Table 2. That is, events of material conflict between China and Taiwan tend to decrease when foreign direct investments between both sides increase. However, the empirical result of FDI flows is not statistically significant. As a result, the explanatory variable of FDI flows does not have the statistically significant effect on events of material conflict between China and Taiwan. In Model 2, the explanatory variable of democracy (-0.00655) is negatively but statistically insignificant

according to Table 2. That is, the more democracy the Taiwan has become, the less likely the events of material conflict between China and Taiwan will occur. Nonetheless, democracy is not statistically significant. Thus, democracy does not have the statistically significant effect on events of material conflict between China and Taiwan. In addition, in Model 2, the explanatory variable of WTO membership (-0.0799) is negatively but statistically insignificant according to Table 2. That is, the WTO membership could lower the likelihood of events of material conflict between China and Taiwan to occur. However, the empirical result of WTO membership is not statistically significant. Therefore, the WTO membership does not have the statistically significant effect on events of material conflict between China and Taiwan.

CONCLUSION

To sum up, the empirical result of bilateral trade is statistically significant according to Table 2. That is, bilateral trade has the statistically significant effect on events of verbal and material conflict between China and Taiwan. To be specific, when bilateral trade between both sides increases, events of verbal and material conflict between China and Taiwan tend to increase. As a result of that, the hypothesis 2 has been overthrown because it does not receive empirical results/evidences to support its claim. Most importantly, it indicates that trade does not provide the pacifying effect on China-Taiwan relations. Therefore, it also implies that the conventional liberal peace wisdom may not suitable to China-Taiwan relations.

Furthermore, according to Table 2, it seems like that the WTO membership could raise the likelihood of events of verbal conflict between China and Taiwan to occur. Nonetheless, since the empirical result of WTO membership is not statistically significant, the WTO membership does not have the statistically significant effect on events of verbal conflict between

China and Taiwan. In addition, according to Table 2, it seems like that the WTO membership could lower the likelihood of events of material conflict between China and Taiwan to occur. However, the WTO membership does not have the statistically significant effect on events of material conflict between China and Taiwan because the empirical result of WTO membership is not statistically significant. As a result of that, the hypothesis 3 is indeterminate because empirical results/evidences do not uphold its claim. In a nutshell, the claim that trade generally reduces conflict is not applicable to the Taiwan issue; in fact, the pacifying trade effect on conflict is not suitable to China-Taiwan relations.

CHAPTER 4

COULD DOMESTIC FACTORS AFFECT THE CROSS-STRAIT RELATIONS?

INTRODUCTION

In the international arena, larger countries (population and territory size) have bigger muscles (military ability) and possess powerful strengths (economic capability), and they are more capable of carrying out their will. The United States versus Mexico and China versus Taiwan are two vivid examples. However, a country's strength is not only decided by the external factors (population and territory size, military ability, and economic capability) but also is dependent upon other internal factors. Just as Putnam (1988) contends, leaders have to take their domestic reactions/factors into considerations when dealing with the other countries in the international stage. If political leaders ignore those domestic reactions/factors, political fallouts will be waiting for them once they get home. As a result, these domestic reactions/factors play major roles and should not be overlooked by researchers.

China and Taiwan have entered into the rival-ship status ever since 1949. From 1949 to 1995, both China and Taiwan were authoritarian regimes and it was a zero-sum relationship between both sides. In addition, domestic voices on both sides were shaped into one voice by their central governments, and this one voice was that there is only one China in the world and eventually both sides will be reunified in the future even though China and Taiwan are under the rival-ship now. However, Taiwan held its first presidential election in 1996 which kicked off its democratization process, and the democratic leadership change in Taiwan makes rivalry dynamics between China and Taiwan become more interesting because the domestic factors in democratic Taiwan will play bigger and major roles which could affect rivalry dynamics across

the Taiwan Strait. Therefore, it is interesting to study how Taiwan's people's attitudes toward China could affect rivalry dynamics between China and Taiwan.

LITERATURE REVIEW AND HYPOTHESIS

The Kuomintang (KMT) and the Democratic Progressive Party (DPP) are the two main political parties in Taiwan. In 1949, Chiang Kai-Shek, the leader of the KMT and the president of the nationalist central government, was defeated by Mao Tse-Tung's Chinese Communist Party (CCP), and the KMT had been forced to evacuate to the islands of Penghu and Taiwan. Hundreds of thousands of military personnel and civilians had fled with the KMT to Taiwan, and those refugees are referred to as Chinese (Mainlanders or "waishengren") (Dittmer 2004, 476). After Chiang Kai-Shek passed away, his son, Chiang Ching-Kuo, took the throne, and the KMT kept ruling Taiwan. Because of the pressures from both the United States and the people within Taiwan, Chiang Ching-Kuo in his twilight years released the right of freedom of the press and the right of forming political party to the people. After Chiang Ching-Kuo's sudden death in early 1988, his vice president Lee Teng-Hui became the president of Taiwan and the chairman of the KMT, and Lee became the first Taiwanese president in Taiwan's history. In 1991, Lee Teng-Hui formed the National Unification Council which recognized the one-China principle and defined the principle as "both the mainland and Taiwan are parts of Chinese territory" (Schubert 2004, 539). Based on this definition and principle, both the KMT and the CCP met in Hong Kong in 1992 to form a so-called '1992 consensus;' that is, both sides agree to the one-China principle, but leave the specific definition of what 'one-China' should mean for the future discussion.

After the first presidential election in 1996, Lee Teng-hui (as a Taiwanese) became the first elected president in Taiwan, and he started to redefine the meaning of the one-China principle. For example, Lee Teng-hui stated that China and Taiwan “should coexist as two legal entities,” and one-China can be understood as the “historical, geographical, cultural and familial China;” moreover, he claimed that the relationship between China and Taiwan are “special state to state relations” (Schubert 2004, 540). The reason why Lee Teng-hui tried to redefine the one-China principle is because he wanted to transform the KMT into a Taiwanese political party; in other words, he tried to get rid of the KMT’s pro-reunification ideology. Nonetheless, Lee Teng-hui’s efforts ran into a wall in 2000 because the KMT lost its presidency for the first time, and he was also forced to leave the KMT. To be clear, Lee Teng-hui’s “longtime harboring of Taiwanese independence forces” undermined the survival of the KMT; therefore, he was consequently forced out of the KMT (Lay et al. 2008, 775). After Lee Teng-hui was gone, Lien Chan became the leader of the KMT, and Lien Chan started to undo what Lee Teng-hui’s prior efforts and brought the KMT back to the ‘1992 consensus’ which means that the principle of reunification with China remains the KMT’s ultimate goal.

However, Lee Teng-hui’s legacy still exists within the KMT which is that the principle of ‘Taiwan first:’ Taiwan’s fundamental interests and the will of Taiwanese people can not be impaired when negotiating the issue of reunification with China. Moreover, any political changes in Taiwan should be left to Taiwanese people to decide. Generally, the KMT has tried to transform itself from a pure Chinese (Mainlanders) political party to a ‘New Taiwanese’ (both Chinese and Taiwanese) political party in order to earn the majority of public support. To conclude, the KMT is a pro-reunification political party that has been identified as the ‘blue

camp;’ that is, the KMT supports for the one-China principle, but any reunification negotiations between two sides should be held under “mutually acceptable conditions” (Dittmer 2004, 477). Since the KMT is a pro-reunification political party, it leads to two hypotheses:

H4: When people who live in Taiwan identify themselves as the KMT’s supporters, they tend to support for the option of reunification.

H5: When people who live in Taiwan tend to support for the option of reunification, they are more likely to vote for blue.

On the other hand, people who migrated from China to Taiwan during the 17th century are referred to as Taiwanese (“benshengren”) (Dittmer 2004, 476). Those people who identify themselves as Taiwanese were the major forces of opposition movements during Chiang Ching-Kuo’s twilight years. And those Taiwanese who engaged in the opposition movements had been called as “Dangwai (outside the Party)” activists (Lay et al. 2008, 786). After Chiang Ching-Kuo released the right of forming political party to the people, those opposition activists that were mainly based on early immigrants and identify themselves as Taiwanese formed the Democratic Progressive Party (DPP). All in all, the DPP has been identified as the ‘green camp,’ and the party’s ultimate goal is to pursue Taiwan’s independent sovereignty and eventually form the Republic of Taiwan. Even though the DPP’s ultimate goal is to seek Taiwan’s independence, the DPP still modified its independent ideology to a more moderate approach after the DPP’s candidate Chen Shui-Bian won the presidential election in 2000. For instance, Chen Shui-Bian accepted the ‘1992 consensus’ as the ‘1992 spirit,’ “meaning dialogues, exchanges and shelving disputes” (Schubert 2004, 549). Moreover, Chen Shui-Bian called China and Taiwan as brothers. Nevertheless, when facing the 2004 competitive and intensive presidential election, Chen Shui-

Bian and his DPP's associates had moved back to their party's roots which were that more radical independent approaches by appealing the issue of new constitution and referendum laws to Taiwan's voters. Additionally, Chen Shui-Bian further defined the Cross-Strait relations as "one China, one Taiwan" (Schubert 2004, 548). Eventually, Chen Shui-Bian's aggressive election strategies did help him and the DPP win the presidential election in 2004 by a very close margin.

However, all these aggressive actions made by Chen Shui-Bian irritated China's most sensitive nerves; as a result, all communicating channels between China and Taiwan became further degenerated from May 20, 2004 to May 20, 2008. This was because Chen Shui-Bian's pro-independence DPP became the ruling party in Taiwan in that period. In conclusion, the DPP is a pro-independence political party; that is, the DPP's ultimate goal is to form the Republic of Taiwan. Therefore, the DPP does not support for the one-China principle and does not recognize the existence of the '1992 consensus.' Hence, it leads to another two hypotheses:

H6: When people who live in Taiwan identify themselves as the DPP's supporters, they tend to support for the option of independence.

H7: When people who live in Taiwan tend to support for the option of independence, they are less likely to vote for blue.

Furthermore, national identity is a long-standing issue that is embedded in Taiwan's elections and politics. As Wenfang (2007) claims, "national identity is a central issue within Taiwan's flourishing electoral politics" (481). Since 1996, Taiwan has gradually and continuously pursued and sought its national identity and its international status because of the development of nativization and the success of the democratization. For instance, Lee Teng-Hui

stated in 1999 that the relationship between China and Taiwan was a “special state-to-state relationship,” but nearly all official channels of cross-Strait political dialogues had been frozen because of this statement (Wu 2005, 43). In addition, during the 2004 presidential election, the DPP’s candidate Chen Shui-Bian used aggressive election strategies such as he claimed that China and Taiwan are “two countries on each side of the Taiwan Strait,” and he also appealed for a new constitution and referendum laws (Schubert 2004, 550).

According to Table 3, 45.75% of people who live in Taiwan recognize themselves as Taiwanese, 6.31% of people recognize themselves as Chinese, and 45.36% of people recognize themselves as both in 2004. In 2016, 62.72% of people who live in Taiwan recognize themselves as Taiwanese, 29.70% of people recognize themselves as both, and only 4.08% of people recognize themselves as Chinese. Apparently, there is an ascending trend; that is, more and more people who live in Taiwan tend to recognize themselves as Taiwanese as opposed to Chinese. Furthermore, the percentages of people who live in Taiwan recognize themselves as both Taiwanese and Chinese have been gradually declining as well. Therefore, Table 3 shows that people who live in Taiwan are gradually moving from recognizing themselves as both Taiwanese and Chinese to as Taiwanese during the process of consolidating democracy in Taiwan. As a result, by looking at the poll and based on the median voter model and voters strategic voting behaviors (Mueller 2003), it is understandable why the DPP’s candidate Chen Shui-Bian used those aggressive election strategies because he believed that he could embrace the most voters by using his strategies, and he did win the presidential election in 2004 by a very close margin.

Obviously, parties’ competitions between the KMT (the blue camp) and the DPP (the green camp) have intensified the struggle of national identity in Taiwan. And such competitions

Table 3: Taiwan's National Identity, 2004-2016

	2004	2008	2012	2016
Taiwanese	45.75%	53.44%	56.57%	62.72%
Chinese	6.31	5.14	4	4.08
Both	45.36	39.16	36.64	29.70
Not Sure/Refuse	2.58	2.25	2.79	3.49
Observations	1823	1905	1826	1690

have created a political phenomenon of “beilan, nanlu (north blue, south green)” which means that the KMT receives more electoral support from northern and eastern parts of Taiwan, and the DPP receives more electoral support from southern parts of Taiwan (Lay et al. 2008, 775-776). For example, according to the results of the 2000 and 2004 presidential elections, the DPP receives strong electoral support from southern counties such as the counties of Yunlin, Chiayi, Tainan, Kaohsiung, and Pingtung. Actually, the political phenomenon of ‘north blue, south green’ is highly associated with individuals’ national identity. People, who migrated from China to Taiwan during the 17th century, mainly settled down on southern parts of Taiwan and partially settled down on northern or central parts of Taiwan. The early immigrants tend to identify themselves as Taiwanese and incline to advocate Taiwan’s independence. In contrary, people, who migrated along with the KMT after 1949, mainly settled down on northern parts of Taiwan and different urban regions. The late immigrants (after 1949) tend to identify themselves as Chinese or both and incline to advocate the reunification with China, or at least the reunification

is a discussable issue. In a nutshell, the DPP receives solid electoral support from southern parts of Taiwan. For instance, even though the DPP lost the 2008 presidential election, southern parts of Taiwan still show their loyalty to support for the DPP. In contrast, the KMT receives steadily electoral support from northern and eastern parts of Taiwan. Evidently, national identity is a crucial issue and is also “highly associated with voters’ partisan affiliation in Taiwan” (Lay et al. 2008, 785). Consequently, follow through the discussion above, here comes with the following hypotheses:

H8: When people who live in Taiwan recognize themselves as Chinese, they tend to support for the option of reunification.

H9: Since the KMT is a pro-reunification political party, when people who live in Taiwan recognize themselves as Chinese, they are more likely to vote for blue.

H10: When people who live in Taiwan recognize themselves as Taiwanese, they tend to support for the option of independence.

H11: Since the DPP is a pro-independence political party, when people who live in Taiwan recognize themselves as Taiwanese, they are less likely to vote for blue.

METHODOLOGY

The method that I will use is the survey data. By doing the survey analysis, it will show which explanatory variables provide more compelling effects. The survey data that I will use come from Taiwan's Election and Democratization Study (TEDS). TEDS is a large-scale survey project which is funded by the Department of Humanities and Social Science of the Ministry of Science and Technology in Taiwan. And I will analyze 2004, 2008, 2012, and 2016 Taiwan’s presidential elections survey data. There will be two regression analyses. The first regression

analysis is to test which factors could affect people's attitudes toward China in Taiwan. In the first regression analysis, the dependent variable is Taiwan's future options. That is, I will recode the option of reunification as 1 and recode the option of independence as 3; recode as 2 otherwise. Furthermore, the second regression analysis is to test how people's attitudes toward China could affect Taiwan's presidential election outcomes. In this second regression analysis, the dependent variable is a dummy (binary) variable named vote for blue which I recode it as 1 if respondents vote for the KMT's candidate; recode as 0 otherwise. In addition, Taiwan's future options, which will be the dependent variable in the first regression analysis, will become an independent variable in the second regression analysis. Since the dependent variable is an ordinal variable in the first regression analysis, the ordinal/ordered logit regression analysis is a suitable method to conduct the empirical research. Moreover, since the dependent variable is a dummy (binary) variable in the second regression analysis, the logit regression analysis is a qualified method to conduct the empirical research.

ANALYSIS

For 2004, according to Table 4, the explanatory variable of election attention is statistically significant because its p-value is smaller than the traditional significance level (0.05). And the coefficient of the variable of election attention is (0.114) which indicates that people's election attention has the positively and statistically significant effect on Taiwan people's attitudes toward China. That is, when people who live in Taiwan pay more attention to election news, they are more likely to prefer the option of independence. According to Table 5, the explanatory variable of election attention is also statistically significant because its p-value is smaller than the traditional significance level (0.05). And people's election attention has the

Table 4: Factors affecting Taiwan people's attitudes toward China

	2004	2008	2012	2016
Election Attention	0.114***	0.0466	0.0255	0.0120
Political Efficacy (Internal)	-0.00555	-0.0201	0.0907*	0.138***
Political Efficacy (External)	0.101**	0.0163	-0.0687	-0.0217
Economic Evaluations	0.113***	-0.0985***	-0.0126	0.0433
President Performance	0.153***	0.159***	-0.150***	-0.193***
Democracy Satisfaction	0.104**	-0.0297	-0.0729	-0.0145
Taiwanese	1.057***	1.259***	1.098***	1.261***
Chinese	-0.967***	-0.658***	-0.711***	-0.464*
KMT	-0.289**	-0.559***	-0.448***	-0.412***
DPP	0.908***	0.918***	0.820***	1.030***
All Other Parties	-0.180	-0.535	0.0999	0.680***
Age	0.00264	0.00179	-0.194***	-0.261***
Education Level	0.0818	0.199**	-0.187**	0.0883
Monthly Household Income	0.104*	0.0238	-0.0384	0.00531
Gender	-0.0299	0.0207	-0.317***	-0.125
R ²	0.1465	0.1563	0.1344	0.1690
Observations	1823	1905	1826	1690

*** p<0.01, ** p<0.05, * p<0.1

Table 5: Average marginal effects of factors affecting Taiwan people's attitudes toward China

	2004	2008	2012	2016
Election Attention	-0.0132***	-0.0047	-0.0024	-0.00103
Political Efficacy (Internal)	0.00065	0.00201	-0.0086*	-0.0119***
Political Efficacy (External)	-0.0118**	-0.00163	0.0065	0.0019
Economic Evaluations	-0.0132***	0.0098***	0.00119	-0.0037
President Performance	-0.0178***	-0.0159***	0.0142***	0.0166***
Democracy Satisfaction	-0.0121**	0.00297	0.0069	0.00125
Taiwanese	-0.1228***	-0.1258***	-0.1035***	-0.1086***
Chinese	0.1124***	0.0657***	0.0671***	0.03998*
KMT	0.0336**	0.0558***	0.0422***	0.0355***
DPP	-0.1056***	-0.0918***	-0.0774***	-0.0886***
All Other Parties	0.0209	0.0535	-0.0094	-0.0585***
Age	-0.00031	-0.000179	0.0183***	0.0225***
Education Level	-0.0095	-0.0198**	0.0176**	-0.0076
Monthly Household Income	-0.0121*	-0.0024	0.00362	-0.00046
Gender	0.0035	-0.00207	0.0299***	0.0107
Observations	1823	1905	1826	1690

*** p<0.01, ** p<0.05, * p<0.1

negatively and statistically significant effect because the coefficient of election attention (-0.0132) has a negative sign in front of it. That is, when people who live in Taiwan pay more attention to election news, they are less likely to prefer the option of reunification. To be specific, election attention lowers the likelihood of people choosing the option of reunification about 1.32% (-0.0132). As a result, the more attention people pay to election news, the more likely people tend to choose the option of independence. Furthermore, the explanatory variables of political efficacy (internal), all other parties, age, education level, and gender are not statistically significant because their p-values are bigger than the traditional significance level (0.05) according to both Table 4 and Table 5.

The explanatory variable of political efficacy-external (0.101) is positively and statistically significant according to Table 4. That is, the more people believe that government officials value their opinions, the more likely people are going to choose the option of independence. According to Table 5, the explanatory variable of political efficacy-external (-0.0118) is negatively and statistically significant. That is, the more people believe that government officials value their opinions, the less likely people are going to choose the option of reunification. To be specific, political efficacy (external) lowers the likelihood of people choosing the option of reunification about 1.18% (-0.0118). Consequently, the more people think that government officials do care about their opinions, the more likely people tend to pick the option of independence. Moreover, according to Table 4, the explanatory variable of economic evaluations (0.113) is positively and statistically significant. That is, when people give optimistic evaluations about economic conditions, they are more likely to choose the option of independence. The explanatory variable of economic evaluations (-0.0132) is negatively and

statistically significant according to Table 5. That is, people are less likely to choose the option of reunification when they make optimistic evaluations about economic conditions. To be clear, economic evaluations lowers the likelihood of people choosing the option of reunification about 1.32% (-0.0132). Thus, in 2004, when people make optimistic evaluations about economic conditions, they incline to choose the option of independence.

According to Table 4, the explanatory variable of president performance (0.153) is positively and statistically significant. In other words, the higher people approve President Chen Shui-Bian's performance, the more likely people lean to choose the option of independence. According to Table 5, the explanatory variable of president performance (-0.0178) is negatively and statistically significant. In other words, the higher people approve President Chen Shui-Bian's performance, the less likely people lean to choose the option of reunification. To be specific, president performance lowers the likelihood of people choosing the option of reunification about 1.78% (-0.0178). Therefore, people are more likely to choose the option of independence when President Chen Shui-Bian's performance is highly approved by the public. In addition, the explanatory variable of democracy satisfaction (0.104) is positively and statistically significant according to Table 4. In other words, the more people satisfy with Taiwan's democracy, the more likely people tend to choose the option of independence. According to Table 5, the explanatory variable of democracy satisfaction (-0.0121) is negatively and statistically significant. In other words, the more people satisfy with Taiwan's democracy, the less likely people tend to choose the option of reunification. To be clear, democracy satisfaction lowers the likelihood of people choosing the option of reunification about 1.21% (-

0.0121). To conclude, the more people satisfy with Taiwan's democracy, the more likely people are going to select the option of independence.

The explanatory variable of Taiwanese (1.057) is positively and statistically significant according to Table 4. That is, people are more likely to choose the option of independence when they identify themselves as Taiwanese. The explanatory variable of Taiwanese (-0.1228) is negatively and statistically significant according to Table 5. That is, when people identify themselves as Taiwanese, they are less likely to choose the option of reunification. To be specific, Taiwanese lowers the likelihood of people choosing the option of reunification about 12.28% (-0.1228). Hence, when people identify themselves as Taiwanese, they are more likely to pick the option of independence. Moreover, the explanatory variable of Chinese (-0.967) is negatively and statistically significant according to Table 4. That is, people are less likely to select the option of independence when they identify themselves as Chinese. The explanatory variable of Chinese (0.1124) is positively and statistically significant according to Table 5. That is, when people identify themselves as Chinese, they are more likely to select the option of reunification. To be specific, Chinese raises the likelihood of people choosing the option of reunification about 11.24% (0.1124). Consequently, when people identify themselves as Chinese, they are less likely to select the option of independence.

The explanatory variable of KMT (-0.289) is negatively and statistically significant according to Table 4. That is, when people identify themselves as KMT supporters, they are less likely to choose the option of independence. The explanatory variable of KMT (0.0336) is positively and statistically significant according to Table 5. That is, people are more likely to choose the option of reunification when they identify themselves as KMT supporters. To be

specific, KMT raises the likelihood of people choosing the option of reunification about 3.36% (0.0336). Therefore, when people identify themselves as KMT supporters, they are less likely to select the option of independence. Furthermore, the explanatory variable of DPP (0.908) is positively and statistically significant according to Table 4. That is, when people identify themselves as DPP supporters, they are more likely to choose the option of independence. The explanatory variable of DPP (-0.1056) is negatively and statistically significant according to Table 5. That is, when people identify themselves as DPP supporters, they are less likely to select the option of reunification. To be specific, DPP lowers the likelihood of people choosing the option of reunification about 10.56% (-0.1056). As a result, people are more likely to choose the option of independence when they identify themselves as DPP supporters.

According to Table 4, the explanatory variable of monthly household income (0.104) is positively and statistically significant. In other words, high income families tend to choose the option of independence. According to Table 5, the explanatory variable of monthly household income (-0.0121) is negatively and statistically significant. That is, high income families tend not to choose the option of reunification. To be specific, monthly household income lowers the likelihood of people choosing the option of reunification about 1.21% (-0.0121). In conclusion, high income families incline to select the option of independence. All in all, Figure 1 provides a visual plot which is regarding to Taiwan people's attitudes toward China in 2004.

For 2008, according to Table 4 and Table 5, the explanatory variables of election attention, political efficacy (internal), political efficacy (external), democracy satisfaction, all other parties, age, monthly household income, and gender are not statistically significant because their p-values are bigger than the traditional significance level (0.05). According to Table 4, the

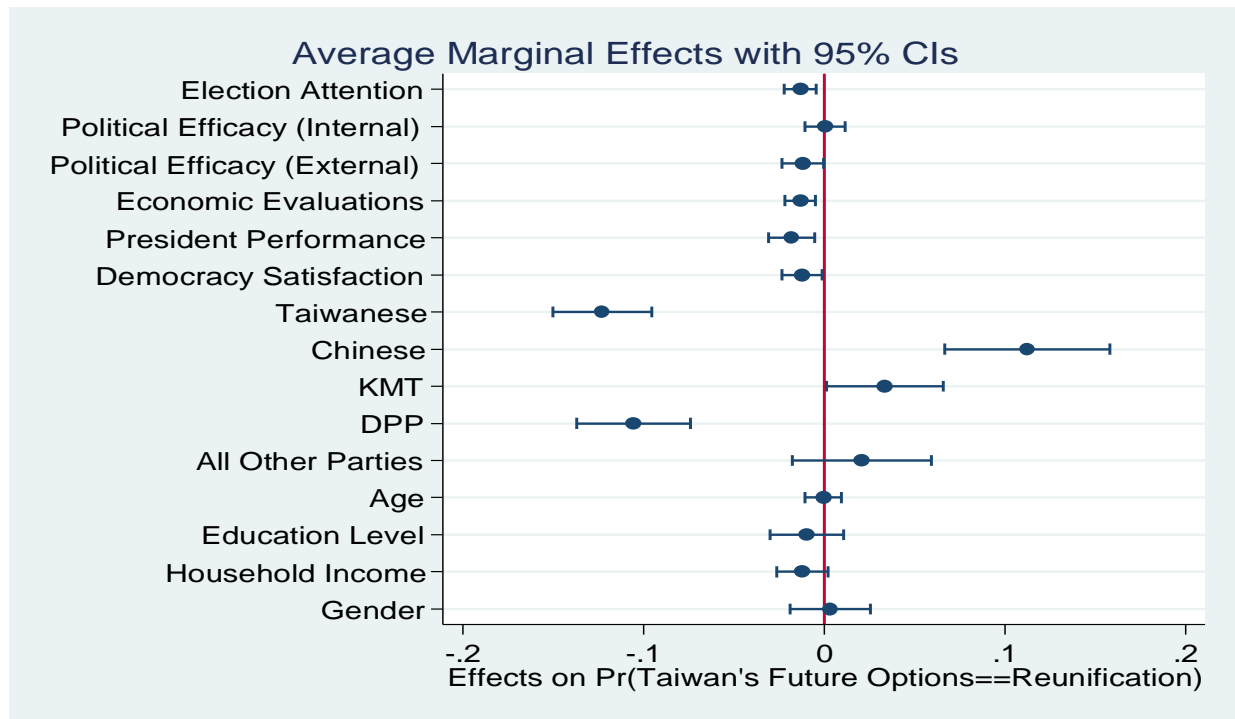


Figure 1: Taiwan people's attitudes toward China in 2004

explanatory variable of economic evaluations (-0.0985) is negatively and statistically significant. That is, when people give optimistic evaluations about economic conditions, they are less likely to choose the option of independence. The explanatory variable of economic evaluations (0.0098) is positively and statistically significant according to Table 5. That is, people are more likely to choose the option of reunification when they make optimistic evaluations about economic conditions. To be specific, economic evaluations raises the likelihood of people choosing the option of reunification about 0.98% (0.0098). Therefore, in 2008, when people make optimistic evaluations about economic conditions, they tend to choose the option of reunification. The result of economic evaluations in 2008 is the opposite of the result of economic evaluations in 2004. Since Chen Shui-Bian's administration's corruption scandals,

people in Taiwan expected that the KMT's candidate Ma Ying-Jeou would win the presidential election in 2008. Since the KMT is a pro-reunification political party, Ma Ying-Jeou's victory means that China and Taiwan are going to warm up their relations in a foreseeable future, especially in economic relations between both sides. As a result, in 2008, when people make optimistic evaluations about economic conditions, they are more likely to select the option of reunification rather than to choose the option of independence.

According to Table 4, the explanatory variable of president performance (0.159) is positively and statistically significant. In other words, the higher people approve President Chen Shui-Bian's performance, the more likely people tend to select the option of independence. According to Table 5, the explanatory variable of president performance (-0.0159) is negatively and statistically significant. In other words, the higher people approve President Chen Shui-Bian's performance, the less likely people tend to select the option of reunification. To be specific, president performance lowers the likelihood of people choosing the option of reunification about 1.59% (-0.0159). Hence, people are more likely to choose the option of independence when President Chen Shui-Bian's performance is highly approved by the public.

The explanatory variable of Taiwanese (1.259) is positively and statistically significant according to Table 4. That is, people are more likely to choose the option of independence when they identify themselves as Taiwanese. The explanatory variable of Taiwanese (-0.1258) is negatively and statistically significant according to Table 5. That is, when people identify themselves as Taiwanese, they are less likely to choose the option of reunification. To be specific, Taiwanese lowers the likelihood of people choosing the option of reunification about 12.58% (-0.1258). Thus, when people identify themselves as Taiwanese, they are more likely to

choose the option of independence. In addition, the explanatory variable of Chinese (-0.658) is negatively and statistically significant according to Table 4. That is, people are less likely to select the option of independence when they identify themselves as Chinese. The explanatory variable of Chinese (0.0657) is positively and statistically significant according to Table 5. That is, when people identify themselves as Chinese, they are more likely to select the option of reunification. To be specific, Chinese raises the likelihood of people choosing the option of reunification about 6.57% (0.0657). As a result, when people identify themselves as Chinese, they are less likely to choose the option of independence.

The explanatory variable of KMT (-0.559) is negatively and statistically significant according to Table 4. That is, when people identify themselves as KMT supporters, they are less likely to choose the option of independence. The explanatory variable of KMT (0.0558) is positively and statistically significant according to Table 5. That is, people are more likely to choose the option of reunification when they identify themselves as KMT supporters. To be specific, KMT raises the likelihood of people choosing the option of reunification about 5.58% (0.0558). Therefore, when people identify themselves as KMT supporters, they are less likely to select the option of independence. Furthermore, the explanatory variable of DPP (0.918) is positively and statistically significant according to Table 4. That is, when people identify themselves as DPP supporters, they are more likely to choose the option of independence. The explanatory variable of DPP (-0.0918) is negatively and statistically significant according to Table 5. That is, when people identify themselves as DPP supporters, they are less likely to select the option of reunification. To be specific, DPP lowers the likelihood of people choosing the

option of reunification about 9.18% (-0.0918). Consequently, people are more likely to choose the option of independence when they identify themselves as DPP supporters.

According to Table 4, the explanatory variable of education level (0.199) is positively and statistically significant. In other words, the higher educated the people, the more likely they incline to choose the option of independence. According to Table 5, the explanatory variable of education level (-0.0198) is negatively and statistically significant. In other words, the higher educated the people, the less likely they incline to choose the option of reunification. To be specific, education level lowers the likelihood of people choosing the option of reunification about 1.98% (-0.0198). Therefore, the higher educated the people, the more likely they lean to choose the option of independence. In a nutshell, Figure 2 presents a plot that is about Taiwan people's attitudes toward China in 2008.

For 2012, the explanatory variable of political efficacy-internal (0.0907) is positively and statistically significant according to Table 4. That is, the more people believe that their voices can influence the government, the more likely people are going to choose the option of independence. According to Table 5, the explanatory variable of political efficacy-internal (-0.0086) is negatively and statistically significant. That is, the more people believe that their voices can influence the government, the less likely people are going to choose the option of reunification. To be specific, political efficacy (internal) lowers the likelihood of people choosing the option of reunification about 0.86% (-0.0086). Consequently, the more people think that their voices can affect the government, the more likely people tend to select the option of independence. In addition, according to Table 4, the explanatory variable of president performance (-0.150) is negatively and statistically significant. In other words, the higher people

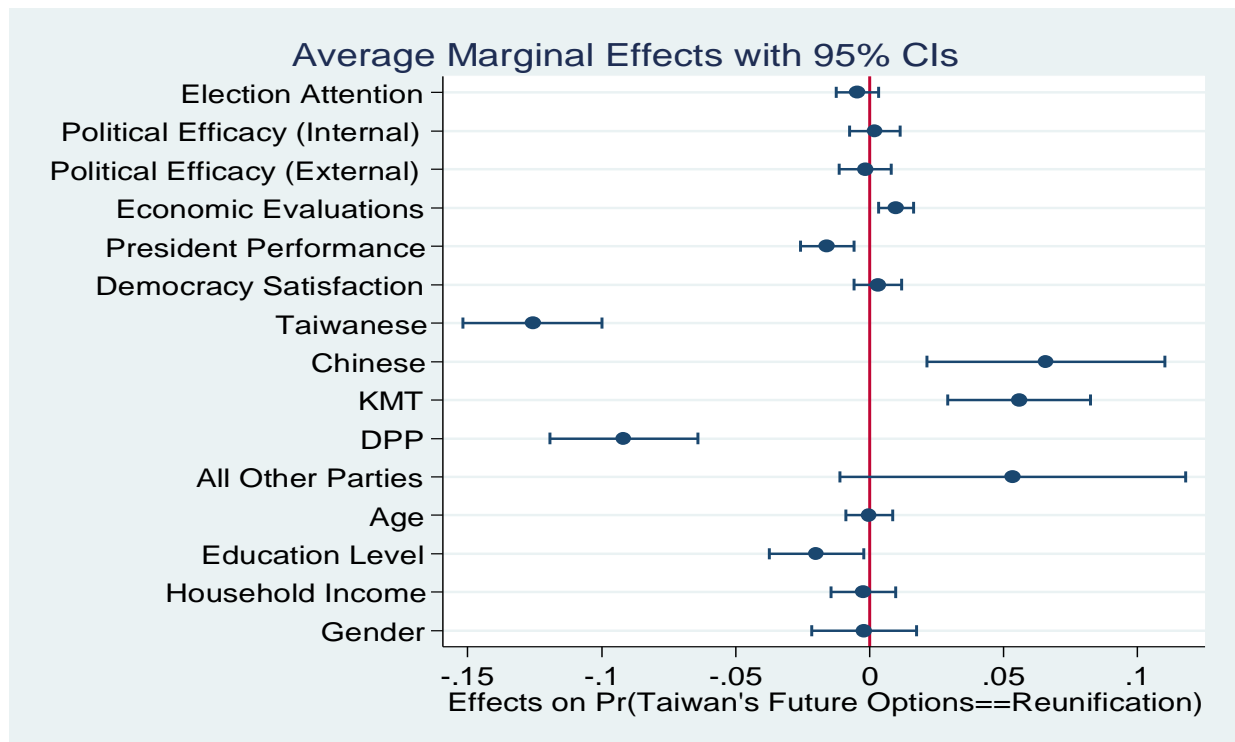


Figure 2: Taiwan people's attitudes toward China in 2008

approve President Ma Ying-Jeou's performance, the less likely people tend to select the option of independence. According to Table 5, the explanatory variable of president performance (0.0142) is positively and statistically significant. In other words, the higher people approve President Ma Ying-Jeou's performance, the more likely people tend to select the option of reunification. To be specific, president performance raises the likelihood of people choosing the option of reunification about 1.42% (0.0142). Therefore, people are more likely to choose the option of reunification when President Ma Ying-Jeou's performance is highly approved by the public.

The explanatory variable of Taiwanese (1.098) is positively and statistically significant according to Table 4. That is, people are more likely to choose the option of independence when

they identify themselves as Taiwanese. The explanatory variable of Taiwanese (-0.1035) is negatively and statistically significant according to Table 5. That is, when people identify themselves as Taiwanese, they are less likely to choose the option of reunification. To be specific, Taiwanese lowers the likelihood of people choosing the option of reunification about 10.35% (-0.1035). Hence, when people identify themselves as Taiwanese, they are more likely to choose the option of independence. Furthermore, the explanatory variable of Chinese (-0.711) is negatively and statistically significant according to Table 4. That is, people are less likely to select the option of independence when they identify themselves as Chinese. The explanatory variable of Chinese (0.0671) is positively and statistically significant according to Table 5. That is, when people identify themselves as Chinese, they are more likely to select the option of reunification. To be specific, Chinese raises the likelihood of people choosing the option of reunification about 6.71% (0.0671). As a result, when people identify themselves as Chinese, they are less likely to choose the option of independence.

The explanatory variable of KMT (-0.448) is negatively and statistically significant according to Table 4. That is, when people identify themselves as KMT supporters, they are less likely to choose the option of independence. The explanatory variable of KMT (0.0422) is positively and statistically significant according to Table 5. That is, people are more likely to choose the option of reunification when they identify themselves as KMT supporters. To be specific, KMT raises the likelihood of people choosing the option of reunification about 4.22% (0.0422). Therefore, when people identify themselves as KMT supporters, they are less likely to select the option of independence. Moreover, the explanatory variable of DPP (0.820) is positively and statistically significant according to Table 4. That is, when people identify

themselves as DPP supporters, they are more likely to choose the option of independence. The explanatory variable of DPP (-0.0774) is negatively and statistically significant according to Table 5. That is, when people identify themselves as DPP supporters, they are less likely to select the option of reunification. To be specific, DPP lowers the likelihood of people choosing the option of reunification about 7.74% (-0.0774). Consequently, people are more likely to choose the option of independence when they identify themselves as DPP supporters.

According to Table 4, the explanatory variable of age (-0.194) is negatively and statistically significant. That is, the older the people, the less likely the people incline to choose the option of independence. According to Table 5, the explanatory variable of age (0.0183) is positively and statistically significant. That is, the older the people, the more likely the people incline to choose the option of reunification. To be specific, age raises the likelihood of people choosing the option of reunification about 1.83% (0.0183). Therefore, people are less likely to choose the option of independence while they are getting older.

According to Table 4, the explanatory variable of education level (-0.187) is negatively and statistically significant. In other words, the higher educated the people, the less likely they incline to choose the option of independence. According to Table 5, the explanatory variable of education level (0.0176) is positively and statistically significant. In other words, the higher educated the people, the more likely they incline to choose the option of reunification. To be specific, education level raises the likelihood of people choosing the option of reunification about 1.76% (0.0176). Therefore, the higher educated the people, the less likely they lean to choose the option of independence. Obviously, the result of education level in 2012 is the opposite of the result of education level in 2008. Since President Ma Ying-Jeou uses 1992

consensus to revive and reconnect the relations with Beijing, the interaction between China and Taiwan has been broadened and deepened which covers not only economic aspects but also academic areas. After deeper and wider communications between both sides from 2008 to 2012, it may help people in Taiwan to readjust their views about China. As a result, in 2012, the higher educated the people, the less likely they tend to select the option of independence.

The explanatory variable of gender (-0.317) is negatively and statistically significant according to Table 4. That is, compare to women, men are less likely to choose the option of independence. According to Table 5, the explanatory variable of gender (0.0299) is positively and statistically significant. That is, compare to women, men are more likely to choose the option of reunification. To be specific, gender raises the likelihood of people choosing the option of reunification about 2.99% (0.0299). Consequently, compare to women, men are less likely to choose the option of independence. Furthermore, according to Table 4 and Table 5, the explanatory variables of election attention, political efficacy (external), economic evaluations, democracy satisfaction, all other parties, and monthly household income are not statistically significant because their p-values are bigger than the traditional significance level (0.05). In conclusion, Figure 3 illustrates a plot which is about Taiwan people's attitudes toward China in 2012.

For 2016, the explanatory variable of political efficacy-internal (0.138) is positively and statistically significant according to Table 4. That is, the more people believe that their voices can influence the government, the more likely people are going to choose the option of independence. According to Table 5, the explanatory variable of political efficacy-internal (-0.0119) is negatively and statistically significant. That is, the more people believe that their

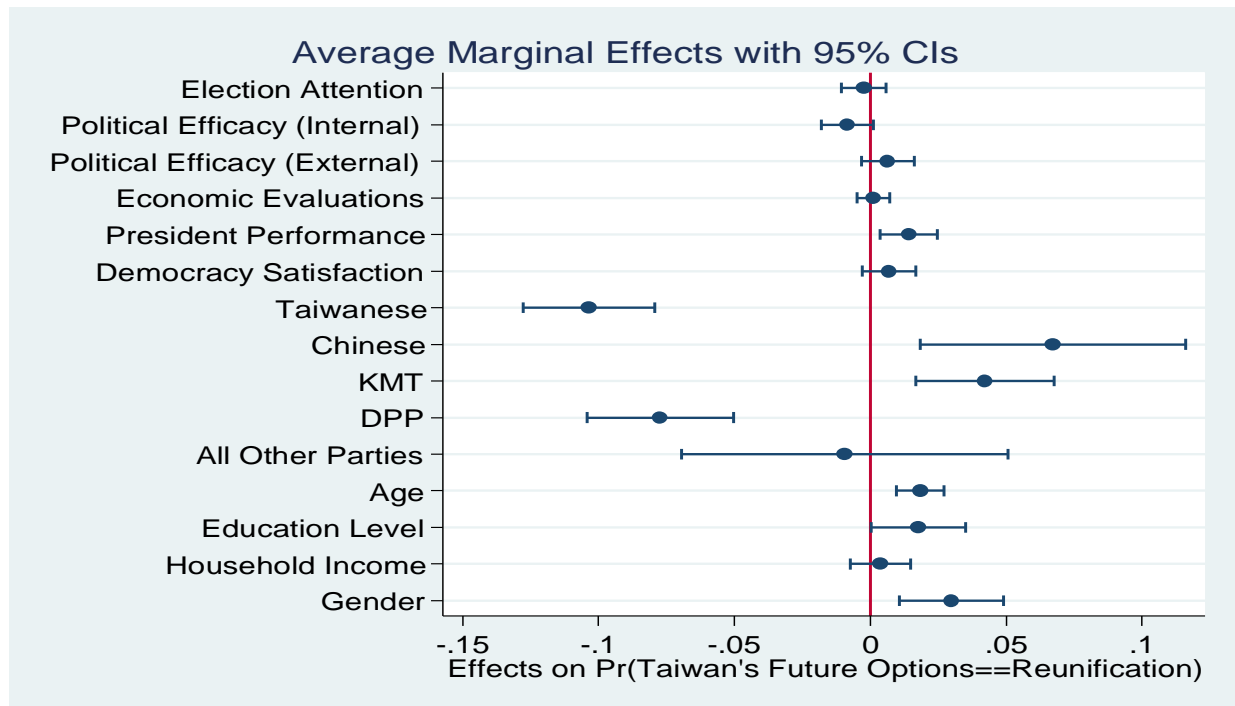


Figure 3: Taiwan people's attitudes toward China in 2012

voices can influence the government, the less likely people are going to choose the option of reunification. To be specific, political efficacy (internal) lowers the likelihood of people choosing the option of reunification about 1.19% (-0.0119). Thus, the more people think that their voices can affect the government, the more likely people tend to select the option of independence. Moreover, according to Table 4, the explanatory variable of president performance (-0.193) is negatively and statistically significant. In other words, the higher people approve President Ma Ying-Jeou's performance, the less likely people tend to select the option of independence. According to Table 5, the explanatory variable of president performance (0.0166) is positively and statistically significant. In other words, the higher people approve President Ma Ying-Jeou's performance, the more likely people tend to select the option of reunification. To be specific,

president performance raises the likelihood of people choosing the option of reunification about 1.66% (0.0166). Therefore, people are more likely to choose the option of reunification when President Ma Ying-Jeou's performance is highly approved by the public.

The explanatory variable of Taiwanese (1.261) is positively and statistically significant according to Table 4. That is, people are more likely to choose the option of independence when they identify themselves as Taiwanese. The explanatory variable of Taiwanese (-0.1086) is negatively and statistically significant according to Table 5. That is, when people identify themselves as Taiwanese, they are less likely to choose the option of reunification. To be specific, Taiwanese lowers the likelihood of people choosing the option of reunification about 10.86% (-0.1086). Hence, when people identify themselves as Taiwanese, they are more likely to choose the option of independence. Furthermore, the explanatory variable of Chinese (-0.464) is negatively and statistically significant according to Table 4. That is, people are less likely to select the option of independence when they identify themselves as Chinese. The explanatory variable of Chinese (0.03998) is positively and statistically significant according to Table 5. That is, when people identify themselves as Chinese, they are more likely to select the option of reunification. To be specific, Chinese raises the likelihood of people choosing the option of reunification about 3.998% (0.03998). Consequently, when people identify themselves as Chinese, they are less likely to choose the option of independence.

The explanatory variable of KMT (-0.412) is negatively and statistically significant according to Table 4. That is, when people identify themselves as KMT supporters, they are less likely to choose the option of independence. The explanatory variable of KMT (0.0355) is positively and statistically significant according to Table 5. That is, people are more likely to

choose the option of reunification when they identify themselves as KMT supporters. To be specific, KMT raises the likelihood of people choosing the option of reunification about 3.55% (0.0355). Therefore, when people identify themselves as KMT supporters, they are less likely to select the option of independence. Furthermore, the explanatory variable of DPP (1.030) is positively and statistically significant according to Table 4. That is, when people identify themselves as DPP supporters, they are more likely to choose the option of independence. The explanatory variable of DPP (-0.0886) is negatively and statistically significant according to Table 5. That is, when people identify themselves as DPP supporters, they are less likely to select the option of reunification. To be specific, DPP lowers the likelihood of people choosing the option of reunification about 8.86% (-0.0886). Consequently, people are more likely to choose the option of independence when they identify themselves as DPP supporters. In addition, the explanatory variable of all other parties (0.680) is positively and statistically significant according to Table 4. That is, when people identify themselves as other political parties' supporters, they are more likely to choose the option of independence. The explanatory variable of all other parties (-0.0585) is negatively and statistically significant according to Table 5. That is, when people identify themselves as other political parties' supporters, they are less likely to choose the option of reunification. To be specific, all other parties lower the likelihood of people choosing the option of reunification about 5.85% (-0.0585). Thus, people are more likely to choose the option of independence when they identify themselves as other political parties' supporters.

According to Table 4, the explanatory variable of age (-0.261) is negatively and statistically significant. That is, the older the people, the less likely the people incline to choose

the option of independence. According to Table 5, the explanatory variable of age (0.0225) is positively and statistically significant. That is, the older the people, the more likely the people incline to choose the option of reunification. To be specific, age raises the likelihood of people choosing the option of reunification about 2.25% (0.0225). Therefore, people are less likely to choose the option of independence while they are getting older. In addition, according to Table 4 and Table 5, the explanatory variables of election attention, political efficacy (external), economic evaluations, democracy satisfaction, education level, monthly household income, and gender are not statistically significant because their p-values are bigger than the traditional significance level (0.05). In a word, Figure 4 demonstrates a plot which is regarding to Taiwan people's attitudes toward China in 2016.

For 2004, according to Table 6, the explanatory variable of Taiwan's future options (-0.263) is negatively and statistically significant. That is, people are less likely to vote for blue when they tend to support for the option of independence. To be specific, according to Table 7, Taiwan's future options lower the likelihood of people voting for blue about 2.75% (-0.0275). Moreover, the explanatory variable of election attention (0.124) is positively and statistically significant according to Table 6. That is, people are more likely to vote for blue when they spend more time on election news. To be specific, election attention raises the likelihood of people voting for blue about 1.297% (0.01297) according to Table 7. Furthermore, the explanatory variable of president performance (-0.689) is negatively and statistically significant according to Table 6. That is, people are less likely to vote for blue when they satisfy with President Chen Shui-Bian's performance. To be specific, president performance lowers the likelihood of people voting for blue about 7.201% (-0.07201) according to Table 7.

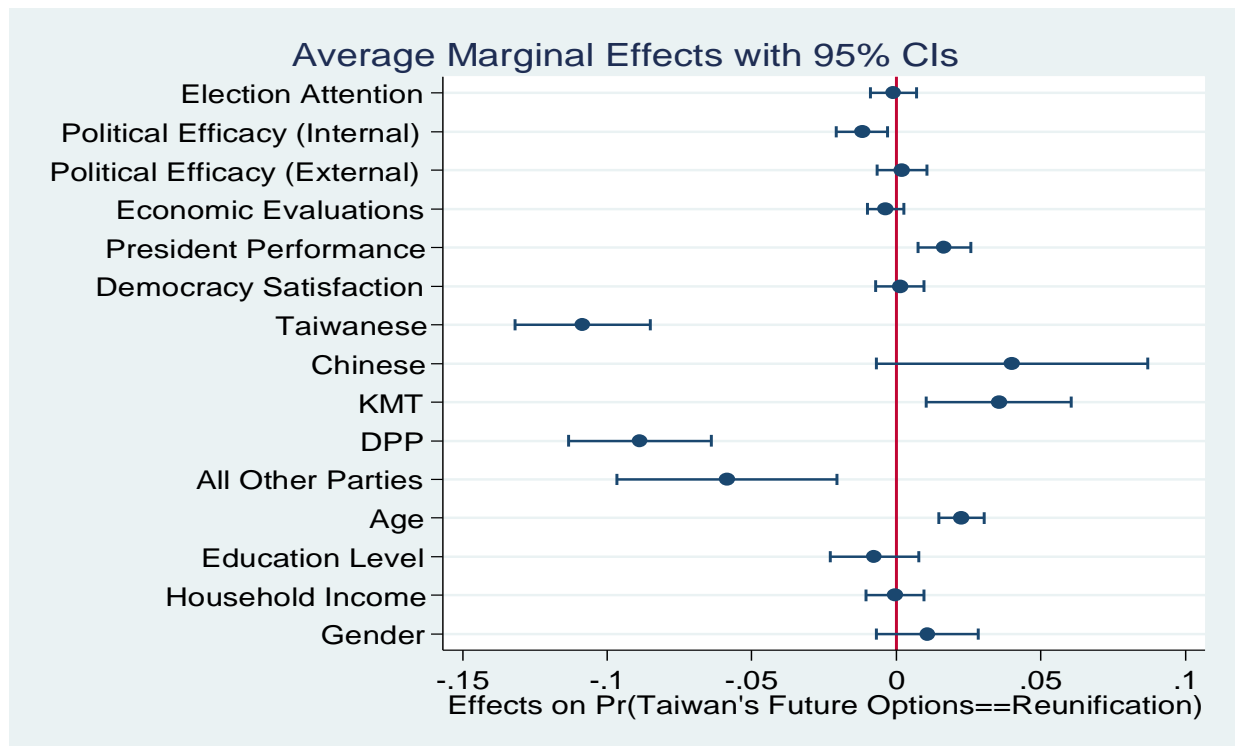


Figure 4: Taiwan people's attitudes toward China in 2016

According to Table 6, the explanatory variable of Taiwanese (-0.964) is negatively and statistically significant. That is, people are less likely to vote for blue when they identify themselves as Taiwanese. To be specific, according to Table 7, Taiwanese lowers the likelihood of people voting for blue about 10.078% (-0.10078). Moreover, according to Table 6, the explanatory variable of KMT (2.376) is positively and statistically significant. That is, people are more likely to vote for blue when they identify themselves as KMT supporters. To be specific, according to Table 7, KMT raises the likelihood of people voting for blue about 24.84% (0.2484). Furthermore, the explanatory variable of DPP (-2.021) is negatively and statistically significant according to Table 6. That is, people are less likely to vote for blue when they identify

Table 6: Presidential voting behavior and Taiwan people's attitudes toward China

	2004	2008	2012	2016
Taiwan's Future Options	-0.263**	-0.425***	-0.186	-0.683***
Election Attention	0.124**	0.114*	0.163**	-0.0150
Political Efficacy (Internal)	0.0332	0.0452	0.0117	-0.0694
Political Efficacy (External)	-0.0724	0.0216	0.128*	0.155*
Economic Evaluations	-0.0478	0.131***	0.0795*	-0.164***
President Performance	-0.689***	-0.407***	0.646***	0.665***
Democracy Satisfaction	0.0718	-0.0615	0.128	-0.129
Taiwanese	-0.964***	-0.296**	-0.383**	-0.469**
Chinese	-0.261	0.492	0.316	0.176
KMT	2.376***	2.171***	2.311***	2.588***
DPP	-2.021***	-1.928***	-1.785***	-1.545***
All Other Parties	1.604***	0.825**	0.770**	0.466
Age	0.0415	0.0845	0.243***	0.165**
Education Level	0.228*	0.0763	-0.0504	0.150
Monthly Household Income	0.0401	0.0875	0.0493	-0.0684
Gender	0.184	-0.509***	-0.478***	-0.0907
R ²	0.4699	0.4415	0.4839	0.4743
Observations	1823	1905	1826	1690

*** p<0.01, ** p<0.05, * p<0.1

Table 7: Average marginal effects of presidential voting behavior and Taiwan people's attitudes toward China

	2004	2008	2012	2016
Taiwan's Future Options	-0.0275**	-0.0516***	-0.0205	-0.0549***
Election Attention	0.01297**	0.0139*	0.018**	-0.0012
Political Efficacy (Internal)	0.0035	0.0055	0.0013	-0.0056
Political Efficacy (External)	-0.0076	0.0026	0.0141*	0.0124*
Economic Evaluations	-0.00499	0.0159***	0.0088*	-0.0131***
President Performance	-0.07201***	-0.0495***	0.0712***	0.0535***
Democracy Satisfaction	0.0075	-0.0075	0.0141	-0.0104
Taiwanese	-0.10078***	-0.0360**	-0.0422**	-0.0377**
Chinese	-0.0273	0.0598	0.0349	0.0141
KMT	0.2484***	0.2637***	0.2547***	0.2081***
DPP	-0.2112***	-0.2341***	-0.1967***	-0.1242***
All Other Parties	0.1677***	0.10017**	0.0849**	0.0375
Age	0.00434	0.0103	0.0268***	0.0133**
Education Level	0.0238*	0.0093	-0.0056	0.0121
Monthly Household Income	0.0042	0.0106	0.0054	-0.0055
Gender	0.0191	-0.0619***	-0.0527***	-0.0073
Observations	1823	1905	1826	1690

*** p<0.01, ** p<0.05, * p<0.1

themselves as DPP supporters. To be specific, DPP lowers the likelihood of people voting for blue about 21.12% (-0.2112) according to Table 7. In addition, the explanatory variable of all other parties (1.604) is positively and statistically significant according to Table 6. That is, people are more likely to vote for blue when they identify themselves as other political parties' supporters. To be specific, all other parties raise the likelihood of people voting for blue about 16.77% (0.1677) according to Table 7. According to Table 6, the explanatory variable of education level (0.228) is positively and statistically significant. That is, the higher educated the people, the more likely the people tend to vote for blue. To be specific, according to Table 7, education level raises the likelihood of people voting for blue about 2.38% (0.0238). In addition, according to Table 6 and Table 7, the explanatory variables of political efficacy (internal), political efficacy (external), economic evaluations, democracy satisfaction, Chinese, age, monthly household income, and gender are not statistically significant because their p-values are bigger than the traditional significance level (0.05). In a nutshell, Figure 5 demonstrates a plot which is regarding to presidential voting behavior and Taiwan people's attitudes toward China in 2004.

For 2008, according to Table 6, the explanatory variable of Taiwan's future options (-0.425) is negatively and statistically significant. That is, people are less likely to vote for blue when they tend to support for the option of independence. To be specific, according to Table 7, Taiwan's future options lower the likelihood of people voting for blue about 5.16% (-0.0516). Moreover, the explanatory variable of election attention (0.114) is positively and statistically significant according to Table 6. That is, people are more likely to vote for blue when they spend more time on election news. To be specific, election attention raises the likelihood of people

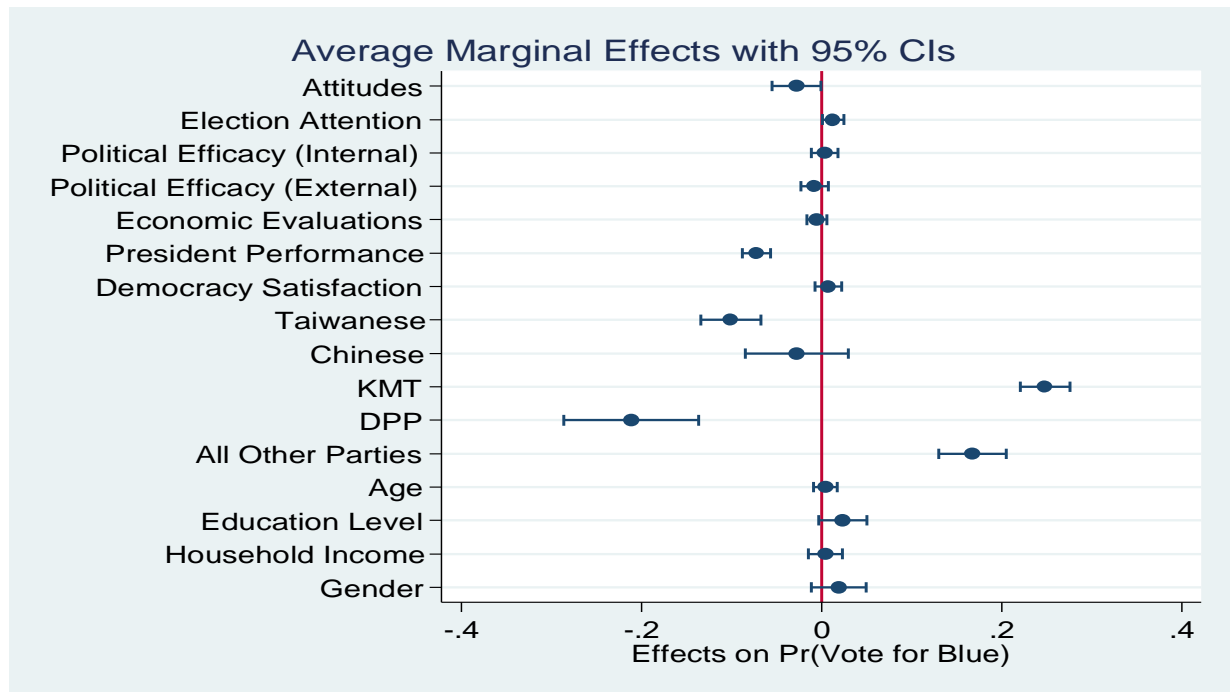


Figure 5: Presidential voting behavior and Taiwan people's attitudes toward China in 2004

voting for blue about 1.39% (0.0139) according to Table 7. Furthermore, the explanatory variable of economic evaluations (0.131) is positively and statistically significant according to Table 6. That is, people are more likely to vote for blue when they make optimistic evaluations about economic conditions. To be specific, economic evaluations raise the likelihood of people voting for blue about 1.59% (0.0159) according to Table 7. In addition, the explanatory variable of president performance (-0.407) is negatively and statistically significant according to Table 6. That is, people are less likely to vote for blue when they satisfy with President Chen Shui-Bian's performance. To be specific, according to Table 7, president performance lowers the likelihood of people voting for blue about 4.95% (-0.0495).

According to Table 6, the explanatory variable of Taiwanese (-0.296) is negatively and statistically significant. That is, people are less likely to vote for blue when they identify themselves as Taiwanese. To be specific, according to Table 7, Taiwanese lowers the likelihood of people voting for blue about 3.6% (-0.036). According to Table 6, the explanatory variable of KMT (2.171) is positively and statistically significant. That is, people are more likely to vote for blue when they identify themselves as KMT supporters. To be specific, according to Table 7, KMT raises the likelihood of people voting for blue about 26.37% (0.2637). Moreover, the explanatory variable of DPP (-1.928) is negatively and statistically significant according to Table 6. That is, people are less likely to vote for blue when they identify themselves as DPP supporters. To be specific, DPP lowers the likelihood of people voting for blue about 23.41% (-0.2341) according to Table 7. Furthermore, the explanatory variable of all other parties (0.825) is positively and statistically significant according to Table 6. That is, people are more likely to vote for blue when they identify themselves as other political parties' supporters. To be specific, all other parties raise the likelihood of people voting for blue about 10.017% (0.10017) according to Table 7. According to Table 6, the explanatory variable of gender (-0.509) is negatively and statistically significant. That is, compare to women, men are less likely to vote for blue. To be specific, according to Table 7, gender lowers the likelihood of people voting for blue about 6.19% (-0.0619). In addition, according to Table 6 and Table 7, the explanatory variables of political efficacy (internal), political efficacy (external), democracy satisfaction, Chinese, age, education level, and monthly household income are not statistically significant because their p-values are bigger than the traditional significance level (0.05). In conclusion, Figure 6 illustrates a plot which is regarding to presidential voting behavior and Taiwan people's attitudes toward

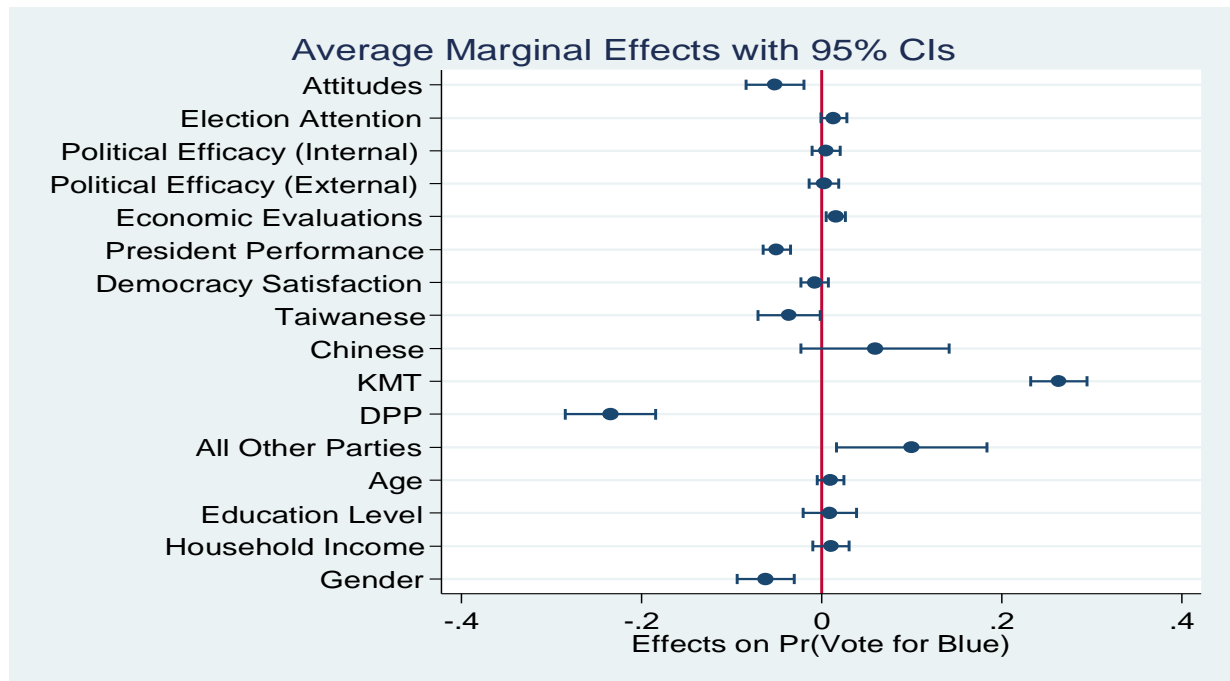


Figure 6: Presidential voting behavior and Taiwan people's attitudes toward China in 2008

China in 2008.

For 2012, the explanatory variable of election attention (0.163) is positively and statistically significant according to Table 6. That is, people are more likely to vote for blue when they spend more time on election news. To be specific, election attention raises the likelihood of people voting for blue about 1.8% (0.018) according to Table 7. Moreover, according to Table 6, the explanatory variable of political efficacy-external (0.128) is positively and statistically significant. That is, people are more likely to vote for blue when they believe that government officials value their opinions. To be specific, according to Table 7, political efficacy (external) raises the likelihood of people voting for blue about 1.41% (0.0141). Furthermore, the explanatory variable of economic evaluations (0.0795) is positively and statistically significant

according to Table 6. That is, people are more likely to vote for blue when they make optimistic evaluations about economic conditions. To be specific, economic evaluations raise the likelihood of people voting for blue about 0.88% (0.0088) according to Table 7. In addition, according to Table 6, the explanatory variable of president performance (0.646) is positively and statistically significant. That is, people are more likely to vote for blue when they satisfy with President Ma Ying-Jeou's performance. To be specific, according to Table 7, president performance raises the likelihood of people voting for blue about 7.12% (0.0712).

According to Table 6, the explanatory variable of Taiwanese (-0.383) is negatively and statistically significant. That is, people are less likely to vote for blue when they identify themselves as Taiwanese. To be specific, according to Table 7, Taiwanese lowers the likelihood of people voting for blue about 4.22% (-0.0422). Moreover, according to Table 6, the explanatory variable of KMT (2.311) is positively and statistically significant. That is, people are more likely to vote for blue when they identify themselves as KMT supporters. To be specific, according to Table 7, KMT raises the likelihood of people voting for blue about 25.47% (0.2547). The explanatory variable of DPP (-1.785) is negatively and statistically significant according to Table 6. That is, people are less likely to vote for blue when they identify themselves as DPP supporters. To be specific, DPP lowers the likelihood of people voting for blue about 19.67% (-0.1967) according to Table 7. In addition, the explanatory variable of all other parties (0.77) is positively and statistically significant according to Table 6. That is, people are more likely to vote for blue when they identify themselves as other political parties' supporters. To be specific, all other parties raise the likelihood of people voting for blue about 8.49% (0.0849) according to Table 7. Furthermore, according to Table 6, the explanatory variable of age (0.243) is positively

and statistically significant. That is, people are more likely to vote for blue when they are getting older. To be specific, according to Table 7, age raises the likelihood of people voting for blue about 2.68% (0.0268). According to Table 6, the explanatory variable of gender (-0.478) is negatively and statistically significant. That is, compare to women, men are less likely to vote for blue. To be specific, according to Table 7, gender lowers the likelihood of people voting for blue about 5.27% (-0.0527). In addition, according to Table 6 and Table 7, the explanatory variables of Taiwan's future options, political efficacy (internal), democracy satisfaction, Chinese, education level, and monthly household income are not statistically significant because their p-values are bigger than the traditional significance level (0.05). In a word, Figure 7 displays a plot which is regarding to presidential voting behavior and Taiwan people's attitudes toward China in 2012.

For 2016, according to Table 6, the explanatory variable of Taiwan's future options (-0.683) is negatively and statistically significant. That is, people are less likely to vote for blue when they tend to support for the option of independence. To be specific, according to Table 7, Taiwan's future options lower the likelihood of people voting for blue about 5.49% (-0.0549). According to Table 6, the explanatory variable of political efficacy-external (0.155) is positively and statistically significant. That is, people are more likely to vote for blue when they believe that government officials value their opinions. To be specific, according to Table 7, political efficacy (external) raises the likelihood of people voting for blue about 1.24% (0.0124). According to Table 6, the explanatory variable of economic evaluations (-0.164) is negatively and statistically significant. That is, people are less likely to vote for blue when they make optimistic evaluations about economic conditions. To be specific, according to Table 7, economic

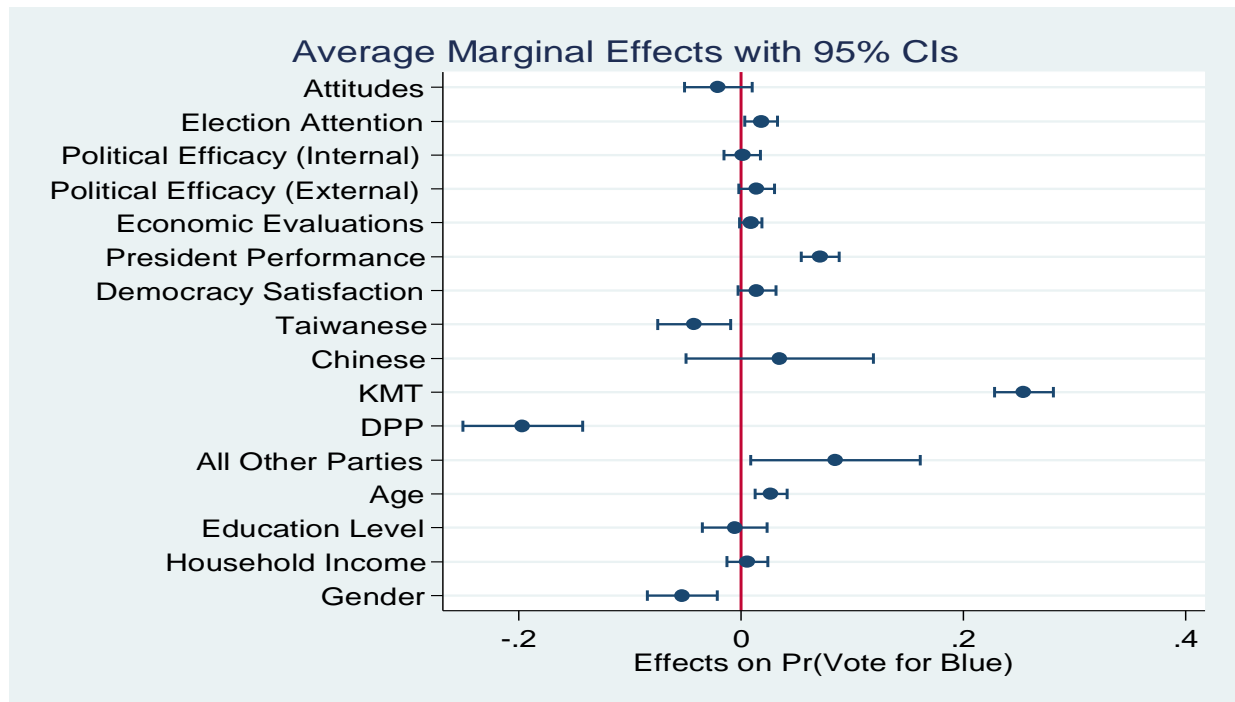


Figure 7: Presidential voting behavior and Taiwan people's attitudes toward China in 2012

evaluations lower the likelihood of people voting for blue about 1.31% (-0.0131). In addition, according to Table 6, the explanatory variable of president performance (0.665) is positively and statistically significant. That is, people are more likely to vote for blue when they satisfy with President Ma Ying-Jeou's performance. To be specific, according to Table 7, president performance raises the likelihood of people voting for blue about 5.35% (0.0535).

According to Table 6, the explanatory variable of Taiwanese (-0.469) is negatively and statistically significant. That is, people are less likely to vote for blue when they identify themselves as Taiwanese. To be specific, according to Table 7, Taiwanese lowers the likelihood of people voting for blue about 3.77% (-0.0377). Moreover, according to Table 6, the explanatory variable of KMT (2.588) is positively and statistically significant. That is, people are more likely

to vote for blue when they identify themselves as KMT supporters. To be specific, according to Table 7, KMT raises the likelihood of people voting for blue about 20.81% (0.2081). Furthermore, according to Table 6, the explanatory variable of DPP (-1.545) is negatively and statistically significant. That is, people are less likely to vote for blue when they identify themselves as DPP supporters. To be specific, according to Table 7, DPP lowers the likelihood of people voting for blue about 12.42% (-0.1242). According to Table 6, the explanatory variable of age (0.165) is positively and statistically significant. That is, people are more likely to vote for blue when they are getting older. To be specific, according to Table 7, age raises the likelihood of people voting for blue about 1.33% (0.0133). In addition, according to Table 6 and Table 7, the explanatory variables of election attention, political efficacy (internal), democracy satisfaction, Chinese, all other parties, education level, monthly household income, and gender are not statistically significant because their p-values are bigger than the traditional significance level (0.05). In short, Figure 8 shows a plot which is regarding to presidential voting behavior and Taiwan people's attitudes toward China in 2016.

CONCLUSION

To sum up, according to Table 5, the explanatory variable of KMT is positively and statistically significant in 2004, 2008, 2012, and 2016. Therefore, the hypothesis 4 is sustainable because it receives empirical results/evidences to support its claim. That is, people who live in Taiwan tend to support for the option of reunification when they identify themselves as the KMT's supporters. Moreover, according to Table 4, the explanatory variable of DPP is positively and statistically significant in 2004, 2008, 2012, and 2016. Hence, the hypothesis 6 is also sustainable because empirical results/evidences support its claim. That is, people who live in

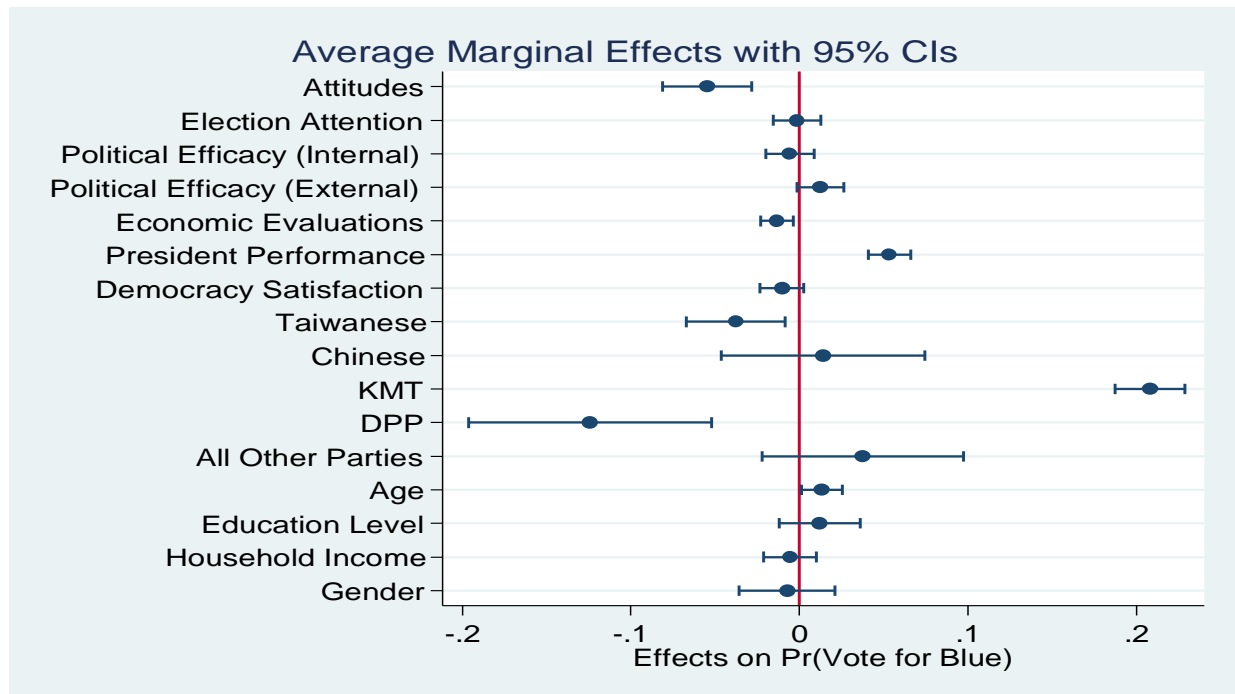


Figure 8: Presidential voting behavior and Taiwan people's attitudes toward China in 2016

Taiwan tend to support for the option of independence when they identify themselves as the DPP's supporters. Furthermore, the explanatory variable of Chinese is positively and statistically significant according to Table 5 in 2004, 2008, 2012, and 2016. Thus, the hypothesis 8 is sustainable as well because empirical results/evidences uphold its claim. That is, people who live in Taiwan tend to support for the option of reunification when they recognize themselves as Chinese. In addition, the explanatory variable of Taiwanese is positively and statistically significant according to Table 4 in 2004, 2008, 2012, and 2016. Consequently, the hypothesis 10 is sustainable too because empirical results/evidences confirm its claim. That is, people who live in Taiwan tend to support for the option of independence when they recognize themselves as

Taiwanese. In a nutshell, national identity and party ID do play crucial roles to influence Taiwan people's attitudes toward China.

An interesting observation is that age has played a role on how people in Taiwan view China in recent years. According to Table 8, young people, whose ages fall between 20 and 29, are the major force to support for the option of independence such as 32.7% in 2012 and 48.4% in 2016. However, the support of independence has a descending trend while people are getting older. For instance, in 2016, the support of independence is 48.4% in age 20-29 to 25.3% in age 40-49 to 19.9% in age over 60. In other words, the older the people, the more likely the people incline to choose the option of reunification. In a word, the support of reunification has an ascending trend while people are aging. For example, in 2016, the support of reunification is 3.6% in age 20-29 to 11.2% in age 40-49 to 18.4% in age over 60. All in all, young people, whose ages are in their 20s and 30s, tend to support for the option of independence; nonetheless, when people are slowly getting older, they gradually incline to support for the option of reunification.

In summary, according to Table 6 and Table 7, the explanatory variable of Taiwan's future options is negatively and statistically significant in 2004, 2008, and 2016. Therefore, the hypotheses 5 and 7 are sustainable because they have received enough empirical results/evidences to support their claims. That is, people who live in Taiwan are less likely to vote for blue when they tend to support for the option of independence. In other words, people who live in Taiwan are more likely to vote for blue when they tend to support for the option of reunification. Moreover, according to Table 6 and Table 7, the explanatory variable of Chinese is not statistically significant. Therefore, the hypothesis 9 is indeterminate because it does not

Table 8: Age and Taiwan people's attitudes toward China

	2012					2016				
	Age Group					Age Group				
	20-29	30-39	40-49	50-59	>=60	20-29	30-39	40-49	50-59	>=60
Reunification	7.3%	10.6%	15.3%	14.3%	12.8%	3.6%	9.1%	11.2%	13.5%	18.4%
Status Quo	60	65.8	67.2	66.5	63.1	48	55.4	63.6	63.6	61.7
Independence	32.7	23.6	17.5	19.3	24.1	48.4	35.6	25.3	22.9	19.9
Total	352	388	383	342	360	287	353	325	324	401
Observations	1826					1690				

receive empirical results/evidences to support its claim. Furthermore, the explanatory variable of Taiwanese is negatively and statistically significant according to Table 6 and Table 7 in 2004, 2008, 2012, and 2016. As a result, the hypothesis 11 is sustainable because empirical results/evidences maintain its claim. That is, people who live in Taiwan are less likely to vote for blue when they recognize themselves as Taiwanese. All in all, national identity could affect people's voting behavior. However, most importantly, people's voting behavior could be influenced by how people perceive China.

CHAPTER 5

CONCLUSION

If more democratic countries can produce more peace, and democratic countries are more likely to win the fights which they engage with autocratic countries, why has the United States and its democratic allies such as Australia and the government of South Vietnam failed to defeat the Vietnam People's Army (North Vietnamese Army)? Why did the Third Taiwan Strait Crisis occur in 1996? And why has the CCP not been willing to disarm its thousands of missiles against Taiwan? One may argue that those examples are individual incidents which occur in the international system. However, when combining all those incidents which have been occurred in different areas in the world, those incidents have become substantial evidences to challenge the concept of democratic peace.

In Chapter 2, democracy (Polity IV) does not have the statistically significant effect on events of verbal and material conflict between China and Taiwan according to Table 1. Therefore, the hypothesis 1 is indeterminate because it does not receive empirical results/evidences to support its claim. However, according to Table 1, in Model 2, voice and accountability has the statistically significant effect on events of verbal conflict between China and Taiwan. That is, events of verbal conflict between China and Taiwan are less likely to occur when people have more freedom to express their opinions, more freedom to join any associations, and more freedom to select their government officials. Conversely, in Model 2, the empirical result of regulatory quality is statistically significant according to Table 1. That is, events of material conflict between China and Taiwan are more likely to occur when a country's government has a better ability to implement its policies and regulations. Based on Model 2, it

seems like that the hypothesis 1 receives a partial support from the empirical result of regulatory quality to back up its claim.

Furthermore, according to Table 1, in Model 3, the higher the people enjoy civil liberties, the less likely the events of verbal and material conflict between China and Taiwan will occur. Conversely, the higher the people enjoy political rights, the more likely the events of verbal and material conflict between China and Taiwan tend to occur. Apparently and again, it seems like that the hypothesis 1 receives another partial support from the empirical result of political rights to uphold its claim. As a result, the effect of democracy on conflict is mixed according to Table 1. Consequently, it seems like that democracy may not necessarily produces the pacifying effect on China-Taiwan relations. To sum up, in a young democracy such as Taiwan, democracy may not necessarily lower the probability of conflict between countries.

In Chapter 3, according to Table 2, bilateral trade seems to have impact on events of verbal and material conflict between China and Taiwan. That is, events of verbal and material conflict between China and Taiwan are more likely to occur when bilateral trade between both sides increases. As a result of that, the hypothesis 2 has been overthrown because empirical results/evidences prove that the claim of hypothesis 2 is incorrect. Most importantly, it indicates that trade does not provide the pacifying effect on China-Taiwan relations. Therefore, it also implies that the conventional liberal peace wisdom may not suitable to China-Taiwan relations.

Additionally, according to Table 2, the WTO membership also seems to have influence over events of verbal and material conflict between China and Taiwan. To be specific, it seems like that the WTO membership could raise the likelihood of events of verbal conflict between China and Taiwan to occur; moreover, it seems like that the WTO membership could lower the

likelihood of events of material conflict between China and Taiwan to occur. However, in Model 1 and Model 2, both empirical results of WTO membership are not statistically significant according to Table 2. As a result of that, the hypothesis 3 is indeterminate because empirical results/evidences do not uphold its claim. In a nutshell, the claim that trade generally reduces conflict is not applicable to the Taiwan issue; in fact, the pacifying trade effect on conflict is not suitable to China-Taiwan relations. And the effect of the WTO membership on events of both verbal and material conflict between China and Taiwan is unclear.

All in all, according to Table 2, the claim that trade generally reduces conflict is not applicable to the Taiwan issue. Moreover, since the WTO membership has statistically insignificant effect on events of verbal and material conflict between China and Taiwan, it seems like that joining the WTO may not necessarily bestow peace upon the Taiwan Strait. Perhaps the relationship between China and Taiwan are too complicated; therefore, trade and the WTO membership are not powerful enough to capture the dynamics of the Taiwan issue. In a nutshell, perhaps trade may generally reduce conflict; however, it is not suitable to China-Taiwan relations.

In Chapter 4, national identity is a long-standing issue in Taiwan. In fact, national identity could not only affect Taiwan's politics but also could influence Taiwan people's attitudes toward China. To be specific, national identity in Taiwan could not only affect people's voting behavior but also could influence how people perceive China. For example, people tend to choose the option of independence when they identify themselves as Taiwanese. Furthermore, when people identify themselves as Taiwanese, they are less likely to vote for blue because the KMT is a pro-reunification political party. Party ID in Taiwan is another factor that could affect people's

attitudes toward China and people's voting behavior. For instance, people incline to choose the option of independence when they identify themselves as DPP supporters. In addition, people are less likely to vote for blue when they identify themselves as DPP supporters. In a word, domestic factors in Taiwan, such as national identity and party ID, do play crucial roles to influence people's attitudes toward China and to affect people's voting behavior. All in all, leaders need to take domestic factors into their considerations while making China policies.

To conclude, my contribution in this dissertation is to discover that the traditional liberal peace wisdom is not applicable to China-Taiwan relations. Actually, the effect of democracy on conflict is mixed, and trade does not provide the pacifying effect on China-Taiwan relations. As a result, the conventional liberal peace wisdom may not be a useful reference for policy-makers to form an effective policy to deal with a rising China. Future scholars could incorporate more East Asia countries into analyses. Perhaps the conventional liberal peace wisdom may be suitable to some East Asia countries, but not suitable to the other East Asia countries. Hopefully, this dissertation can shed some lights on forthcoming scholars who are interested in an ascending China.

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BIOGRAPHICAL SKETCH

Kuo-Chu Yang was born in Taipei, Republic of China (Taiwan). From 1997 to 2001, Kuo-Chu Yang attended the Chinese Culture University in Taipei, Taiwan. He received a Bachelor of Arts in Political Science from the Chinese Culture University in June 2001. Then for the following a year and ten months, he served his country in the army. In January 2006, he attended the University of St. Thomas in Houston, Texas. He received a Master of Liberal Arts in August 2009. In August 2012, he entered the political science graduate program at The University of Texas at Dallas.

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