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Approaches to Imaginaries and Narrative Discourse: The Identity Politics of Competing Naturalizations of Economic Integration in the Taiwan Strait

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Approaches to Imaginaries and Narrative Discourse: The Identity Politics of Competing Naturalizations of Economic Integration in the Taiwan Strait

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Abstract

Characterized as an East-Asian development state which ranks included Japan, South Korea, and Singapore, Taiwan and its postwar economic trajectory was highly influenced by U.S strategic blueprints to contain communism during the Cold War. The island moved from reliance on military assistance and economic aid, to a transformed industrial base that linked it with the regional division of labor. Its economic success was also predicated on access to markets and the disciplining of labor through one-party authoritarianism.

Following the China's economic reforms, the Plaza Accords of 1985 and Taiwan's lifting of martial law and democratization, the influence of business elites grew, as first small and medium enterprises and later larger corporations moved their main production offshore to China. While the influence of private business actors in Taiwan had been curbed by KMT rule since 1949, structural changes within global political economy have challenged state control over these actors. With China replacing the U.S. as Taiwan's leading trade partner in 2002, the identification of *tai-shang* (transnational Taiwanese business groups) as potential driver for economic integration with China have fueled debates over Taiwan's economic and political autonomy.

This paper aims to address the interaction between political parties and business elites in the formulation of trade policy between divided, antagonizing states. Drawing upon the political divisions between China (PRC) and Taiwan (ROC) as its primary example, it will analyze and evaluate the way in which corporate actors are able to leverage their influence on trade issues between hostile states in the absence of normal and formalized diplomatic relations. The role of political parties in framing the debates over economic integration with China vis-à-vis discourses of nationalism and globalization will be analyzed.

Explanations about divided states tend to focus on teleological re-unification and spillover effects from economic relations are often used to explain closer political ties; these approaches neglect agency and/or reify power relations; such explanation often ignore key dimensions of this process such the role of elites and hegemonic discourses (i.e. class dimensions and discursive dimensions), take national identity as being predefined and fail to take into account the interrelationship between national identity and capitalist accumulation strategies and how these concepts are defined and in fact interrelated.

Keywords: trade policy, ECFA, discourse, framing, social imaginaries

Introduction

This research seeks to understand how and why trade between Taiwan and China (antagonising divided states) has thrived for three decades, culminating in the negotiation of a bilateral trade agreement in 2010, despite heightened diplomatic tension between the two states over the political uncertainty of Taiwan's international status.

Existing literature on antagonizing states (see for example Henderson, Lebow and Stoessinger, 1974; Metzler, 1996) overemphasizes the role of the state and its natural inclination for (or inevitability of) unification in explaining relations between divided antagonistic states, including the nature and formation of trade policy. In this case, trade is instrumentalized for maintaining economic security or promoting positive spillover effects into the political realm.

Previous approaches have focused on the state's policy in reaction to external factors and the actions of non-state actors (e.g. interest groups) while downplaying the emphasis on the formation of the prevailing political economic orders underpinning these policies, including how the political economic order is formed and which actors are involved in 'constructing' economic policy, or on the role that dominant discourses play in framing such policy formation. I address this gap by focusing on the social relation of forces that actively construct, maintain and redefine relations between antagonizing states – in this case between Taiwan and China (hereafter referred as *cross-Strait relations*).

As part of the relation of social forces in Taiwan, I identify two sets of factors as being of particular significance to the change in trade policy formation. First, a critical juncture which disrupted the hegemonic economic and nationalistic discourses and practices of the state and business elites, and second, the existence of two interrelated grand narratives or discourses: 1) shifting concepts of the nation-state, which I describe as 'imagined communities'; 2) shifting concepts of economic relations, which I describe as 'imagined economies'.

Conceptualizing economic relations through the prism of 'imagined economies', for example, is significantly different from objectivist accounts of a 'real', objectively given economy, which can simply be described and analyzed. As Herrera (2001)

argues, the conception of the "imagined economy differs significantly from the objectivist account in that the economy here is understood to be a set of multiple, legitimate, historically-based understandings, rather than consisting of a 'real' economy and then of 'false' or 'mistaken' interpretations".

The research draws on Gramscian theories of hegemony (Gramsci, 1971; Augelli and Murphy, 1988; Morton, 2007; Moore, 2011), a framework for analyzing his theories in the international political economy (Cox, 2004) and post-structuralist concepts of discourse and discursive power (Lukes, 2005; Foucault, 2000; Laclau and Mouffe, 1985; Fairclough, 2000) to re-examine cross-Strait relations culminating in the negotiation of the Economic Cooperation Framework Agreement (ECFA) in 2010.

1. The Shift in Cross-Strait Relations

Following the Chinese Civil War, which resulted in two states both claiming to be its legitimate government, cross-strait relations have been through successive phases characterized by nonexistence, uncertainty and punctuated stability (see Figure 1). After 1987, when Taiwan lifted its long-standing travel ban on citizens from visiting China, outward investment from Taiwan toward the mainland grown steadily through periods of negotiations, stalemate and hostility, and most recently, in the signing of a trade agreement between the rival states in 2010.

Figure 1: Key Phases and Events in Cross-Strait Political and Economic Relations[1]

Year	*Political Relations*	*Economic Relations and Policy Paradigms*
1949-	Military Confrontation	Cessation of economic interaction
1979	"Three Nos"	
1987	Lifting of martial law in Taiwan; Relaxation of travel ban to China	Restricted, in-direct trade and investment
1991	National Unification Guidelines	Act Governing Relations between the People of the Taiwan Area and the Mainland Area
1992	Dialogue between SEF and ARATS	
1996		"No Haste, Be Patient" policy
1999	"Special state-to-state" controversy; freezing of dialogue	
2001		"Active Opening, Effective Management"

[1] See Appendix for Glossary of Terms

2002	"One Country on Each Side" (of the Taiwan Strait) remarks	
2005	Anti-Secession Law passed in China; KMT-CCP historical summit in Beijing	
2006		"Active Management, Effective Opening"
2008	Resumption of SEF-ARATS dialogue	Liberalization of policy toward China
2010		Signing of Economic Cooperation Framework Agreement (ECFA)

Source: Author's own compilation.

The Economic Framework Cooperation Agreement (ECFA), signed on June 29, 2010 and becoming effective in 2011, represents the most significant agreement between Taiwan and China since 1949. Hailed as a breakthrough in lowering trade barriers as well as the political tensions between both sides, the agreement is also a symbolic representation of pragmatism, with its signing suggesting that the economic forces and logics of globalization had prevailed over decades of animosity and distrust. For one, the usual wordings of unification, and preconditions under the so-called "one country, two systems" are notably absent from the text of the ECFA. The ECFA is also significant as the first bilateral trade agreement signed between World Trade Organization (WTO) members with mutually longstanding sovereignty disputes. As such it has propelled the drive for regional integration in Asia as other countries opt to sign their own FTAs to maintain a competitive edge as multilateral approaches have been stalled since the Doha Round (Hsieh, 2011). The main beneficiaries of the ECFA are manufacturers tied to the petroleum, machinery and textile industries. Beijing, aware that its staunchest, independence-leaning opponents in Taiwan are strongly tied to the agricultural constituencies, also extended preferential tariffs to 18 Taiwanese agricultural products while Taipei's position on restricting Chinese agricultural imports remained in place.

These policy shifts between Taiwan and China are not without controversy. For one, the Democratic Progressive Party (DPP) in Taiwan has framed the ECFA as the beginning of a "One China market" and a roadmap for accelerating Taiwan's hollowing out and dependence on the Chinese economy paving the way for unification on Beijing's terms. The DPP has also accused the ruling KMT

(Kuomintang, or Nationalist Party) of cozying up to the narrow and short-term interests of big business to the detriment of long-term socio-economic development. It has only been marginally successful in framing the ECFA as a corporate sell-off of Taiwanese sovereignty. And despite taking these positions, the party has stopped short of articulating what future economic relations with China should entail and what role the state should play in regulating investment and trade across the Straits. Critics of the DPP have also countered anti-engagement policies, pointing to figures that show outward investment and the proportion of Taiwanese exports destined to China increased during its eight years in power, and the ECFA is an instrument in balancing these levels.

In the following section I first present dominant paradigms of analyzing cross-Strait relations. I argue these existing analyses are on the whole, a-historical and fail to sufficiently define or account for power relations or consider the social forces and ideational aspects impacting on economic policy formation.

II. Questioning the Dominant Paradigm of Cross Strait Relations Analysis

A frequent question posed by the literature is how trade and economic relations have proceeded relatively unhampered while diplomatic relations between the two sides have remained unresolved in terms of long standing questions regarding political sovereignty, which at times was prone to military sabre rattling and tension (Chao, 2003; Kastner, 2006). The literature review has already showed that there is a dominant tendency to see this paradox as a result of the successful segmentation of the "economic" and "political" realms governing cross-Strait relations. Therefore, only when debates over Taiwan's independence and its separate identity run opposite China's grand narrative of national reunification is the political realm thrown into sharp relief.

The means in which the separation of the political and the economic realms in cross-Strait relations has been theorized underwent changes in parallel to the collapse of global communism and the fall of the Berlin Wall. The process of accounting for cross-Strait relations has been taken up with greater interest after the 1980s when the static nature of bilateral relations began to thaw with the implementation of ad hoc measures by both China and Taiwan to allow for limited, albeit indirect trade.

Positivist approaches place observable phenomena from a delimited geographical area into theoretical categories of international relations and party politics. In categorizing the diverse theoretical approaches to cross-Strait relations, Wu demarcated three dimensions: domestic politics (primarily political party systems), international environment (dominant powers in the region, i.e. the U.S., Japan) and cross-Strait interaction.

> Domestic politics provides the driving force for the cross-Strait relations, but it also constrains them. The international system constitutes the backdrop against which the cross-strait relations developed. From interaction to domestic politics, and then to international system, one is presented with an increasingly broader picture of cross-Strait relations. (Wu, 2000: 409)

Cross-Strait relations can thus be seen as a particular research problematic: it represents attempts to make sense of the political and economic phenomena that had become possible after the Cold War, and the social dimensions driving the increasing interaction between China and Taiwan.

Problem solving approaches on cross-Strait relations—whether ranging from teleological approaches (such as the divided nation model) or based on concepts of systemic anarchy, rule and norm building—fix limits for explanation primarily by means of a-historicization. Actors are motivated by predetermined interests that inform their decision to take rational action regardless of historical context.

New geopolitical alignments following China's economic opening, and the end of the Cold War are seen to bring complications within this framework, which have focused on pre-defined actor and calculable actor interests. Thus, despite the geopolitical changes—the "normative pull" of bifurcating the political and the economic is still evident in both policymaking and policy analysis.

Current research has brought increasing scrutiny to several trends within the political economy of the cross-Strait area. They include:

- structural changes in the global economy in which increasing trade liberalization has made the competition between export led economies in the east Asian and south-east Asian region more intense (see Lloyd 2003; Chin & Stubbs 2011)
- the increasing amount of Taiwanese foreign direct investment into China (Rosen & Wang, 2011)
- the relocation of small and medium manufacturing groups from Taiwan to China as businesses move to areas with lower labor costs and regulations;

- Assessing the role of Taiwanese business groups (*tai-shang*) in terms of susceptibility to Chinese state interests, or mobilization of leverage to gain preferential investment agreements and conditions between Taiwan and China (see Leng 2005; Tanner 2007; Tung 2007).[2]

Much of this literature has developed in light of the prospect for the further deepening of economic ties after 2008. The "Chai-wan" (a neologism that combines China and Taiwan) model for example focuses specifically on the key role played by the *tai-shang*, their often ambiguous identity and the power of ethnic *guan-xi* trade networks in bringing further prospects of institutionalized economic ties between the two sides to fruition. This framework appears to be different from previous accounts in that it centers its analysis on other political players besides the state (namely, local governments and Taiwanese business networks), but the axial dimensions that align business and politics on the one side and culture and institution on the other is symptomatic of the prospective in predefined forms (Cheng, 2010). In other words, while the boundaries of predicted possibility have shifted in terminology, the teleological element of inherent systemic stability remains.

The inadequacies of the existing literature point to the need for an alternative paradigm to explain the changing cross-Strait relations in the period under study.

III. Developing an Alternative Approach

Along with rising investment and relocation of manufacturing, and the increasing influence of Taiwanese business elites on the Chinese mainland, mainstream discourses of global trade liberalization created conditions in which the explanation and logics toward economic integration with China became increasingly self-evident and naturalized. However, this process often found itself at odds with concurrent discourses of state-led national development. The process in which power functions within these discourses (state-led developmentalism and neoliberal narratives of globalization) has often been overlooked in the context of cross-Strait trade policy and this is one of the factors which I seek to address in this research.

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[2] The focus on transnational networks and the potential leveraging power of the *tai-shang* (both as a courted, but often distrusted constituent in Taiwanese party politics) justifies positing a reevaluation of power relation in cross-Strait ties, and a theoretical lens that can account for shifts in these power dynamics. This is not only because their growing political power needs to be evaluated in terms of possible influence on bilateral trade issues, but also because the nature of corporate power and trade policy needs to be specifically conceptualized with regards to historical contexts of dominant production processes.

This paper is aimed at the development of an alternative theoretical framework that moves beyond a positivist ontological orientation and analyzes how trade policy between China and Taiwan has been a *contingent process* in which political actors operate within a discursive field in constant flux. Therefore, the contradictory aims of Taiwan's overall foreign trade policy vis-à-vis its measures to define trade relations with China need to be considered under this context. The key point of departure in an alternative approach is that it puts contingency and historical conditions back into play.

One way of looking at this is to re-consider how theoretical models on cross-Strait relations have been able to explain changes to the object of analysis. If an analysis sets out to go beyond dominant normative prescriptions, it becomes clear that ideational factors that shape trade policy cannot merely be taken as a given. On the other hand, such a historicized informed approach toward the international political economy (IPE) does not merely mean to "add history and stir." Rather, as Amoore et al. (2000: 56-7) point out, it should "seek to reveal the understandings of structure present among the agents that are the focus of inquiry."

An alternative framework is one that is situated in reexamining how knowledge systems which privilege technocratic principles of efficient and effective policy are symbolic of the separation of facts and values, pursuant to political goals (Fischer, 2003). This *argumentative turn* to policy analysis questions the normative basis to these divisions (which are often taken as given), and uses multifaceted approaches which show how discursive communication can take the form of "the conceptual reframing of interests in ways that permit consensual agreement or through the reframing of institutional rules and cultural norms governing the play of power." (Fischer, 1993)

In this respect, I focus on the role of discourse in the shaping of the changing ideas that govern cross-Strait economic relations. After briefly explaining the implications of neorealist power analysis, I develop my theoretical framework by incorporating the works of critical theorists. I innovate existing interpretations of hegemony by considering the processes in which it is reconsolidated after a crisis situation. In Taiwan, the vicissitudes of democratization and state transformation challenged existing notions of community and economy. The *imagined* cross-Strait economy, for

which the recent trends of economic liberalization between both sides has embodied, is therefore the result of ideological and discursive struggle to make sense of Taiwan's relations with world's second largest economy.

III. On Power and the Analysis of Cross-Strait Relations

As shown in the literature review, most past and current accounts of cross-Strait relations have been underpinned predominantly by a realist ontology, which views entities and interests as existing independently of being perceived. This is manifested in: 1) the analysis of national interests among competing states; 2) the structure of regional hegemony and the balance of power; and 3) providing a framework for predicting the behavior of states.

Power and its conceptualization are unquestionably tied to specific ontology and disciplinary positions. In the realist tradition, the exercise of power is conceptualized as influence *over* other actors (primarily states, but later international organizations and multinational corporations) mainly through military and economic means. In a system of anarchy, the state marshals power as a resource: power is exercised in this prism of influence for the self-preservation of the state. The realist approach toward international relations therefore takes sovereignty as given and upholds its sanctity as *the* means of regulating interaction among states (Burchill, 2001).

The definition of power in terms of the distributional capabilities of states (Waltz, 1979), and its military, economic and technological capabilities (Gilpin, 1981) are in the cross-hairs of Ashley's critique of neorealist lore, or the specific disciplinary biases of its ontology. In *Poverty of Neorealism* (1984), Ashley attacks the structuralist reorientation of the school and levels criticisms on the "commitments" (as concepts "prior to science and exempted from scientific criticism") of statism, utilitarianism and positivism. If these three commitments are part of the neorealist lore and integral to its disciplinary unity, it is possible to tie their recounting in terms of power and to notice its relative under-theorization. Power in the neo-realist framework is reducible to the action of states to affect the behavior of other states in the pursuit of predefined interests. Not only does this view confine power to pre-aggregated, state actors, it also limits power to be measured by observable forms of influence (ibid, 1984).

In line with Ashley, Lukes (2005) conceptualization of power highlights its complexity and subjective nature: "its definition and any given use of it, once defined, are inextricably tied to a given set of (probably unacknowledged) value-assumptions which predetermine the range of its empirical application." (Lukes 2005: 30) By categorizing power in three different dimensions, Lukes has laid bare what neorealist commitments have large ignored, namely how one chooses to approach the concept of power is in itself a political commitment.

The one-dimensional conception of power is bound to observable phenomena: *behavior, decision-making, issues, conflict and interests*. This intentional and active conception of power is congruent with positivist ontologies in that the theorization of power focuses on the ability of each actor to exercise influence over another. China's power *over* Taiwan is said to preclude it from taking measures to substantiate in the international community its claim as a separate and sovereign state. Power includes the coercive threats of military force, and economic sanctions. Thus, China's power over Taiwan also includes projecting its economic influence on possible external interventions on behalf of Taiwan. This includes pressuring other states to adhere to the "one China principle" thereby excluding Taiwan's membership to international organizations in which statehood is a requirement.

The second dimension of power is conceived as the ability to control and define the political agenda and to prevent the emergence of opposing values and interests (Lukes 2005). The capacity for actors to delimit decision-making to non-controversial issues (non-decision making) marks an innovation from the behavioralist first dimension. The efforts by the Taiwanese government under the administration of Ma Ying-jeou to bring public support for closer economic ties with China serves as such an example. Upon reemerging as the ruling party in 2008, the KMT intensified the de-politicization of cross-Strait economic links by emphasizing how the pro-independence stance of the then ruling DPP had created economic and political uncertainty. The status quo in which the stances of political sovereignty, independence and unification were downplayed or made ambiguous was argued as the most pragmatic approach. Political issues deemed sensitive (political sovereignty, Taiwan's membership in international organizations, and the future of its political autonomy) were set aside and economic issues were earmarked for fast-track resolution. Parties that do not engage in the debate on the terms of economic

sovereignty or rational economic logic are accused as having politicized the non-political.

Lukes (2005) goes further in providing a lens into a third, often hidden, dimension of power: the shaping of agential perceptions, cognitions and preferences that prevent the formation of grievances. This is a key difference from the second dimension. In the third dimension, power exists beyond the controlling or setting of political agendas centered on conflicts or grievances overt or covert. Power can also be exercised to neutralize the perception of grievances and conflict without the knowledge of a potentially aggrieved actor. The exercise of power therefore has a legitimizing role in creating acceptance for a prevailing order.

My intention is not to wholly dismiss state power and more instrumental uses of power as state capability in pursuit of national interests. It is readily apparent how r*ealpolitik* plays a significant role in structuring notions of the pragmatic. Rather, the goal is to look at the process or movement of hegemony, which has structured cross-Strait relations in the years following China's economic reemergence and the role of competing nationalism within Taiwan.

With respect to Taiwan, I argue that democratization and the end of martial law was one of a number of factors that created a temporary 'organic crisis' (as defined by Gramsci, 1971) in the hegemonic structures that had held social forces together, both politically and economically. This crisis created a moment in which the discursive field opened and new discourses of nationalism, globalization and identity became intertwined.

Interpreting the proliferation of cross-Strait trade from overarching narratives of nationalism and state power masks the grievances of growing social inequality and the proliferation of neoliberal practices such as urban restructuring and state-led privatization. A multidimensional conceptualization of power, as outlined by Lukes (2005) enables one to capture the more hidden dimensions of power used to structure perception and possible action.

In order to better understand the processes behind the dominance of perception and the structuring of possible action, the next section considers conceptualizations of hegemony, in order to provide a clearer understanding of its differing definitions and characteristics, and the processes behind its origins, expansion and decay.

IV. Critical Approaches towards Hegemony: Capability versus Process

In the previous section, I highlighted critiques to neorealist explanation of stability in the international system. Central to this critique was going beyond instrumental and observable functions of power in structuring behavior. If the stability of a world order cannot be solely explained on the grounds of the overt power of states, how then is hegemony created? To answer this, it is necessary first to consider how hegemony has been conceptualized and ways in which to identify the limitations to a hegemonic order.

Traditional realist conceptualizations of hegemony are linked to the capacity of state power and the instrumentalization of power over other actors—i.e. when one state comes to dominate the international system and exercise leadership. Neoliberalist theorists (such as Krasner, 1983; Keohane, 1984) have highlighted the importance of international institutions and regimes as a crucial factor in the stability of a world system. Thus countering the requirement of a dominant hegemon to maintain the existence a liberal world economy. Following this argumentation, hegemony in effect can outlive the hegemon as long as the international institutions brought into being by the hegemon remain in existence. Neoliberalist analysis therefore moves the emphasis away from the hegemonic subject to the conditions for its operation.

However the major critique to neorealist explanations of hegemony and its positivist ontology comes from historical materialists such as Cox (2004). Cox argues that neo-realist approaches have tended to marginalize the role of social forces and the normative and institutional aspects of the world order (ibid, 21). He seeks to decenter state power as the sole explanatory factor. In fact, "dominance by a powerful state may be a necessary but not a sufficient condition of hegemony…" (ibid: 26). Instead, Cox equates stability in the world order with a concept of hegemony that is based on:

> […] a coherent conjunction or fit between a configuration of material power, the prevalent collective image of world order (including certain norms) and a set of institutions which administer the order with a certain semblance of universality (i.e. not just as the overt instruments of a particular state's dominance). (ibid: 26)

In developing this framework, Cox draws on a Gramscian theorization of hegemony. The concept of hegemony developed by Italian philosopher Antonio Gramsci brings clearer distinctions between state coercion and more consensual forms

of political leadership (Gramsci 1971: 263). Coercion can be seen as the state's capacity for violence (e.g. against its citizens or external powers) (Tilly, 1978). In other words it is an exercise of *power over*. However, Gramsci's concept of hegemony is based upon more ideological forms of power in which consensus is forged through "organization, the spread of ideas, ideological struggle, and the formation of alliances with other social groups." (Augelli & Murphy, 1988: 131). A crucial part of Gramsci's conceptualization is that domination operates beyond brute force and the threat of violence. Gramsci locates the subject of hegemony in social forces that dominate the modes of production, both in the material and ideational sense (Moore, 2011). In other words, hegemony also structures the nature of the economy. Hegemony in Gramscian terms therefore entail a form of cultural and political leadership that molds, harmonizes and institutionalizes interests of rival and subordinate classes, not just in everyday life, but in the formation of economic and social policy. When critical realist conceptualizations are utilized, in which Gramscian hegemony operates across both state and civil society and "…through the state in order to best organize civil society" (Joseph 2002: 31), the role of civil society organizations (e.g. schools, religious groups, the mass media, etc.) are integral components to the production and dissemination of a shared belief system. These 'organic ideologies' when linked with the material structure of production are spread through *worldviews* (Augelli & Murphy, 1988: 19). Yet, the ideology of the ruling class does not merely translate into "common sense", which becomes a framework for ways of structuring reality and everyday life (ibid, 19-20). I suggest that the tenuous relationship between diffuse, incoherent worldviews and more structured, and programmatic ideologies is one that deserves more scrutiny and analysis.

The following section will elaborate on the fundamental concepts of hegemony theory and develop an analytical framework that draws on discursive power and elements of discourse analysis.

A. Fundamental Concepts of Gramsci's Hegemony Theory

Thus far, I have drawn out how cross-Strait relations and trade policy based upon realist-structuralist IR theory fail to give adequate conceptualization of power and also a limited understanding toward hegemony beyond state-centric, judicial-sovereign explanations of rationally driven, self-interested actors. Gramsci's writings on the context of Italian popular nationalism in the 19th century (the *Risorgimento*),

and later with respect to the "Southern question" of the 1920s detailed the emergence of social classes from one of economic relations to that of political power as a three-stage process (Gramsci 1971: 180-5; Joseph 2002: 35-6; Gündoğan 2008: 53):

1) Trade and professional groups organize around their narrow economic interests. There is an awareness of economic-corporatist unity, albeit one that does not extend beyond these confines in relation to other groups.

2) In the second stage, the economic-corporatist interest acquires political and legal status which is combined with organization from the state. Consciousness is however still limited to economic-corporatist interests alone.

3) In the third stage, the corporatist confines are transcended when the interests which were once confined to a particular group, are universalized across society—structure passes into superstructure.

While the historical and political situation of Italy in Gramsci's time differ in many areas from Taiwan's relations to mainland China, his insights on class alliances, historical blocs and the role of intellectuals provide a basis for analyzing both the national and international dimensions of hegemony in cross-Strait relations.

Here, I elaborate on concepts within Gramsci's theory of hegemony which I will utilize in my cross-Strait analysis, and how such concepts from an approach that integrates structures, ideas, and institutions.

Hegemony: Hegemony is manifest in periods of relative social stability in which the historic bloc has consolidated its leadership by means of consent rather than coercion. Gramsci identifies the historic bloc as a coalition of forces that possess not only the means with which to exercise ethical leadership, but is ideally situated to control and direct the production process. This includes both material and ideational production (Augelli and Murphy; 1988). Therefore, beyond looking after its own economic interest, the historic bloc's hegemony is cemented by its ability to incorporate diverging interests of rival and subordinate groups within society through institutionalization. Coercion is only used against oppositional groups when hegemony is weakened or fails. When hegemony is strong, subordinate classes consent to their own domination.

Challenges to hegemony: Gramsci's analysis of state-civil society relations in the context of critical international trends (such as the proliferation of Fordist modes of production) drew key distinctions between western European societies with strong, deeply rooted civil societies versus countries with weaker ones relative to the state

apparatus. In cases where civil society is weak and state institutions are dominant, overcoming hegemony is mainly a *war of movement*, where overtaking the bulwark of state institutions ensures control. In cases where civil society is strongly integrated with the so-called "common-sense" of political leadership, overcoming hegemony necessitates an entrenched and protracted *war of position* (Morton, 2007). Therefore, a war of position is more of an ideological battle.

Organic crisis: Gramsci (1971: 210) problematized periods of organic crisis, as those times when social classes become detached from their traditional parties and a violent overthrow of the ruling classes is possible. During these times of crisis, existing inconsistencies within the historical bloc become more apparent as the material reproduction of hegemony is no longer sustainable (ibid). Organic crises are therefore ruptures in which previously universalized and naturalized ideas are contested and challenged. In this sense they represent a critical juncture (Capoccia and Keleman, 2007), which can provide opportunities for social forces to challenge and transform the political and economic system.

Passive revolution: Not all changes to hegemony come about through a rupture or organic crisis. Changes to hegemony can also come about through a slow and gradual transformation (Gramsci and Forgacs, 1988). Also, a rupture does not necessarily bring about a transformation of hegemony. Political elites may also be able to utilize opportunities opened by the organic crisis or rupture to subsume challengers and reestablish hegemony — albeit with new elite formations. This can be seen as a passive revolution. Rather than relying on the active consent of social groups through ethical leadership, passive consent is achieved by the fraudulent ideological control over civil society (Augelli & Murphy, 1988: 22-3).

Organic intellectuals: Another key concept in Gramsci's theorization of hegemony is the role attributed to what he calls organic intellectuals. In contrast with traditional intellectuals that were confined or considered themselves autonomous and independent, organic intellectuals are actors that actively articulate the ideas, worldviews and "common sense" of an existing hegemony or an alternative/counterhegemonic one. They represent therefore the agents within a historic bloc that facilitate leadership through consent: the creation of organic coalitions based upon perception of common interests (ibid: 18-22). The power of

this type of intellectual in organizing and forming social class hegemony lies in the fact that they "do not simply produce ideas, they also concretize and articulate strategies in complex and often contradictory ways, which is possible because of their proximity to the most powerful forces in society." (Bieler and Morton 2008: 121)

B. Internationalizing Hegemony: Categories of Forces and Spheres of Activity

While Gramsci's theorization of hegemony was predominantly national in focus, his concepts have been applied to understand hegemonic orders in international relations (see for example Augelli & Murphy 1988; Gill 1990, Scherrer 2001, Morton 2007).

One of the most significant theorists in this field, commonly referred to as international political economy (IPE), is Robert Cox. What is particularly important about Cox for this research is his incorporation of ideas within his historical structures methodology. A historical structure for Cox (1981, 1987) is a fit between a particular configuration of forces: namely, ideas, institutions, and material capabilities (he sees this as a heuristic device rather than predetermined, hierarchical categories). This configuration of forces is applied at three levels or spheres of activity:

> (1) the organization of production, more particularly to with regard to the *social forces* engendered by the production process; (2) *forms of state* as derived from a study of state/society complexes; and (3) *world orders*, i.e. the particular configuration of forces which successfully define the problematic of war or peace for the ensemble of states." (Cox 2004, 24)

Cox represents this framework through two matrices: categories of forces and spheres of activity (see Figure 2).

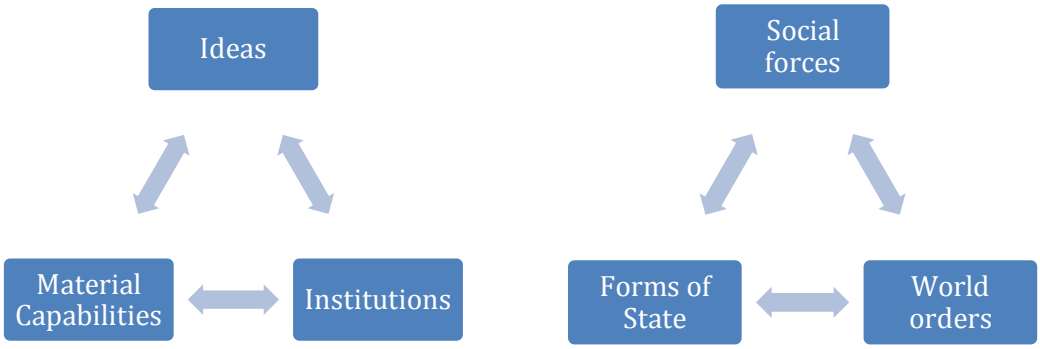

Figure 2: Categories of Forces and Spheres of Activity (Cox, 2004)

As we can see from the categories of forces matrix, ideas have bidirectional relations with both material capabilities and institutions. Ideas are not determined by material conditions and institutions, on the contrary, human actors "form institutions", "experience material life", develop ideas about social, political and economic phenomena and act upon these ideas (Berry 2007: 13). He utilizes two forms of ideational phenomena: ideas as "intersubjective understandings" (which can be likened to Gramsci's idea of "common sense") and ideas as "agent-specific collective ideas, or political ideologies, which contain particular views of what in society is good, just, legitimate, natural, and so on." (Berry 2007:14).

Another key aspect of Cox's structural framework is its emphasis on the role of human agency in the development and interaction of ideas, institutions and material capabilities.

> Structure, for Cox, is one moment in a continual process of structural change, orchestrated by human beings; the point of studying structure is to show where it might have come from, and so that we have knowledge of how it may be transformed. (Berry, 2007: 13).

Both Berry (2007) and Moore (2011) have argued that this particular aspect of international political economy needs further development.

In contrast to ahistorical theoretical frameworks, Cox's framework provides an alternative means with which to contextualize and analyze events and chart the progression and expansion of hegemony. In doing so, hegemony is delimited and constrained through historical contextualization and not through the testing and verification of positivist assumptions (Moore 2011: 10).

In the following section, using the approach developed by Moore, I briefly outline Cox's concepts in the context of the struggle over national hegemony (designated Matrix 1) and changes in the international configuration of forces (designated Matrix 2).

Matrix 1: The Struggle over National Hegemony

1. *Material capabilities* represent the technological and institutional aspects used to harness and transform natural resources. The regulation of material capacities

represents the infrastructure of society and has the potential of maintaining a particular mode of production and economic model (Moore, 2011: 11). With relation to hegemony, material capabilities ensure that a particular form of shared meaning remains unchallenged and free from potential instability. In periods of organic crisis, control and access to material capabilities is a determinant to either a reorganization of elite domination (passive revolution) or a transformation from below.

2. *Institutions* represent the combination of the material capacities mentioned above along with ideational power. Institutions are building blocks of ideological edifices of society. They have several important functions that include: the reproduction of knowledge, the merging of ideas within and across social groups and the minimization of the use force in the maintenance of social control.

3. *Ideas* represent a crucial part of maintaining a common worldview that has the potential of enjoining disparate social groups. With ideas come ideology and roadmaps for propagation of particular ideas. In moments of hegemony, ideas of social systems and the functioning of those systems including expected social roles of the actors within them are largely unchallenged and accepted universally. However, hegemony is vulnerable to the extent in which periods of structural change and unrest challenge the efficacy and legitimacy of ideologies and the institutions that serve to perpetuate them.

Matrix 2: Global historical structures

As Moore (2011: 55) argues, "the formation of *hegemonic* historical blocs requires national alignment to international elites' expansive ideologies and a kind of convergence of relations of production that are supportive of a 'global' mode of production." During postwar reconstruction, non-communist states under the U.S. sphere of influence in Asia were supported militarily and economically. The expansion of control also included the management of economic structures on the conditions of receiving aid (see Tsai, 2001 and 2002). With the changing structure of the international division of labor prompted by the expansion of neoliberalism and the end of the Cold War, a reconfiguration of national and transnational structures ensured the maintenance of capitalist accumulation. Managing cross-Strait relations along the lines of elite discourses of globalization is an example of a convergence of ideas that support a specific mode of production between Taiwan and China. By

linking the concepts of ideational, institutional and structural factors, hegemony can be seen as the formation of control over national contexts of development, which are in themselves tied to a particular world order. The interplay of these aspects is illustrated at the end of this section.

1. *Social forces* emerge from groups at the national level that act to consolidate articulatory agents for specific modes of economic development. An example of this would be elements within and across political parties, think tanks and corporate associations that advocate a particular strategy and policy toward cross-Strait trade relations. They also include organic intellectuals that have invested resources, manpower and trade networks in cross-Strait business activities. These actors have increasing influence and methods in which they have articulated their voice on the state's economic and trade policy toward China (Leng, 2005, Tanner, 2007).

2. *Forms of state and civil society/state complexes* help explain how global hegemonic struggles play out in a national context. Cox identifies two important tendencies in this regard: first, the supremacy of international capital over national capital, and secondly, the internationalization of the state itself (Cox 2004, 38). As Moore writes: "[t]he locus of transformation from traditional norms and practices of governments and civil societies, to international competition and internationalization occurs throughout the development process within particular forms of state and power relations that emerge therefrom." (Moore, 2011: 17-8). The shift from authoritarianism to democracy challenged the bureaucratic autonomy that was central to the effectiveness of Taiwan's postwar economic developmentalism. With the insertion of business elites into the political realm following democratization, this autonomy as form of state-civil society complex requires further scrutiny.

3. *World orders* represent periodizations within the history of capitalism in which there are common forms of state and the spreading of specific production norms that were instrumental in the expansion or destruction of global hegemonies. Cox outlines provides the examples of British imperialism in the 19th century and the post-WWII Pax Americana as examples in which social forces shaped by production relations offer an explanation for the rise and fall of global hegemony (Cox 2004: 27-8). With respect to the extent of American hegemony, institutions like the World Bank, the IMF and financial aid buttressed with military alliances was able to harmonize international obligations of a world economy and of national policies.

Cox's framework provides tools for analyzing the changes in the domestic and world order (i.e. the shift in hegemony), which led to the deepening of trade relationships between Taiwan and China, despite ongoing and unresolved political tensions between the 'rival' states. Importantly, Cox's framework delimits hegemony to a specific historic period/bloc (re-historicizes hegemony) and his concept of the interaction between ideas, institutions and material capabilities takes account of the role of human agency and ideas in the creation of and challenges to hegemony i.e. human ideas shape the formation of institutions but once established such institutions can also shape ideas. This framework thus provides the means of interpreting the historical context in which social forces and particular ideas have come into play.

The U.S.'s strategic commitments to Taiwan against China and its subsequent shaping of Taiwan's economic structure to fit into the overall capitalist trade bloc in the postwar period serves as an example of harmonization of international and national interests, setting into motion the conditions for Taiwan's development into an export-based economy led by state directed capitalism. The developmental state which ensured economic stability and social cohesion was centrally administered and legitimized through the capability to maintain economic growth through industrial reform and the creation of a competitive export economy. A set of ideas concerning the role of the state in regulating industrial and trade policy thus became synonymous with ways in which economic policy was conceptualized.

External pressures to liberalize trade, privatize state enterprises and the pulling effects of China's economic power were conditions in which this configuration of power was challenged, and thus also the ideas, institutions and material capabilities that supported the developmental state paradigm. The position taken by social forces (that include Taiwanese corporations, business elites with investments and assets in China) to influence political parties to pressure the state to liberalize its decades of trade barriers and restrictions happened only under the continuing internationalization of production processes which include a cross-Strait division of labor in various industries. While ideas concerning economic growth through a competitive export economy still dominate, a shift in the world order (demonstrated by Taiwan's tilting orbit from the U.S. to the Chinese economy) mean that ideas have stemmed from the structural conditions cross-Strait economy: i.e. business groups want the state to act as

facilitator in their efforts to optimizing the growth in accordance to a specific cross-Strait division of labor.

The implementation of the ECFA, and the recent actions of the state seem to suggest that dominant ideas of globalization advanced by these social forces have permeated the governance of cross-Strait economic relations, but to what extent are these ideas hegemonic? The next section explains the process in which hegemony can be operationalized through the concept or heuristic of social imaginaries.

C. Discourse and Hegemony

While Gramsci's theory of hegemony remains rather underdeveloped in terms of how hegemony is constructed and power is projected internationally, his ideas on worldviews and ideology provide important insights that deserve expansion. In arguing the dialectic relation of "ideas as material social processes", Bieler and Morton provide a historical-materialist understanding of structural change that offers an alternative to determinism (Bieler and Morton 2008: 117). Their focus on Gramsci's conceptualization of ideology as "historically produced through ceaseless struggle" (ibid: 119) provides a key linkage between the concepts of hegemony and the universalized worldviews of the ruling class, which when naturalized and taken up uncritically, becomes common sense.

As mentioned above, the relationship between the ideology of intellectuals representing the dominant classes and common sense are not straightforward. Ideology has both a materialistic and idealistic quality, in which historical philosophies and worldviews "spread only insofar as they are 'organic ideologies' in the material structure of production, that is, insofar as they correspond to existing contradictions and social struggles." (Augelli & Murphy, 1988: 19) On the other hand, Gramsci characterizes common sense in contrast to philosophy as: "diffuse, uncoordinated features of a generic form of thought common to a particular period and a particular popular environment." (Gramsci 1971: 330) Common sense represents both:

> the product of competing philosophies of the moment, but also the result of the fragmentary, incoherent sedimentation of the historical philosophies which follow each other in succession within the specific cultural environment of the social group considered. (Augelli & Murphy, 1988: 20)

Cox utilizes two forms of ideational phenomena: ideas as "intersubjective understandings" (which can be likened to Gramsci's idea of "common sense") and ideas as agent/collective-specific:

> Specific social groups tend to evolve a collective mentality, that is, a typical way of perceiving and interpreting the world that provides orientations to action for members of the group. The term *rationalities* is used here to designate such coherently worked out patterns of thought, which correspond to practices in a specific social context…Rationalities are the interpretative structures of thought and mental rules for making decisions that are characteristic of specific social groups. (Cox 1987: 25)

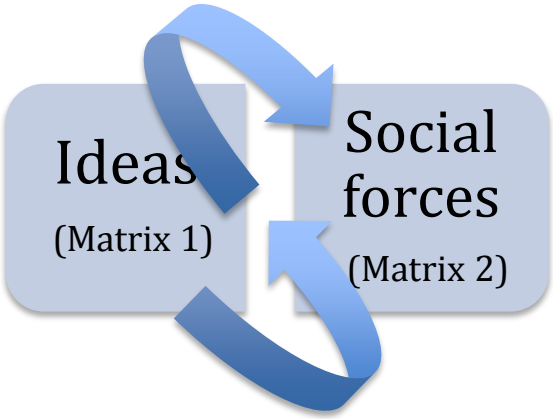

Figure 3: Discursive-Ideational Approach to Hegemonic Analysis

Social forces indeed play a crucial role in the ideological development and structuring of Gramscian common sense into collective rationalities defined by Cox. In order to understand this process, one needs a theoretical lens that reveals the discursive processes through which meaning and knowledge are structured, reproduced, become dominant, and through which perceptions, cognitions and preferences are formed or subverted (see Figure 3). Here I draw on discursive approaches developed by Foucault (2000), Laclau and Mouffe (1985), and Fairclough (2001).

Foucault (2000) argued that power is not limited to the coercive powers of institutions that are used oppressively against individuals and groups. Instead, power is located in relations between members of society, including between individuals and institutions (Bâlan, 2010). In this sense, power is a relational concept. Interpretations of relational power have the following characteristics: 1) power exists at various sites and localities and is thus not just macro-social; 2) power is not only hierarchical, repressive and controlled by a dominant class, it can be mobilized as resistance and can flow in multiple directions; and, 3) where power is exercised, "points of

resistance" are also present (Stoddart 2007: 205). Relational power is exercised through discursive formations of everyday life — thus constituting the "micro power" that permeates all reaches of society. In Foucault's analysis, "the production and circulation of discourses are simultaneously mechanisms for social power" and therefore, "those who wish to exercise social power must use discourse in order to do so" (ibid: 205). As with Lukes' third dimension of power, discourse can also "constrain and challenge the exercise of power" (ibid: 205). According to Hajer (1995: 44) who draws heavily on Foucault, such discursive formations consist of specific ensembles "of ideas, concepts, and categorizations that [are] produced, reproduced, and transformed in a particular set of practices and through which meaning is given to physical and social realities." In other words, discourse structures reality, or at least perceptions of it. Such discourses can be analyzed in order to reveal how figures in authority use language and social practices to express their dominance, and create consent for their leadership and policies.

The theoretical work of post-Marxists Laclau and Mouffe (1985) further develops Foucauldian concepts of power and discourse and links them to Gramscian notions of hegemony. They see hegemony as "a political t*ype of relation*" which exists, not in a "determinable location within a topography of the social" but rather, which constitutes "points of condensation of a number of social relations." (Laclau and Mouffe, 1985: 139). In addition, they see hegemony as being constituted by means of discursive articulation rather than through materiality or material forces. Political struggles therefore, involve conflicts over the discourses that shape "common sense" and thus the identity of different groups (ibid 1985: 183). Discourse is therefore the means through which society is organized into a structured totality (Sutherland, 2005: 191).

Like Hajer (1995), Fairclough (2001) includes social practices, as well as language and other forms of semiosis within his concept of discourse. By social practices Fairclough means "a relatively stabilized form of social activity". He uses the examples of family meals, medical consultations, etc., but this could also include practices related to economic policies such as free trade (McGuire, 2013: 48). McGuire for example, argues that the discourse of free trade could be considered a discursive practice that is produced and reproduced through processes such as trade negotiations and agreements, as well as through the academic journals and think tanks

that promote the benefits of trade liberalization.[3] As with Laclau and Mouffe (1985), Fairclough (2001) makes the connection between discourse and hegemony, whereby "a particular social structuring of semiotic difference may become hegemonic", or in other words, "become part of the legitimizing common sense which sustains relations of domination" (Fairclough 2001: 2).

Another useful insight from Fairclough (ibid: 3) is that discourses include not only "representations of how things are and have been" but also "imaginaries", which he defines as "representations of how things might or could or should be." The concept of 'social imaginaries' (Thompson 1984: 6) is useful for making the connection between language (as discourse) and ideology and how this shapes social practice and policy.[4] This can help reveal the socially constructed nature of economic interests and policies.

The interrelated nature of discourse and economic policy is not only tied to specific conceptualization of economic domains, such as the developmental state. Discourse in relation to policy also represents particular "technologies of thought" and ways of knowing (Rose and Miller 1990: 5). Rose and Miller highlight how authorities seek to shape and normalize knowledge and policy production through specific mechanisms (ibid, 6). *Technologies* of government not only require a social ordering of knowledge through political vocabularies (which include statistics, calculation, and evaluation methods, specific vocabularies, terminologies, etc.). Like Fairclough's concept of social practices, these specific mechanisms shape the mode of thinking to diverse groups of actors involved in policy formation and other governmental practices. Economic policies and programs are not merely the instrumentalization or application of these particular technologies to a field (i.e. the national economy). The realization of a planned or imagined political program involves a complex process of evaluation, contestation and debate in which

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[3] McGuire draws on Hajer (1995: 44-49) rather than Fairclough (2001), but the concepts of practices as part of discourses is similar.

[4] Ideology here refers to beliefs, ideas, ethics, principles, and morals. It frequently includes moral values (e.g. about what is considered right or wrong). Although ideology and discourse are often used interchangeably (Purvis and Hunt, 1993), in this research the distinction is made between ideology as a relatively stable set of belief systems and convictions, and discourse as a process in which languages and social practice create meaning. Discourses can include ideas and draw on ideology. Discourses can affect ideological positions. See also Benford and Snow (2000: 613, footnote no. 2).

operationalization is dependent on the formulation of specific categories and techniques (ibid: 14).

IV. Operationalizing Hegemony — Discourses and Social Imaginaries

The following section considers how discourse and concepts of social imaginary can serve as a framework for operationalizing hegemony, including identifying the processes through which hegemony is constituted, challenged and re-constituted. Specifically, I consider the role of discourse and how crisis situations create disruptions to accepted knowledge systems and social practices, which present the possibilities for re-articulation of meaning and reorganization or social practices.

A. Conceptualizing the Imaginary as Discourse

As mentioned earlier, the concept of 'social imaginaries' (Thompson 1984:6), is useful as a heuristic for exploring "the creative and symbolic dimension of the social world" and how language and ideology shapes social practice and policy. Such an approach can help us understand how nation-states frame internal and external policies based upon collective frames of identity (Bauder, 2011) and reveal the aspirational and socially constructed nature of economic interests and policies (imagined economies).

The 'imaginary' is situated in language and semiosis (the creation of meaning through attaching a particular signification to a particular sign). Social actors "…imagine possible social practices and networks of social practices, possible syntheses of activities, subjects, social relations, instruments, objects, spacetimes, values, forms of consciousness." (Fairclough, 2001:1). Social imaginaries can form the basis of collective consciousness. The nation, for example, can be seen as an "imagined community". An imagined community (as coined by Anderson, 1991; 2006) is different from an actual community in that it is not based on everyday face-to-face interaction between its members. Rather it is a socially constructed community in which people perceive themselves as part of an imagined group.

Anderson's conceptualization of imagined communities while convincing in explaining the proliferation of nation-states is less informative when it comes to analyzing the political and discursive processes involved. Nor does it account for competing ideas of nationalism within a state or explain how one becomes dominant over others. Itzigsohn and vom Hau (2005) posit not the historical genealogy of

modern nation states, but how conflicts between social movements and state elites contribute to transformation of nationalism. Their conceptualization of imagined communities as being contested raises the question of how particular ideas of shared community become hegemonic over other alternatives and how official nationalisms are challenged. They explain the varying trajectories of transformation of nationalism as a continuum varying from comprehensive, contained or blocked formations.[5]

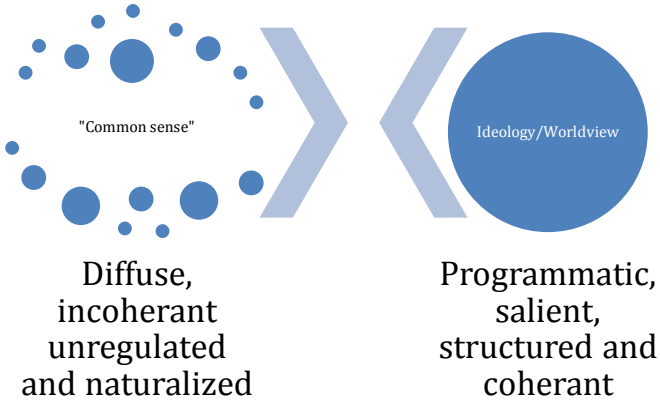

Figure 4: Dialectic of Gramscian concepts of common sense and ideology

Imaginaries can also form the discursive basis of strategies for collective action. As "semiotic systems that frame individual subjects' lived experience of an inordinately complex word", imaginaries can "guide collective calculation about that world" (Jessop 2011: 5). Economic imaginaries, for example, can provide sets of beliefs and meanings (or collective action frames) [6] which form the basis for economic policies, strategies for action and state projects, in which specifically defined economic activities are identified, privileged and stabilized (ibid: 6).

In times of crisis when naturalized, taken-for-granted discourses (i.e. common sense) are disrupted and hegemony is weakened, the process of semiosis has more

[5] A *comprehensive transformation* entails the refashioning of alternative national narratives as state ideologies and the complete reorganization of official ideas about the nation. *Contained transformations* depict situations of constant contestation between national discourses that cannot achieve the status of hegemonic discourses. Finally, a *blocked transformation* indicates the deliberate exclusion of alternative national narratives from state ideologies, and the absence of ideological negotiation between states and social movements. These three types of nationalism constitute points on a continuum. (Itzigsohn & vom Hau 2005: 195)

[6] Benford and Snow (2000:14) define collective action frames as "action-oriented sets of beliefs and meanings" that simplify and condensing complex events and ideas in ways designed to gather support, mobilize action and demobilise opponents (Benford and Snow 2000: 614).

scope for generating paths toward crisis resolution or recovery. During these times particular imaginaries may become more relevant and legitimate or naturalized, and the strategies, policy and frameworks for action that form their basis taken up and operationalized — a process which Jessop (2011) calls *sedimentation.* The opposing process to sedimentation is *politicization*, in which naturalized knowledge, semiotic systems and material factors are called into question and directly challenged. The dialectic relationship between diffuse, sedimented discourses and the relatively structured knowledge discourses of strategically well-positioned actors during critical junctures are moments in which ideas (such as developmental strategies, economic trade policies) are both contested and salient (see Figure 4 above).

B. Conceptualizing Discourse as Hegemonic

Imaginaries as outlined above can be seen as grand narratives or forms of discourse which shape perceptions about what is possible (and also desirable) and which provide sets of beliefs and meanings (collective action frames), which form the basis for policies and strategies (and justification) for action.

The process in which such discourses become hegemonic involves what Hajer refers to as *discourse structuration* and *discourse institutionalization* (Hajer, 2006: 70). Discourse structuration is said to occur when a particular discourse becomes the predominant way that a group of social actors conceptualize their reality. Discourse institutionalization is defined as the organizational and institutional arrangements that are made when enough people buy into or are convinced by a particular structuration of discourse, or conceptualization of the world.

The combination of a shift in U.S. foreign policy in the 1980s and simultaneous emergence of China as a world economic power, together with the lifting of martial law in Taiwan, constituted a critical juncture which disrupted previously stable political and institutional structures and opened up opportunities for powerful actors to systematically redefine Taiwanese nationalism and the way in which trade with China was perceived. Until the 1980s, discourses about the economy or the 'imagined economy' in Taiwan were based on the concept of the developmental state, including state governed markets, allocation of recourses for industrial upgrading, etc. (see Dent, 2003; Wade, 2004). However, as the concept of the developmental state in Taiwan a variety of contesting post-developmental discourses can be identified along with more neo-liberal discourses of trade liberalization and privatization.

One can see this process in Taiwan's outward economic policies toward China. Cross-Strait economic realities have been represented by a variety of statistics, tables and indicators collected by government bureaus that chart outflows of Taiwanese investment into China, weight of exports to China vis-à-vis other destinations, the types of industries involved in investment, etc. These statistics and other data form the basis of government conclusions relating to cross-Strait economic policies and are used to justify particular policy initiatives. At times, accelerating rates of foreign direct investment into China have been interpreted as a harbinger of overdependence on investment destination that requires correction. At other times, it has been interpreted as a sign of positive economic development. Likewise, political arguments of economic dependency, hollowing out of manufacturing base and brain drain find counterarguments in terms of economic interdependency, upgrading of industries and free-flow of persons.

The pressures of trade liberalization, opening up of China and the end of martial law led to: 1) an increasing trend of Taiwanese outward investment toward China and difficulties of the state to curb such flows; 2) growing political influence of business elites with investments in China; and, 3) the development of a multiparty-system in which policy debates were increasingly tied to electoral campaign issues that stressed debates over national identity. As a result, Taiwan's trade policies toward China decade oscillated along the axis of politicization and de-politization of economic relations, and national interests vis-à-vis dominant discourses of globalization. It is therefore possible to identify two larger narratives or discursive formation: 1) shifting, and at times conflicting concepts of the nation-state or 'imagined communities'; and 2) shifting concepts of economic relations or 'imagined economies'. These processes are detailed in the next chapter.

Discourse analysis can be used to uncover the production of meaning, social practices and power relationships that constitute hegemony (or challenges to hegemony). The method of discourse analysis used in this research is primarily frame analysis. Frame analysis is principally concerned with analyzing how an issue is defined and problematized, and the effect this has on broader discussion of the issue

and mobilization of action. Here I draw on the work of Benford and Snow (2000)[7] and Gerhards (1995) to examine how issues are problematized (framed as a problem), what solutions and strategies are proposed for dealing with this problem, and what rationales for taking action are provided.

The framing of the ECFA by its advocates as an economic solution to offset the chances of marginalization from the global economy translated into the reinterpretation of the dynamics of cross-Strait economic relations. In the context of increasing cross-Strait trade liberalization, the frames utilized by state actors, political parties and elites were instrumental in defining the field of action and deployable strategies. My preliminary analysis of government policy documents and papers, expert interviews, party policy leaflets and newspaper editorials surrounding the debate over the ECFA and the arguments that justified its ratification found narrative elements regarding globalization, the role of the government in ensuring economic prosperity and the strategic cooperation of industries across the Strait. These concepts are also part of broader collective frames that provide the basis for evaluating, debating, and critiquing the policy horizon of a particular imagined economy.

i. *Setting out the problem*: Externalizing globalization

The diagnostic function of collection action frames is centered on interpreting an issue as a problem that needs to be dealt with by the political system. Two strategies in problem diagnosis includes: 1) linking the issue to everyday experience and 2) attaching the issue or problem to a "larger value context" (Gerhards 1995: 229). Thus, before proposing the ECFA as a possible course of action, stating the problems its supporters aim to solve are crucial because they serve as contextualizing narratives that emphasize some policy issues over others. Thus, while opponents to greater economic integration with China cite figures that pointed to the island's accelerating rate of export dependency and outward investment to the mainland over the past decade, proponents premised globalization as an external phenomenon, which was a

[7] Benford and Snow provide a comprehensive overview and assessment of the literature on framing and therefore are used as the basis for explaining the core tasks and processes of framing. Frames are relevant in analyzing the cognitive and core functions that lay out a problem's definition, causes and prescribes ways in which to bring about policy change. When taken as having the function of a narrative, frames gain strength in that they are more capable of linking processes and connecting themes. They also function as heuristic maps, providing shortcuts and cognitive coordinates and benchmarks, which serve to weave together seemingly dissonant or incongruous pieces of reality. (Benford and Snow 2000: 615)

systemic problem to continued prosperity if appropriate action was not taken. Government inaction in the face of the crowded network of FTAs and regional economic agreements (i.e. ASEAN) becomes a nationwide problem if the export driven economy faces an increasingly un-level playing field. Utilizing an economic pact with China to offset isolation, remain competitive among other countries in the region had the effect of decontextualizing sovereignty issues as a means of facing up to the perils of being caught unprepared for globalization.

ii. *Addressing the perils of economic isolation*: Economic sovereignty as the valve for sustained growth

The prognostic function of framing addresses the articulated problem with proposed solutions. From an interpretive policy standpoint, the rhetorical frames from policy-related texts by politicians, policy intellectuals, proponents and opponents can bring the argumentative persuasiveness and necessity of action, what Schon and Rein (1996) termed "the normative leap from is to ought." The dominant theme of pro-ECFA ratification documents analyzed was the externalization of globalization as a reference point for national competitiveness. Normalizing trade and establishing a free trade zone between the economies of Taiwan and China would not only offset the effects of ASEAN+1 and ASEAN+3, but also create an attractive environment for foreign investors and incentives for Taiwanese multinational firms to return to the island after having relocated operations to China. Thus, economic sovereignty could be maintained by state policies that would channel the most pressing needs (obtaining lower tariffs for the petrochemical, auto parts and apparel industries) while keeping the gates selectively sealed to prevent competition of cheaper foreign products vulnerable to industries and classes (agriculture, labor). Such arrangements are behind state efforts to harness the transnational flows of capital that have re-shaped the economies on both sides of the Strait. In Taiwan, the state's actions are part of a plan to shape these flows indirectly. They include re-attracting Taiwanese companies that have set up shop in China to return to their origins by providing institutional frameworks that incentivize sourcing research and development "at home".

iii. Innovative Symbiosis: Industrial Linkage with China's Domestic Market

A prominent causal assertion in the pro-ECFA literature and policy papers is reinterpreting China's macroeconomic policymaking by re-contextualizing it from the world's factory to the world's marketplace. The implications of such assertions to policy serve several functions. While turning its focus to the service industries, the state wants to support the shift of emphasis in the cross-Strait division of labor in which Taiwanese companies lead in branding and providing the knowledge-base to be springboards into China's domestic market. First, by acknowledging the unsustainability of China as a low-cost destination for assembly and export, a reorientation toward a "business model approach" means that the continued interpretation of cross-Strait economic dynamic as trade dependence is equivalent to a failure to adapt to new economic conditions. Second, it creates "waypoints" from which Taiwan can maintain its position as a technological and innovative beachhead for domestic firms, in which they can utilize the large Chinese market share as a proving ground for developing international brands (oft-cited as the value added for economic integration). Third, in assuming clear divisions of labor, industrial standardization and co-development of new emerging industries, cross-Strait industrial overlaps (i.e. biotech, green energy technology, cultural innovations, tourism) are seen as potential areas of linkage.

Taken together, these frames provide a snapshot into the ideas and discourses that aim to structure the imagined economy of increasing cross-Strait integration. While it is too early to tell if these ideas and discourses will dominate the conceptualization of the cross-Strait economy in the long-term, their resonance and relevance will hinge on the ability of social forces in their favor to broaden its appeal to rival and opposition groups by building consent, and institutionalizing the production processes which they seek to bring about. Competing discourses of nationalism within Taiwan will continue to bring contradictions to this process.

V. Toward an imagined cross-Strait community?

Shortly after returning to power in 2008 following eight years in opposition, the KMT pushed ahead with its "policies of pragmatism" toward China. As the basis for closer economic links, President Ma Ying-jeou of Taiwan offered an olive branch to China, under the slogan of "no war, no unification, no independence." KMT authored policies of engagement with China seemingly countered the highly ideological measures of the previous government led by the DPP. However, these efforts to

institutionalize cross-Strait economies cannot merely be seen as reversals of policy based on preconceived ideological roadmaps drawn from opposing party platforms. Instead, the road to implementing ECFA was a process of contingency. It was narrated in part by drawing upon the legacy of the developmental state and an economic discourse of survival that recast the role of the *tai-shang*. Articulating and mapping the nature and boundaries of this imagined economy between Taiwan and China can thus be interpreted as a frame of collective action for mobilizing support for the normalization of a cross-Strait economic paradigm. In the context of increasing cross-Strait trade liberalization, the frames utilized by state actors, political parties and elites are instrumental in defining the field of action and deployable strategies. On the one hand, the re-conceputalization of imagined community and imagined economy occurs as a reconfiguration of hegemonic discourses of social cohesion under the banner of the nation-state. On the other, it represents the melding of dominant discourses of globalization with the narratives of successful of postwar industrialization and transition to an export-based economy. While it is too early to assess the staying power of these ideas on economic and trade policy, they inadvertently form the basis in which a competing field of future ideas will be evaluated and critiqued.

Appendix

Abbreviations and short definitions

3 No's policy: Taiwan's political stance toward mainland China (PRC) was officially "No Contact, No Compromise, No Negotiation".

Active Opening, Effective Management Policy: Policy of the Chen Shui-bian presidency in Taiwan that relaxed investment controls of investments directed toward China.

ARATS: Association for Relations Across the Taiwan Straits; PRC organization tasked with handling business and technical matters with Taiwan.

ASEAN: Association for South East Asian Nations

CCP: Chinese Communist Party

DPP: Democratic Progressive Party (Taiwan)

ECFA: Economic Cooperation Framework Agreement

KMT: Kuomintang (Nationalist Party, Taiwan)

National Unification Guidelines: Adopted by the executive arm of Taiwan's government in 1991 which called for a three step process of reunification with China; abrogated in 2006.

No Haste, Be Patient Policy: Under Taiwanese president Lee Teng-hui, business activities from the island toward China were more tightly controlled; investment caps established.

PRC: People's Republic of China

ROC: Republic of China (Taiwan)

SEF: Straits Exchange Foundation; ROC (Taiwan) organization tasked with handling business and technical matters with the PRC.

Special state-to-state relations controversy: In 1999 during an interview with *Deutsche Welle*, Taiwanese president Lee Teng-hui characterized cross-Strait relations as one between two states, setting off a diplomatic row with China and a freezing of dialogue.

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